



**Conference Report to Accompany
Food Security Act of 1985
H.R. Rep. No. 99-447 (1985)**

Part 6 of 6

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TITLE XV—FOOD STAMP AND RELATED PROVISIONS

(1) Publicly Operated Community Mental Health Centers

The *Senate* amendment establishes food stamp eligibility for residents of *publicly operated* community health centers conducting treatment programs under the Alcohol, Drug Abuse, and Mental Health Services Block Grant. (Sec. 1401.)

The *Senate* amendment also makes a technical revision to the existing Food Stamp Act by removing references to now-repealed laws dealing with food stamp eligibility for residents of private, nonprofit treatment programs and substituting a reference to the Alcohol, Drug Abuse, and Mental Health Services Block Grant. (Sec. 1401.)

(NOTE.—This amendment would conform provisions of the Food Stamp Act of those approved in P.L. 97-35, P.L. 98-107, and P.L. 99-88.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to limit applicability of the provision to publicly operated *mental health centers*.

(2) Eligibility of the Homeless

The *House* bill changes the definition of an eligible household specifically to include individuals who do not reside in permanent dwellings or who have no fixed address. (Sec. 1501(a).)

The *Senate* amendment contains no comparable provision.

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

(NOTE.—Another provision was included in both bills which requires State agencies to provide a method for certifying the homeless.)

(3) Determination of Food Sales Volume

The *House* bill provides that retail food stores' food sales volume is to be determined by visual inspection, purchase or sales records, or other inventory or recordkeeping methods that are customary or reasonable in the retail food industry. (Sec. 1502.)

(NOTE.—Under existing law, a store must have more than 50 percent of its food sales volume in staple foods in order to be allowed to accept food stamps.)

The *Senate* amendment contains no comparable provision.

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

(4) Thrifty Food Plan

The *House* bill requires that food stamp benefit levels (based on the cost of the Thrifty Food Plan) effective in any fiscal year reflect food price changes through the September immediately preceding each annual October benefit adjustment—including *actual* food price changes through the preceding June, and the Secretary's best *estimate* of changes for the July-September period. The first adjustment under this rule would be effective Feb. 1, 1986, and would reflect food price changes in July-September 1985. Future adjustments would occur each October and reflect actual food price changes for the 12-month period immediately preceding the adjustment—actual changes for the period October through June—and

estimated changes for the period July through September. (Sec. 1503.)

(NOTE.—Under existing law, each October's annual adjustment to benefits reflects actual food price changes for the 12-month period ending the immediately preceding June.)

The *Senate* amendment contains no comparable provisions.

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

(5) *Definitions of the Disabled*

The *House* bill adds 4 categories of persons to the Food Stamp Act definition of "disabled":

those disabled who receive State-financed Supplemental Security Income (SSI) payments, but do not receive the basic Federal SSI benefit, as long as the benefits are determined to be conditioned on meeting social security disability criteria, or are benefits granted to those who qualified under pre-SSI programs for aid to the permanently and totally disabled and blind:

recipients of Federal, State, or local public disability retirement pensions who have a disability considered permanent under special social security rules;

veterans receiving pensions for non-service-connected disability; and

railroad retirement disability annuitants who must meet social security disability criteria in order to receive their annuity or qualify for Medicare. (Sec. 1504.)

(NOTE.—Those determined to be "disabled" for food stamp purposes receive special, more liberal treatment in determining eligibility and benefits.)

The *Senate* amendment replaces the existing Food Stamp Act definition of "disabled." The new definition would require the Secretary to establish, by regulation, the categories of persons to be considered disabled for food stamp purposes. These would be persons who receive benefits under a *Federal* law and:

whose benefit is based on a determination of blindness or disability that the Secretary judges to be based on the same, or substantially the same, criteria as social security disability determinations; or

for whom a determination of disability or blindness has been made that the Secretary judges is based on the same, or substantially the same, criteria as social security determinations. (Sec. 1403.)

NOTE.—The *Senate* Committee report notes that it is *not* the intent of the new definition to reduce the scope of the existing categories of disabled persons (now spelled out on the Food Stamp Act). These are: (1) recipients of Social Security Disability or Federal SSI benefits (including similar benefits in the territories); (2) veterans receiving compensation for service-connected disability rated at 100 percent; and (3) veterans' survivors receiving veterans benefits and having a disability considered permanent under special social security rules. The *Senate* amendment would allow expansion of the categories of persons considered disabled to the extent they are Federal benefit recipients and meet a disability test that is the same as or substantially the same as social security disability criteria.)

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

(6) *State and Local Sales Taxes*

(a) The *House* bill bars participation in the Food Stamp Program to States in which the Secretary determines that State or local sales taxes are collected on food stamp purchases. (Sec. 1505.)

The *Senate* amendment prohibits food stamp transactions from being treated as a "taxable event" for sales tax purposes. (Sec. 1418(a).)

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

(b) The *House* bill provision takes effect Oct. 1, 1987. (Sec. 1505.)

The *Senate* amendment provision takes effect with respect to a State on Oct. 1 of the calendar year in which the first session of the State legislature is convened following enactment of the bill. (Sec. 1418(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment (1) providing that only *regular* sessions of State legislature trigger the effective date and (2) authorizing the Secretary to extend the implementation date as necessary, but to not later than October 1, 1987, for any State that shows, to the Secretary's satisfaction, that an earlier implementation date would have an adverse and disruptive effect on food stamp program administration or would provide inadequate lead time for retail stores to implement changes in sales tax policy.

The conferees expect the Secretary to provide timely and thorough notice to States and affected food stores as to the effect and timing of this provision.

(7) *Relating of Food Stamp and Commodity Distribution Programs*

(a) The *House* bill deletes the existing bar against operating a program distributing Federally donated commodities in areas operating a Food Stamp Program. (Sec. 1506.)

NOTE.—The existing bar on dual operations is *not* now applicable: (1) where commodity distribution programs operate to meet disaster relief need; (2) in the case of the Commodity Supplemental Food Program; (3) in the case of Indian reservations; and (4) in the case of the Temporary Emergency Food Assistance Program—either under the terms of Food Stamp Act exemptions or other laws explicitly voiding the Food Stamp Act provisions.)

The *Senate* amendment contains no comparable provision.

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

(b) The *Senate* amendment requires that, as a condition of eligibility for certain commodity distribution programs, persons furnish their social security numbers, and that these numbers be used in the administration of the programs. The programs include commodity distribution: on Indian reservations; for supplemental feeding programs for women, infants, and children; to charitable institutions; in disaster areas; to summer camps for children; and in the Trust Territory of the Pacific Islands.

The *Senate* amendment also authorizes the Secretary and food stamp State agencies to match the social security account numbers of participants in the food stamp program against account numbers of applicants for assistance under the commodity distribution program. (Sec. 1404.)

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

(8) *Categorical Eligibility*

(a) The *House* bill requires that States grant automatic food stamp eligibility to households composed entirely of AFDC or SSI recipients. They would be eligible without regard to most provisions of the Food Stamp Act. However, certain provisions would continue to apply to them—provisions governing household composition and the ineligibility of institutional residents, penalties for fraud, exemptions from employment and training requirements, and the ineligibility of SSI recipients in certain States. (Sec. 1507(a).)

The *Senate* amendment permits States to grant automatic food stamp eligibility to households composed entirely of AFDC or SSI recipients, if their gross monthly income is below 130 percent of the Federal poverty levels. Their eligibility would be judged without regard to the income and asset eligibility standards of the Food Stamp Act (other than the gross income test noted above). However, all other provisions of the Act would continue to apply to them. (Sec. 1414(a).)

The *Conference* substitute adopts the *House* provision with an amendment to make the provision applicable through September 30, 1989. The Secretary is to report to the Congress on the effect of the new provision within 2 years after enactment, with particular reference to the provision's effect on program administration, error rates, eligibility levels, benefit costs, and such other factors as the Secretary deems appropriate.

(b) The *House* bill requires that no household have food stamp benefits denied or terminated solely on the basis of an AFDC or SSI eligibility determination. A separate determination that the household had failed to meet normal food stamp eligibility tests would be required. (Sec. 1507(b).)

The *Senate* amendment contains the same provision. (Sec. 1414(b).)

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

The conferees intend that the Secretary would have discretion to apply a rule of reason in developing rules governing categorical eligibility. In instances where a household has been disqualified from food stamps due to a violation of food stamp rules (relating to work requirements, fraud, or other similar requirements), it would not be able to gain reinstatement through categorical eligibility.

(9) *Excluded Income*

(a) The *House* bill provides that the portion of an educational grant, loan, or other educational assistance that goes toward tuition and mandatory fees at a post-secondary education institution would be excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(2)(A).)

(NOTE.—Existing law provides that such conditions apply with regard to institutions of *higher education*.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to strike the Feb. 1, 1986, effective date.

This provision clarifies that the portion of an educational grant, loan, or other educational assistance that goes toward tuition and mandatory fees at a post-secondary education institution would be excluded from income even if that institution does not require a high school diploma as a condition for attendance.

(b) The *House* bill specifies that educational loan origination fees and insurance premiums are to be excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(2)(B).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to strike the Feb. 1, 1986, effective amendment.

(c) The *House* bill provides that no portion of any *Federal* educational grant to the extent it provides income assistance beyond that used for tuition and mandatory fees, may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(3).)

The *Senate* amendment provides that no portion of any educational grant, loan on which payment is deferred, or other educational assistance may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes. (Sec. 1406(a).)

The *Conference* substitute adopts the *Senate* provision with an amendment limiting the application of the provision in the case of *non-Federal* grants, loans, or other education assistance to that portion of the assistance that is provided for *living expenses*. In the case of *Federal* assistance, no portion of any educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory fees, may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes.

The conferees recognize that certain courses of study normally require special materials above and beyond books and routine supplies. For example, a cosmetology school may require all students to furnish their own scissors and combs. A chemistry course may require all students to provide their own gloves and smocks for use in the laboratory. The conferees intend for the Secretary to allow the portion of educational assistance which is used to pay for such required expenses to be excluded from gross income, because it is a mandatory fee. Current program regulations define a mandatory fee as one charged to all students or one charged to all students within a certain curriculum. Accordingly, a lab fee charged to all students in a science course is excluded from income. The conferees intend for this exclusion to be broadened to recognize that certain supplies are required of all students even though a separate fee is not imposed for these supplies.

(d) The *House* bill provides that income otherwise countable for food stamp purposes be reduced by the amount that the cost of producing self-employment income exceeds that income derived from self employment—effective Feb. 1, 1986. (Sec. 1508(a)(4).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment (1) to limit the provision to self-employment income of farmers and (2) to strike the Feb. 1, 1986, effective date.

(e) The *House* bill provides that assistance for living expenses paid to a third party on behalf of a household be treated as income payable directly to the household, if paid by a State or local government under an AFDC or general assistance program (excluding medical, child care, energy, and emergency or special assistance)—effective Oct. 1, 1985. (Sec. 1508(b).)

The *Senate* amendment provides that assistance for living expenses paid to a third party on behalf of a household be treated as income payable directly to the household, if it is paid by a State or local government in lieu of a regular AFDC benefit, a general assistance benefit, or a benefit payable by another basic assistance program identified by the Secretary (excluding medical, child care, energy, and emergency or special assistance, and excluding aid provided by a State or local housing authority). (Sec. 1405.)

The *Conference* substitute adopts the *Senate* provision with an amendment to modify the reference to "another basic assistance program" by providing that only other basic assistance programs comparable to general assistance are included.

(f) The *Senate* amendment provides that any educational assistance paid to a third party on behalf of a household be treated as income payable directly to the household. This would not apply to tuition and mandatory fees. (Sec. 1406(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment limiting the application of the provision to educational assistance paid for *living expenses* to a third party on behalf of a household.

(g) The *House* bill requires that earnings to individuals participating in on-the-job training programs under the Job Training Partnership Act be counted as earned income for food stamp purposes—effective Oct. 1, 1985. This would not apply in the case of individuals under age 21 during the first 6 months of participation. (Sec. 1508(b).)

The *Senate* amendment requires that all allowances, earnings, and payments (other than "needs-based allowances and payments") to individuals as a result of participation in programs under the Job Training Partnership Act be counted as income for food stamp purposes. (Sec. 1415.)

The *Conference* substitute adopts the *House* provision with an amendment (1) to strike the Oct. 1, 1985, effective date, (2) to change the application of the exception in the case of individuals under age 21 to dependents under age 19, and (3) to remove the limitation on the first 6 months of participation.

(10) *Nonrecurring Lump-sum Payments.*

The *Senate* amendment provides that food stamp benefits not be increased as the result of a reduction or termination of AFDC or SSI benefits due to the receipt of a nonrecurring lump-sum payment. (Sec. 1407.)

(NOTE.—AFDC and SSI benefits can be reduced or terminated as the result of the receipt of income in the form of a nonrecurring lump-sum payment (e.g., an income tax refund, insurance settlement). Under existing food stamp law, nonrecurring lump-sum payments are treated as assets and affect a household's eligibility and

benefits only to the extent that they are large enough to increase to household's assets above the asset limit. Thus, when a food stamp household's AFDC or SSI benefit is reduced or terminated due to receipt of a nonrecurring lump-sum payment, food stamp benefits are increased to take into account the household's reduced income—unless the payment is large enough to put the household over the food stamp asset eligibility limit.)

The *House* bill contains no comparable provision.

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

(11) *Child Support Payments*

The *Senate* amendment allows States to exclude from income otherwise countable for food stamp purposes the first \$50 a month of child support received by an AFDC recipient family—if the State reimburses the Federal Government for the estimated food stamp benefit cost of doing so. (Sec. 1408.)

The *House* bill contains no comparable provision.

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

(12) *Deductions from Income*

(a) The *House* bill increases the proportion of earnings that is deducted from otherwise countable income for food stamp purposes, from 18 to 20 percent—effective Feb. 1, 1986. (Sec. 1509(a)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to make the provision effective May 1, 1986.

(b) The *House* bill increases the limit on the amount of shelter and dependent care expenses that may be deducted from otherwise countable income for food stamp purposes—effective Feb. 1, 1986. In the 48 contiguous States and the District of Columbia, the limit would be increased from the current \$139 a month to \$155 a month. The separate limits applied in Alaska, Hawaii, the Virgin Islands, and Guam would be similarly increased. (Sec. 1509(a)(3).)

(NOTE.—Under existing law, this limit applies to any *combination* of shelter and dependent care expenses in the case of nonelderly, nondisabled households. For elderly and disabled households, the limit applies only to dependent care expense deductions. The limit is adjusted annually, each October, for changes in shelter costs as measured by the Consumer Price Index and would continue to be annually adjusted under the provisions of the *House* bill, using the new, increased limit as a base.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to increase the excess shelter deduction to \$147 and to make the provision effective May 1, 1986. The separate limits applied in Alaska, Hawaii, the Virgin Islands, and Guam would be similarly increased.

(c) The *House* bill establishes a *separate* limit on dependent care expense deductions—effective Oct. 1, 1986. This limit would be \$160 a month, with no allowance for inflation adjustments or geographic variation. (Sec. 1509(a)(3).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to establish the separate deduction effective May 1, 1986.

(d) The *House* bill permits States to use one or more standard utility allowances for households on behalf of which a payment for utility expenses is made under the Low-Income Home Energy Assistance Act (LIHEAA), if the household incurs out-of-pocket heating or cooling expenses. (Sec. 1509(a)(4).)

(NOTE.—Under current rules, LIHEAA households having all or part of their utility expenses paid on their behalf under the LIHEAA (indirect, or vendor payments) may not claim a standard utility allowance—except in States where the rule has been overturned by court decision. Households in these States and those whose LIHEAA aide is in the form of a *direct* payment to them may claim a standard utility allowance.)

The *Senate* amendment permits States to use a standard utility allowance for households receiving LIHEAA assistance. It may be an allowance separate from that applied to other households. However, the amendment requires that any allowance applied to these households must reflect utility expenses in excess of the expenses paid, directly or indirectly, under the LIHEAA. (Sec. 1410.)

An additional *Senate* amendment *terminates* the revised provision (established by Sec. 1410) dealing with standard utility allowances applied to LIHEAA households and replaces it with a requirement that if a State uses a standard utility allowance, the State must use a combined allowance for all households—effective one day after enactment. (Sec. 1444.)

The *Conference* substitute provides that if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, it shall be made available to households receiving direct or indirect LIHEAA payments (or similar energy assistance payments), provided that the households still incur out-of-pocket heating or cooling expenses. A State agency may use a separate standard utility allowance for households receiving indirect (or vendor) LIHEAA payments, but may not be required to do so. A State agency not electing to use a separate allowance, and making a single standard utility allowance available to households incurring heating or cooling expenses, may not be required to reduce such allowance due to the provision (direct or indirect) of assistance under LIHEAA. LIHEAA assistance shall be considered to be prorated over the entire heating or cooling season for which it was provided for purposes of use in the food stamp program.

This provision preserves the practice now in effect in most States regarding standard utility allowances. States would continue to be allowed to make use of a standard utility allowance that reflects heating or cooling costs (along with certain other costs) available to households that incur heating or cooling expenses, without regard to whether such households receive benefits, directly or paid to a vendor, under the Low-Income Home Energy Assistance program (or similar energy assistance programs). However, if such vendor payments (after being prorated over the heating or cooling season they are intended to cover) result in a household having no out-of-pocket heating or cooling costs during the certification period, the

household would not be eligible for a standard allowance reflecting heating or cooling costs.

The provision also provides a new State option to use a separate standard utility allowance for households receiving energy assistance in vendor form. Establishing a separate standard allowance would not be required of States, since doing so may involve new administrative complexities. States not electing this option could continue to use a single standard allowance for households with out-of-pocket heating or cooling costs, and may not be required to reduce such an allowance due to the existence of energy assistance.

States could also provide a combined standard allowance for households not incurring out-of-pocket heating or cooling expenses, but this standard could not reflect heating or cooling costs.

Standard utility allowances are designed to encourage efficient administration of the food stamp program and should bear a relationship to utility costs in the State.

As reported from Committee, both the House and Senate food stamp amendments contained provisions designed to disallow the deduction of utility costs paid for by certain Low Income Home Energy Assistance Program (LIHEAP) benefits from the calculation of the excess shelter cost deduction. During floor consideration in both the House and Senate, these provisions were struck, leaving the bills silent on the deductibility of costs paid for by LIHEAP benefits and leaving stand court decisions dealing with this issue. The conferees do not intend to express a judgment on this matter.

The method of distribution of LIHEAP benefits varies greatly from state to state. As many states use a lump sum form of distribution for some or all of their LIHEAP payments, it is the intent of the conferees, as expressed in both House and Senate Agriculture Committee reports, that LIHEAP payments be considered for food stamp purposes as pro-rated on a monthly basis over the entire heating or cooling season.

(e) The *Senate* amendment provides that households may not claim as a shelter expense deduction any expense paid directly (as a cash payment to them) or indirectly (as a payment to a utility provider) under the LIHEAA. (Sec. 1410)

An additional *Senate* amendment also *terminates* the revised provision (established by Sec. 1410) dealing with the ability to claim shelter expense deductions for utility expenses paid under the LIHEAA—effective one day after enactment. (Sec. 1444.)

(NOTE.—Under current rules, LIHEAA households having utility expenses paid on their behalf may claim as a shelter expense deduction only their *actual* out-of-pocket expenses—except in States where the rule has been overturned by court decision. Households in these States and those who receive LIHEAA assistance in the form of a direct payment to them may claim all utility expenses as a shelter expense deduction, subject to other limitations that may apply.)

The *House* bill contains no comparable provisions.

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

(f) The *House* bill requires that States allow households to switch between claiming a standard utility allowance and a deduction based on actual expenses at the beginning or end of any certifica-

tion period and up to 2 additional times during any 12-month period. (Sec. 1509(a)(4).)

(NOTE.—Under current rules, households may switch between use of a standard utility allowance and actual expenses at the beginning or end of any certification period. However, in States using an annualized standard utility allowance, they may switch only once every 12 months.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment that limits household's ability to switch between a standard utility allowance and actual utility expenses to once a year and at the beginning or end of any certification period.

(g) The *House* bill permits households with elderly or disabled members to claim as a deduction medical expenses of an elderly or disabled member in excess of the lesser of: (1) \$35 a month; or (2) 5 percent of gross monthly income—effective Feb. 1, 1986. (Sec. 1509(a)(5).)

(NOTE.—Under existing law, households with elderly or disabled members may claim medical expense deductions to the extent the expenses exceed \$35 a month.)

The *Senate* amendment contains no comparable provisions.

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

(13) Retrospective Budgeting and Monthly Reporting Simplification

(a) The *House* bill requires retrospective budgeting and monthly reporting for households with earned income or a member who has recent work history. The Secretary may grant waivers of this requirement, on State request, for categories of households (including all households) where a satisfactory showing has been made by the State that monthly reporting would result in unwarranted administrative expenditures. Migrant farmworker households and households in which all members are elderly or disabled and have no earned income would be exempt from the requirement, by law. (Sec. 1511.)

The *Senate* amendment contains the same provisions, except that it does not make explicit mention of the Secretary's authority to waive the requirement for *all* households with earned income or recent work history. (Sec. 1412.)

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

The conferees intend that the Secretary can approve all or only certain categories of recipients proposed by States for exemption. In considering whether the Secretary will grant cost-effectiveness waivers, the Secretary could consider such factors as the use of frequent recertification, effective wage matching or other efforts.

(b) The *House* bill also provides States the option of using retrospective budgeting or monthly reporting, or both, for all other types of households, except those exempt by law (migrant farmworkers and elderly and disabled households with no earned income). (Sec. 1511.)

(NOTE.—Under existing law, all categories of households—except those exempt under law as noted above—must fulfill retrospective budgeting and monthly reporting requirements, unless the requirement is waived, at State request, by the Secretary upon a finding that unwarranted administrative expenditures would result.

Households not required to fulfill monthly reporting and retrospective budgeting requirements have their income calculated "prospectively" and must report any significant change in household circumstances when it occurs.)

The *Senate* amendment also provides States the option of using monthly reporting for all other types of households, except those exempt by law (migrant farmworkers and elderly and disabled households with no earned income). The Secretary may allow households not required to report monthly to have their income calculated on a prospective basis. (Sec. 1412).

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

(14) Resources Limitations

(a) The *House* bill increases liquid asset limitations to:

\$3,500 for households consisting of or including an elderly member; and

\$2,250 for households without an elderly member.

These increases would be effective Oct. 1, 1986. (Sec. 1512.)

(NOTE.—Current liquid asset limits are:

\$3,000 for households of two or more with an elderly member; and

\$1,500 for all other households.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions with an amendment to increase liquid asset limitations to:

\$3,000 for households consisting of one elderly member (the \$3,000 level would continue to apply for households of two or more with an elderly member); and

\$2,000 for all other households.

The increases would be effective May 1, 1986.

(b) The *House* bill requires that the current \$4,500 threshold amount, above which the fair market value of a car is counted as an asset for food stamp purposes, be adjusted to reflect changes in the used car component of the Consumer Price Index. The adjustments would occur beginning with Oct. 1, 1986, and continue each October thereafter until a threshold of \$5,500 was reached. Each adjustment would be rounded to the nearest \$100 increment and would reflect price changes for the 12-month period ending the immediately previous June. (Sec. 1512.)

The *Senate* amendment contains no comparable provisions.

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

(c) The *House* bill allows the Secretary to revise current regulations defining what types of assets are determined "inaccessible" and, thus, not considered in judging eligibility.

(NOTE.—Under existing law, the Secretary may not change the food stamp asset regulations in effect on June 1, 1982, except for those relating to vehicles. The House Committee report notes that it is the intent of this amendment to allow the Secretary to specifically include assets on which a lien has been placed as "inaccessible" for food stamp purposes.)

The *Senate* amendment contains no comparable provisions.

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

It is the intent of the conferees to allow the Secretary to specifically include as "inaccessible" for food stamp purposes assets on which a lien has been placed.

(d) The *House* bill requires that real or personal property—to the extent that it is directly related to the maintenance or use of a vehicle used to produce income or to transport a physically disabled household member—be excluded as a countable asset for food stamp purposes. (Sec. 1512.)

(NOTE.—Under current rules, vehicles used to produce income or to transport a physically disabled household member are not included as countable assets for food stamp purposes.)

The *Senate* amendment contains no comparable provision.

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

It is not the intention on the Conferees that this provision be applied, for example, to exclude the value of a 100-acre field if only one-quarter of an acre of that field is used for parking a truck and maintenance purposes; only the value of the one-quarter acre would be excluded under this provision.

(e) The *Senate* amendment requires that the value of one burial plot for each household member be excluded as a countable asset for food stamp purposes. (Sec. 1413.)

(NOTE.—Current regulations exclude one burial plot for each household member.)

The *House* bill contains no comparable provision.

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

(15) *Disaster Task Force*

The *House* bill requires the Secretary to: (1) establish a disaster task force to assist States in implementing programs in disaster areas; and (2) send task force members to a disaster area as soon as possible after a disaster occurs to provide direct aid to State and local officials. (Sec. 1513.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment to require the Secretary to send task force members to a disaster area when such actions would be cost effective.

The Conferees intend that the Secretary establish and maintain a disaster task force which should be composed of appropriate food stamp, disaster, and related program personnel at the National and regional office level to react to disaster situations as expeditiously as possible. Representatives of the task force would assist State and local officials in the disaster area in establishing an emergency program. The task force would coordinate policy matters and monitor emergency assistance efforts. Task force responsibilities should be confined to technical assistance efforts.

(16) *Eligibility Disqualifications*

(a) The *House* bill requires disqualification of the entire household if the head of the household fails to fulfill any food stamp work requirements. If another household member subject to the requirements fails to comply, that member alone would be disqualified. (Sec. 1514.)

(NOTE.—Under existing law, the entire household is disqualified if any member subject to work requirements fails to comply.)

The *Senate* amendment contains no comparable provision.

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

(b) The *House* bill establishes by statute a 2 month disqualification period for failure to comply with work requirements, and terminates any period of ineligibility for failure to comply with work requirements when the person who committed the violation complies with the requirement violated, or leaves the household. However, in the case of a departing individual, the ineligibility of the individual who committed the violation would continue, and any other household of which the departing member becomes head would be ineligible for the balance of the period of disqualification. (Sec. 1514 and 1515(a)(2).)

(NOTE.—Under existing regulations, household disqualification terminates when the person who has violated the requirement complies with it, leaves the household, or becomes exempt. In the case of a departing individual, the ineligibility of the individual continues and any other household the person joins is ineligible for the balance of the disqualification period. Barring compliance, departure, or exemption, the normal disqualification period established by regulation, is 2 months. However, in the case of a person who has voluntarily quit a job without good cause, the period is 3 months, and cannot be shortened on account of compliance.)

The *Senate* amendment contains the same provisions, except that any household of which the departing individual becomes a member would be ineligible for the balance of the disqualification period. (Sec. 1416(a)(1)(C).)

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

(c) The *Senate* amendment makes subject to the food stamp work requirements heads of households who are between ages 16 and 18 and not attending school full-time. (Sec. 1416(a).)

(NOTE.—Under existing law, persons younger than 18 years of age are exempt from food stamp work requirements.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment limiting application of the *Senate* amendment to heads of households who are 16 or older and not attending school half-time or more or in an employment training program.

(d) The *Senate* amendment allows States the option of making subject to the food stamp work requirements parents or guardians of dependent children between ages 3 and 6 if adequate child care is available. (Sec. 1416(a)(2)(A).)

(NOTE.—Under existing law, parents or caretakers of children under age 6 are exempt from food stamp work requirements.)

The *House* bill contains no comparable provision.

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

(e) The *House* bill waives application of the Act's special rules governing the ineligibility of students at institutions of higher education in the case of persons assigned to those institutions for training under the programs of the Job Training Partnership Act. (Sec. 1514.)

(NOTE.—Under existing law, able-bodied students between 18 and 60 enrolled at least half-time in an institution of higher education must, in addition to meeting normal food stamp eligibility tests: (1) be employed at least 20 hours a week or be participating in a work-

study program; (2) be a parent with responsibility for a dependent child under age 6; (3) be receiving AFDC benefits; or (4) have responsibility for the care of a dependent child between 6 and 12 for whom adequate child care is not available. Students enrolled as the result of a WIN program assignment are exempt from this additional test.)

The *Senate* amendment contains no comparable provision.

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

(f) The *House* bill removes the exemption from the Act's special student ineligibility rules now granted to students with responsibility for the care of children between ages 6 and 12 for whom adequate child care is not available. (Sec. 1514.)

The *Senate* amendment contains no comparable provision.

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

(g) The *Senate* amendment requires that *all* income of an ineligible alien residing with a food stamp household be counted as available to the household. (Sec. 1417(b).)

(NOTE.—Under existing law, a portion of the income of ineligible alien residing with a food stamp household is counted as available to the household—namely, total income less a pro rata share.)

The *House* bill contains no comparable provision.

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

(17) *Employment and Training Program*

(a)-(w) The *House* bill replaces the current disqualification for refusing to comply with job search requirements prescribed by the Secretary with a disqualification for refusing, without good cause, to participate in an employment and training program designed by the State.

Each State would be required to implement an employment and training program, designed by the State for the purpose of assisting food stamp recipients in gaining skills, training, or experience that will increase their ability to obtain regular employment.

An employment and training program would be defined as one that contains, at State option, one or more of the following components:

- Job search programs with terms and conditions comparable to those prescribed for AFDC job search (except that there would be no obligation for a State to incur costs above \$25 per participant per month, and the State would have the option of requiring job search at application).

- Job search training programs determined by the State to expand job search abilities or employability.

- Programs designed to improve employability through actual work experience or training, or both. In these work experience/training programs, States:

 - may use State employment offices of Job Training Partnership Act agencies to find employment and training opportunities;

 - would have to limit assignments to projects serving a useful public purpose;

 - would have to use participants' prior training, experience, and skills, to the extent possible, in making appropriate assignments;

could not provide work that has the effect of replacing the employment of an individual not participating in the employment and training program; and

would have to provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

Other programs, as approved by the Secretary, aimed at accomplishing the purpose of the employment and training program.

States could allow participation in a food stamp employment and training program to supplement or supplant other requirements imposed on participants.

States would be required to exempt from participation in any employment and training program those categories of recipients for whom the State determines that participation is impracticable due to factors such as lack of work opportunities and the cost-effectiveness of requiring participation. States would be able to designate as an exempt category all recipients in a specified geographic area.

States would be required to exempt or suspend from employment and training participation requirements recipients (1) not included in an exempt category and (2) for whom the State determines that participation is impracticable due to personal circumstances such as lack of job readiness and employability, the remote location of work opportunities, and the lack of child care. States would be required to determine the extent to which any individual must fulfill employment and training requirements.

The number of hours of work that can be required each month in an employment and training program would be limited to a number equal to the household's monthly benefit divided by the Federal or State minimum wage (whichever is higher). If a household member is also required to work under a workfare program, the limit would apply to the aggregate number of hours worked in workfare and under an employment and training program. The number of hours of participation in an employment and training program by any individual would be limited to 120 hours a month, in combination with any hours worked under a workfare program or any hours worked for compensation (in cash or in kind).

States would be required to establish rules for participation in their employment and training program for non-exempt individuals, and the requirements could vary among participants.

States would be permitted to operate employment and training programs in which individuals elect to participate. States would be required to allow individuals not subject to employment and training requirements (or who have complied or are in the process of complying with the requirements) to participate in any employment and training programs.

The Secretary would be required to issue guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program that is compatible and consistent with similar programs operated within a State.

States would be required to reimburse participants for transportation costs and other expenses incurred, except that the State could limit reimbursements to \$25 per participant per month, and reimbursements would be limited to costs that are reasonably nec-

essary and directly related to participation in job search and work/training experience components.

Each State's food stamp plan of operation would be required to include the manner in which it will carry out its employment and training program.

The Secretary would be required to allocate among the States, from funds appropriated under the Food Stamp Act, the following sums to carry out employment and training programs:

- \$40 million for FY 1986;
- \$50 million for FY 1987;
- \$60 million for FY 1988; and
- \$75 million for FYs 1989 and 1990.

If, in carrying out an employment and training program, a State incurs costs in excess of the amount allocated it from the above sums, the Secretary would be required to pay the State 50 percent of those additional costs. Notwithstanding, the above-mentioned funding requirements, the Federal share of reimbursements to participants for costs incurred could not exceed 50 percent of an amount equal to \$25 per participant per month.

The Secretary would be required to monitor States' employment and training programs to measure their effectiveness in terms of the increase in the number of participants who obtain employment and the number who retain employment as a result of their participation in employment and training programs.

The Secretary would be required to report to the House and Senate Committees on the effectiveness of employment and training programs not later than January 1, 1989. (Sec. 1515.)

The *Senate* amendment contains the same provisions, with the following differences:

State employment and training programs would, explicitly, have to be designed "pursuant to guidelines established by the Secretary."

States would be required to place in their employment and training programs certain proportions of individuals who: (1) are subject to food stamp food stamp work requirements; and (2) have participated in the food stamp program for more than 30 consecutive days. By September 30, 1987, 25 percent of these persons would have to be placed. By September 30, 1988, 35 percent would have to be placed. By September 30, 1990, and thereafter, 45 percent would have to be placed. Exemption of a category of recipient could not affect the determination of whether a State has fulfilled the requirement to place certain proportions of recipients in employment and training programs.

State employment and training program components would have to meet criteria established by the Secretary.

There is no provision for a job search component in State employment and training programs.

Explicit provision is made for workfare programs as a component of State employment and training programs.

States would be permitted, rather than required, to exempt recipient categories for whom participation was determined impracticable, and would be required to do so in accordance with criteria established by the Secretary.

No provision is included requiring States to determine the extent to which any individual must fulfill employment and training requirements.

There is no requirement for States to establish rules for participation in their employment and training programs.

States would be permitted to operate employment and training program components in addition to those selected for the set of programs to be approved by the Secretary to fulfill the requirement to operate an employment and training program.

Reimbursements to participants would be limited to costs that are "reasonably necessary and directly related to participation" in all employment and training program components.

The Secretary would be required to ensure that States comply with their plan of operation for employment and training programs, and, if the Secretary determines that a State has failed to comply, the Secretary would be permitted to withhold Federal funds available for general food stamp administration and those available for operation of employment and training programs—subject to administrative and judicial review.

The Secretary would be required to ensure that employment and training programs are required of Indians on reservations in proportion to their proportion of the number of recipients subject to food stamp work requirements who have participated at least 30 days—to the extent practicable and in cooperation with the Secretary of Labor.

State plans of operation for employment and training programs would have to include the nature and extent of the State's program and the geographic areas and households to be covered.

No Federal funding allocation for FY 1990 is included.

Federal funding for employment and training programs could be used only for those programs and not to carry out any other provision of the Food Stamp Act.

The *Conference* substitute establishes a new employment and training program requirement incorporating aspects of the *House* provisions and the *Senate* amendment.

The substitute replaces the current disqualification for refusing to comply with job search requirements prescribed by the Secretary with a disqualification for refusing, without good cause, to participate in an employment and training program.

By April 1, 1987, each State is required to implement an employment and training program designed by the State, and approved by the Secretary, for the purpose of assisting food stamp recipients in gaining skills, training, or experience that will increase their ability to obtain regular employment. The Conferees expect the Secretary to establish broad guidelines for an employment and training program, giving maximum flexibility to the States rather than setting specific, detailed criteria concerning the various program components.

An employment and training program is defined as one that contains one or more of the following components:

Job search programs with terms and conditions comparable to those prescribed for AFDC job search (except that there is no obligation for a State to incur costs for participant expenses

above \$25 per participant per month, and the State has the option of requiring job search at application).

Job search training programs determined by the State to expand job search abilities or employability.

Workfare programs, under terms and conditions set out separately in the Food Stamp Act.

Programs designed to improve employability through work experience or training, or both, and to enable participants to move promptly into regular public or private employment. State work experience/training programs:

- are required to limit work assignments to projects serving a useful public purpose;

- are required to use participants' prior training, experience, and skills, to the extent possible, in making assignments;

- cannot provide work that has the effect of replacing the employment of an individual not participating in the employment and training program; and

- are required to provide the same benefits and working conditions that are provided to employees performing comparable work for comparable hours.

Other programs, as approved by the Secretary, aimed at accomplishing the purpose of the employment and training program.

States may allow participation in a food stamp employment and training program to supplement or supplant other employment-related requirements imposed on participants.

States are permitted to exempt from participation in any food stamp employment and training program those categories of recipients for whom a participation requirement is impracticable due to factors such as lack of work opportunities and the cost-effectiveness of requiring participation. States are permitted to exempt all recipients in a specified geographic area, and are also permitted to exempt recipients participating less than 30 days (subject to the Secretary's approval).

States are also permitted to exempt from participation in any employment and training program individual recipients (1) not included in an exempt category and (2) for whom participation is impracticable because of personal circumstances such as lack of job readiness and employability, the remote location of work opportunities, and the lack of child care.

Any exemption of a category of recipients or individual recipient is required to be evaluated periodically to determine whether the basis for the exemption continues to be valid. In the case of individual exemptions, evaluations are required no less often than at each certification or recertification for food stamp benefits.

States are required to establish employment and training program participation requirements, including the extent to which individuals are required to participate. The requirements may vary among participants.

The number of hours of work that can be required each month in an employment and training program are limited to a number of hours equal to the household's monthly benefit divided by the Federal or State minimum wage (whichever is higher). If a household

member is also required to work under a workfare program, the limit applies to the aggregate number of hours worked in workfare and an employment and training program. The number of hours of participation in an employment and training program by any individual is limited to 120 hours a month, in combination with any hours worked under a workfare program or any hours worked for compensation (in cash or in kind).

States are permitted to operate employment and training programs in which individuals elect to participate. States are required to permit individuals not subject to employment and training participation requirements (or who have complied or are in the process of complying with the requirements) to participate in any employment and training program—to the extent the State determines it to be practicable.

States are required to reimburse participants, including those who elect to participate, for actual transportation costs and other actual costs that are reasonably necessary and directly related to participation in any employment and training program—except that the State may limit the reimbursement to \$25 per participant per month.

The Secretary is required to issue guidelines (1) that enable a State to design and operate an employment and training program that is compatible and consistent with similar programs in the State and (2) to ensure that employment and training programs are provided to Indians on reservations.

The Secretary is required to establish performance standards that designate the minimum proportions of non-exempt persons subject to food stamp work requirements that States are required to place in employment and training program, except that the Secretary is permitted to delay setting performance standards for up to 18 months after implementation of the employment and training program requirement in order to base standards on State experience in implementing the employment and training programs. No standard may exceed 50 percent, through fiscal year 1989.

The Secretary is required to vary performance standards according to differences in the types of persons required to participate and the type of program to which the standard is applied. Performance standards may vary by State. In setting the performance standards, the Secretary also is required to consider the cost to the States and the extent of participation by persons exempt from employment and training requirements.

When determining whether a State has met a performance standard, the Secretary is required to consider voluntary participation in employment and training programs, other factors such as placement in unsubsidized employment, increases in earnings, and reduction in food stamp participation, along with any other factors considered to be related to employment and training.

States are required to submit an employment and training program plan of operation for the Secretary's approval. The plans are required to include the nature and extent of the program, the geographic areas and households to be covered, and the basis for exemptions of categories and individuals and for the choice of program components.

The Secretary is required to ensure that States comply with employment and training program requirements and the provisions of their State plans. If the Secretary determines that a State has failed, without good cause, to comply with program requirements or provisions of the State plan (including failure to meet a performance standard), the Secretary is permitted to withhold Federal funds available for general food stamp administration and those available for operation of employment and training programs, as determined appropriate—subject to administrative and judicial reviews.

The Secretary is required to allocate among the States, from funds appropriated under the Food Stamp Act, the following sums for employment and training program costs of the States:

- \$40 million in FY 1986;
- \$50 million in FY 1987;
- \$60 million in FY 1988; and
- \$75 million in FYs 1989 and 1990.

If, in carrying out an employment and training program, a State incurs costs in excess of the amount allocated it from the above sums, the Secretary is required to pay the State 50 percent of those additional costs. In the case of payments made, or costs incurred, by the State in connection with transportation and other participant expenses required of the State, the Secretary is required to pay the State 50 percent. However, the Federal share of these participant expenses may not exceed 50 percent of an amount equal to \$25 per participant per month, and must be paid separately from the State's allocation from the above-mentioned sums.

Funds provided to States for employment and training programs may be used only for these programs, and not to carry out any other provisions of the Food Stamp Act.

The Secretary is required to monitor employment and training programs carried out by States to measure their effectiveness in terms of the increase in the numbers of participants obtaining and retaining employment as the result of their participation in a program.

The Secretary is required to report to the House and Senate Committees on Agriculture, and Agriculture, Nutrition, and Forestry, on the effectiveness of employment and training programs, not later than January 1, 1989.

(17)(x) Workfare Compliance

The *Senate* amendment changes the categories of food stamp recipients who are not required to comply with any workfare program to:

- parents or caretakers of dependent children under age 6, except that States would have the option to require compliance of parents or caretakers of children between ages 3 and 6 if adequate child care is available.

- parents or caretakers of incapacitated persons;
- otherwise eligible students enrolled at least half-time;
- participants in drug addiction and alcoholic treatment programs;
- those employed at least 30 hours a week (or the minimum-wage equivalent);

those under age 18, except that heads of household who are age 16 or older and not attending school full-time would not be exempt; and

at State option, those subject to and currently actively and satisfactorily participating at least 20 hours a week in an AFDC work training program.

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts only that portion of the *Senate* amendment that requires workfare compliance of heads of household who are under age 18, but are age 16 or older, with an amendment exempting those attending school at least half-time or enrolled in any employment or training program.

(y) *Workfare Hours*

The *Senate* amendment provides that, in the case of households that are exempt from food stamp work requirements because they are participating in an AFDC community work experience program, the maximum number of hours of work required under the AFDC community work experience program must be a number of hours equal to the amount of AFDC assistance plus food stamp benefits divided by the higher of the Federal or State minimum wage. In determining the food stamp benefit to be used in this calculation, the food stamp benefit of non-AFDC household members would be included. No household member exempt from food stamp work requirements because of participation in the AFDC community work experience program could be required to participate in work experience program for more than 120 hours a month.

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment. The Conferees intend that these provisions provide the States with the option to increase the hours of workfare participation required of food stamp recipients in AFDC community work experience programs to reflect the receipt of food stamp benefits.

(18) *Staggering of Coupon Issuance*

(a) The *House* bill allows States to stagger issuance of food stamp benefits for its caseload throughout the entire month. The procedure used by a State would have to ensure that no household experiences an interval between issuances of more than 35 days. (Sec. 1516.)

The *Senate* amendment contains the same provisions, except that the staggered issuance procedure would have to ensure an interval of no more than 40 days. (Sec. 1426.)

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

(b) The *House* bill provides that the assurance of a maximum 35 day interval could be accomplished through special supplemental issuances. (Sec. 1516.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment to change the 35 day interval to 40 days.

(c) The *House* bill requires that, in the case of households applying for and receiving benefits in the last 15 days of a month, benefits for the first full month of participation must be issued by the later of 5 working days after the beginning of the month or 5 work-

ing days after verification procedures have been completed. (Sec. 1516.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment requiring benefits for the first full month of participation to be issued no later than the eighth day of the month.

(19) *Alternative Means of Coupon Issuance*

The *Senate* amendment requires the Secretary to require States to issue benefits through specified alternative methods, if the Secretary determines, in consultation with the Inspector General of the Department, that it would improve the integrity of the food stamp program. (Sec. 1419.)

(NOTE.—Under existing law, the Secretary *may* require States to use alternative issuance methods upon his determination, in consultation with the Inspector General, that it would improve program integrity.)

The *House* bill contains no comparable provision.

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

(20) *Simplified Applications and Standardized Benefits*

The *House* bill requires the Secretary to continue pilot projects for simplified applications and standardized benefits if it is determined that that project has a beneficial effect on program administrative costs and error rates and continuation will not result in undue added program costs. (Sec. 1526(b).)

(NOTE.—Under existing law, 2 pilot projects for simplified application and standardized benefits are authorized. For their terms and conditions, see the provisions of the *Senate* amendment.)

The *Senate* amendment repeals the current authorization for simplified application and standardization benefit pilot projects and allows the Secretary to permit States, on request, to operate a program under which:

households including members who are recipients of AFDC, SSI, or Medicaid benefits would be eligible for food stamps regardless of the Food Stamp Act's income and asset standards, as long as their gross monthly income did not exceed 130 percent of the Federal poverty levels; and

benefits to these households would be based on the size of the household and (1) the AFDC benefit, (2) the Medicaid income eligibility standard, or (3) at State option, the AFDC or Medicaid "needs standards".

The Secretary would be required to adjust the benefits received by these households to ensure that the average benefit by household size is not less than the average that would have been provided under regular food stamp benefit determination rules.

The Secretary would be required to evaluate the effect of these simplified application and standardized benefit programs on recipient households, administrative costs, and error rates.

Administrative costs would be shared according to regular food stamp rules.

The Secretary would be required to consult with the Secretary of Health and Human Services to ensure that application processing and eligibility determinations are simplified and unified with proc-

essing and determinations for benefits under the Social Security Act. (Sec. 1414(c) and Sec. 1420.)

The *Conference* substitute adopts the *Senate* provision with an amendment to limit the number of sites to five statewide and five local sites.

The conferees intend that, in operating these projects, the Secretary should insure that, to the extent that a redistribution of benefits occurs, it is not done at the expense of the poorest food stamp households. The conferees intend that the projects authorized under this provision will be the sole projects of this specific nature approved by the Secretary and implemented by States and localities.

(21) Special Supplemental Food Program

The *Senate* amendment requires that a retail food store or wholesale food concern that has been disqualified for food stamp redemption be ineligible, during the period of disqualification, to participate in the special supplemental food program for women, infants, and children (WIC). (Sec. 1429(a).)

The *House* bill contains no comparable provision.

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

(22) Credit Unions

The *House* bill allows financial institutions insured under the Federal Credit Union Act, and having retail food stores or wholesale food concerns in their field of membership, to accept food stamps for deposit from such retail food stores or wholesale food concerns. (Sec. 1518.)

The *Senate* amendment contains no comparable provision.

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

(23) Charges for Redemption of Coupons

(a) The *House* bill prohibits financial institutions from charging a fee to food concerns for redemption of food stamps if the food stamps are submitted in a manner consistent with requirements for presenting the stamps to Federal Reserve banks. Food concerns would not be required to cancel the stamps.

The *Senate* amendment contains the same provision. (Sec. 1421.)

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

(b) The *House* bill provides that the Secretary, in consultation with the Board of Governors of the Federal Reserve System, is to issue regulations implementing the prohibition on fees. (Sec. 1519.)

The *Senate* amendment contains no comparable provision.

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

(24) Public information

The *House* bill provides 50-percent Federal funding for program information activities, implemented at the discretion of the State, for unemployed, disabled, or elderly persons who apply or may be eligible for participation in the food stamp program. (Sec. 1520.)

The *Senate* amendment contains no comparable provision.

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

(25) Office hours

The *House* bill requires States to assess, from time to time, the need for operating food stamp offices during evening and weekend hours. (Sec. 1521.)

The *Senate* amendment provides that the Secretary's standards for efficient and effective administration of the food stamp program must include standards for periodic review of the hours that food stamp offices are open to ensure that employed individuals are adequately served. (Sec. 1436.)

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

(26) Certification of Information

The *Senate* amendment requires that each adult member of an applicant household or a household required to file a periodic or other report must certify in writing the truth of the information contained in the application or report, under penalty of perjury. In the case of a household applying under expedited service procedures, only one adult from the household would be required to certify the truth of the information in the application. (Sec. 1423.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to require one adult member of all applicant households to certify in writing the truth of the information contained in the application, under penalty of perjury.

(27) Liability for Overissuance of Coupons

The *Senate* amendment requires that each adult member of a food stamp household be jointly and severally liable for the value of any overissuance of food stamps. (Sec. 1431.)

The *House* bill contains no comparable provision.

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

(28) Verification

The *Senate* amendment requires verification of household size (where questionable) and allows States to require verification of any other eligibility factor. (Sec. 1424.)

(NOTE.—Under existing law, verification is required for household income and other eligibility factors as determined by the Secretary. States may also require verification of household size and eligibility factors indicated as significant by the State's quality control reviews.)

The *House* bill contains no comparable provisions.

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

(29) Photographic Identification Cards

The *Senate* amendment revises the basis for the Secretary's decision to require States to use photographic identification cards. The decision would be based on both the need to protect program integrity and the cost-effectiveness of requiring the cards.

The *Senate* amendment would also allow States to permit households to fulfill a requirement for a food stamp photographic identification card by presenting a card used to receive assistance under a welfare or public assistance program. (Sec. 1425.)

(NOTE.—Under existing law, the Secretary may require States to use photographic identification cards in project areas where it is determined that it would be useful to protect program integrity.)

The *House* bill contains no comparable provision.

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

(30) *Fraud Detection*

The *Senate* amendment requires the establishment and operation of fraud detection administrative units in project areas with 5,000 or more participating households. Their activities would include detection, investigation, and assistance in prosecution. (Sec. 1427.)

The *House* bill contains no comparable provision.

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

The conferees intend that there need not be physically separate and distinct units and that those workers fulfilling this function need not work full-time in fraud detection nor work exclusively on the food stamp program. The fraud detection function could be performed by persons not employed by the food stamp agency.

(31) *Expanded Food and Nutrition Education Program*

The *House* bill requires States to encourage food stamp program participants to participate in the expanded food and nutrition education program (EFNEP). At the request of EFNEP personnel, State agencies, wherever practicable, are to allow EFNEP personnel and information materials to be placed in food stamp offices. (Sec. 1522.)

The *Senate* amendment contains no comparable provisions.

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

(32) *Food Stamp Program Information and Simplified Application at Social Security Administration Offices*

The *House* bill requires that:

SSI applicants, as well as recipients, be informed of the availability of food stamp benefits, be assisted in making a simple application to participate at social security offices, and be certified for food stamp eligibility using information in social security files;

social security applicants and recipients be informed of the availability of food stamp benefits and provided with a simple food stamp application form at social security offices—under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services;

the Secretary and the Secretary of Health and Human Services revise the current memorandum of understanding regarding services in social security offices to ensure that social security applicants and recipients are adequately notified of food stamp assistance, that food stamp applications from SSI applicants or recipients will be forwarded to a food stamp agency in an efficient and timely manner, and that the Secretary of Health and Human Services receives reimbursement for costs incurred in providing food stamp services; and

not later than 180 days after enactment, the Secretary submit a report to the *House* and *Senate* committees describing the nature and extent of costs incurred by the Secretary of

Health and Human Services in complying with requirements for food stamp services. (Sec. 1523.)

The *Senate* amendment contains the same provisions, except that: (1) SSI applicants and recipients are to be "informed of the availability of assistance in making a simple application" to participate in the food stamp program, rather than "be assisted"; and (2) social security applicants and recipients are to be "informed of the availability of a simple application" to participate in the food stamp program, rather than be "provided with a simple application". (Sec. 1428.)

The *Conference* substitute adopts the *Senate* provision with an amendment (1) to require that SSI applicants and recipients are to be assisted in making a simple application, (2) to make the provision effective October 1, 1986, and (3) to require the Secretary to report by April 1, 1987.

(33) Retail Food Stores and Wholesale Food Concerns

(a) The *House* bill requires that, when a disqualified retail food store or wholesale food concern is sold (or otherwise transferred) to a bona fide purchaser (or transferee), the person or persons who sell or transfer ownership must be subjected to a civil money penalty established by the Secretary to reflect the portion of the disqualification period that has not expired. If the disqualification is permanent, the civil money penalty would be double the penalty established by the Secretary for a 10-year disqualification. (Sec. 1524.)

The *Senate* amendment contains the same provisions. However, there is no reference to "bona fide" purchasers (or transferees) and no reference to subjecting the "person or persons" selling or transferring ownership to a civil money penalty. (Sec. 1430(a).)

The *Conference* substitute adopts the *House* provision with an amendment to strike "bona fide".

(b) The *House* bill requires that the disqualification of a retail food store or wholesale food concern that has been sold (or otherwise transferred) must continue in effect as to the seller (or transferor)—notwithstanding the imposition of a civil money penalty. (Sec. 1524.)

The *Senate* amendment contains the same provision. (Sec. 1430(a).)

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

(c) The *House* bill permits the Secretary to request the Attorney General to institute a civil action in Federal court against the person or persons subject to a civil money penalty on selling or transferring a disqualified store or concern, after the penalty has become final under the Act's administrative and judicial review procedures. In such an action, the validity and amount of the penalty are not to be subject to review. (Sec. 1524.)

The *Senate* amendment contains the same provision. (Sec. 1430(a).)

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

(d) The *Senate* amendment prohibits the buyer (or transferee) of a disqualified retail food store or wholesale food concern from accepting food stamps until the Secretary receives payment in full of

any civil money penalty—if the buyer (or transferee) has actual or constructive notice of an outstanding penalty.

The Secretary would, to the extent permitted by law, be required to ensure that any civil money penalty encumbrance that has been imposed on a disqualified store or concern is recorded in an appropriate State or local public office.

The seller (or transferor) would be required to advise a buyer (or transferee) of the limitation on accepting food stamps (until a penalty is paid) imposed on buyers (and transferees), prior to the sale or transfer. (Sec. 1430(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that any bona fide buyer (or transferee) of a disqualified retail food store or wholesale food concern can accept food stamps, if otherwise eligible. All other buyers would be ineligible to accept food stamps until the outstanding penalty is paid.

(e) The *Senate* amendment prohibits the Secretary from requiring, as the result of a sale or transfer of a disqualified store or concern, that the buyer (or transferee) furnish a bond to be authorized to accept food stamps. (Sec. 1430(b).)

(NOTE.—Under existing law, the Secretary may require a store or concern that has been disqualified to furnish a bond in order to re-enter the food stamp program.)

The *House* bill contains no comparable provision.

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

(34) *Interest on Claims Against States*

The *Senate* amendment provides that a State shall be liable for interest on any claim assessed against it under the Food Stamp Act, from the date of a final administrative determination. (Sec. 1432.)

The *House* bill contains no comparable provision.

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

(35) *Collection of Claims*

(a) The *Senate* amendment requires States to pursue "other" methods of collecting overpaid benefits, in addition to seeking cash repayment and reducing any future food stamp benefits, in cases of intentional violation—unless the State demonstrates to the Secretary's satisfaction that other methods are not cost effective. (Sec. 1433(a).)

The *House* bill contains no comparable provision.

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

(b) The *Senate* amendment permits States to collect overpaid benefits caused by State agency error by reducing future food stamp benefits. Collection by this method would be limited to \$10 a month or 10 percent of a household's benefit, whichever results in faster collection. (Sec. 1433(b).)

(NOTE.—Under existing law, States may not use reduction of future benefits as a means of collecting overpaid benefits caused by State agency error.)

The *House* bill contains no comparable provision.

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

(36) Food Stamp Intercept of Unemployment Benefits

The *Senate* amendment permits States to collect overpaid benefits in cases of intentional violation by having appropriate amounts withheld from any unemployment compensation due the individual.

Collection of these overissuances (if they have not been collected through reduction in the household's benefit allotment, repayment in cash, or other means) could be by agreement with the individual to have appropriate amounts withheld from any unemployment compensation due, or by court-ordered garnishment.

State food stamp agencies would reimburse unemployment compensation agencies for the cost of collection through the unemployment compensation system. As with other means of collection in cases of intentional violation, States would be authorized to retain 50 percent of any amounts collected through the unemployment compensation system. (Sec. 1434.)

(NOTE.—Social Security Act provisions dealing with unemployment compensation would be amended to allow for this method of collection and to allow the unemployment compensation agencies to require applicants for unemployment compensation to disclose whether they have received an overissuance of food stamps due to intentional violation of the Food Stamp Act or regulations and the overissuance has not been collected.)

The *House* bill contains no comparable provisions.

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

(37) Administrative and Judicial Review

The *Senate* amendment revises the standard that States, retail food stores, and wholesale food concerns must meet in order to have a court temporarily stay an administrative action against them during the pendency of judicial review or any appeal. An applicant for a temporary stay would have to show a likelihood of prevailing on the merits of the case. (Sec. 1435.)

The *Senate* amendment also corrects a spelling error in the Act.

(NOTE.—Under existing law, an applicant must show irreparable injury in order to gain a temporary stay.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to revise the standard of review to include consideration of irreparable harm and likelihood of prevailing on the merits of the case.

(38) State Agency Liability, Quality Control, and Automatic Data Processing

(a) The *Senate* amendment revises the method of calculating the fiscal sanction owed by States with rates of erroneous payment in excess of 5 percent. Effective for erroneous payments made in FY 1986 and following fiscal years, States would be liable for:

75 percent of the value of erroneous payments made in excess of the 5-percent threshold, as long as the State's error rate does not exceed 7 percent; and

the full value of erroneous payments made in excess of the 7-percent threshold, plus 75 percent of the value of erroneous payments between 5 and 7 percent.

The Secretary could collect the fiscal sanction by means of a payment by the State, by withholding amounts due the State as the Federal share of administrative costs, or by other means of collection authorized by law (chapter 37, title 31, U.S.C.). (Sec. 1437.)

(NOTE.—Under existing law, fiscal sanctions are based on, and collected by, withholding the Federal share of a State's administrative costs. Specifically, for each percentage point (or portion of a percentage point) by which the State's error rate exceeds 5 percent, the State loses 5 percent of its Federal share of administrative costs. In addition, if a State's error rate exceeds 8 percent, it loses 10 percent of its Federal share of administrative costs for each percentage point (or portion of a percentage point) by which its error rate exceeds 8 percent.)

The *House* bill contains no comparable provisions.

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

(b) The *House* bill reduces a State's fiscal sanction for erroneous payments by any amount due as the result of "errors" caused by a State's use of correctly processed information received from a Federally sponsored automatic information exchange system, effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* bill contains no comparable provision.

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

(c) The *Senate* amendment reduces a State's fiscal sanction (as calculated under the new methodology) by 75 percent of value of improperly issued benefits recovered or collected by the State and remitted to the Federal government. (Sec. 1437.)

The *House* bill contains no comparable provision.

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

(d) The *House* bill requires the Secretary, at State request, to waive up to 15 percent of a State's fiscal sanction if the State shows it will devote the amount to be waived to (1) automatic data processing, computerized information, or related systems, or (2) other administrative efforts—as long as these activities are designed to reduce payment error rates and are approved by the Secretary. To obtain a waiver, a State must show to the Secretary's satisfaction that the proposed activities are in addition to those already in place or part of an existing State plan, and that they can be reasonably expected to improve program management, integrity, or efficiency.

An amount expended under this waiver provision could not be used to claim a Federal cost-share under other provisions of law.

If a proposed activity upon which a waiver claim is based is not implemented within 6 months after a target date agreed on by the Secretary and the State, the Secretary would be required to terminate the waiver—except for good cause shown, including food faith efforts made by the State—and the State would again become liable for the amount waived. This procedure for waivers would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* amendment contains no comparable provisions.

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

(e) The *Senate* amendment requires the Secretary to conduct a study of the food stamp quality control system. The study would examine how best to operate the system to obtain information that would allow States to improve administration, and provide reasonable data on the basis of which Federal funding may be withheld for States with excessive levels of erroneous payments.

The Secretary would also be required to contract with the National Academy of Sciences for a concurrent independent study for the same purposes, and provide to the Academy any relevant information.

Both studies would be due to the Congress not later than 1 year after enactment. (Sec. 1445(a).)

The *House* bill contains no comparable provisions.

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

(f) The *Senate* amendment prohibits the Secretary from imposing any reduction in a payment to a State under the Act (i.e., the Federal share of administrative costs) for a 24-month period beginning with the first calendar quarter following enactment.

During this 24-month "moratorium period," the Secretary and States would be required to continue to operate quality control systems and calculate error rates. (Sec. 1445(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to limit the moratorium to 6 months from the date of enactment.

(g) The *Senate* amendment requires the Secretary to publish regulations restructuring the food stamp quality control system not later than 18 months after enactment. In these regulations, the quality control system would be restructured to the extent the Secretary determines appropriate, taking into account the Secretary's study of the system, and the study to be conducted by the National Academy of Sciences (see item (d) above). The Secretary would be required to implement the restructured quality control system beginning with the first calendar quarter after the 24-month moratorium period.

The *Senate* amendment also requires that the Secretary publish regulations (not later than 18 months after enactment) establishing criteria for adjusting reductions in payments to States for quarters prior to implementation of the restructured quality control system. These criteria would take into account the studies of the quality control system and would be used as the basis for eliminating reductions in payments to States not required by the restructured quality control system.

The *Senate* amendment also requires that the Secretary reduce payments to States: (1) in accordance with the special criteria established by regulation for quarters during and prior to the 24-month moratorium period; and (2) in accordance with the restructured quality control system for quarters after the moratorium period. (Sec. 1445(c).)

NOTE.—Under the current quality control system, fiscal sanctions on States with excessive rates of erroneous payments are based on, and collected by reducing, Federal payments to States for administrative expenses. Under the *Senate* amendment, they are based on levels of erroneously paid benefits and may be collected by reduc-

ing (withholding) the Federal share of administrative costs, or by other means authorized by law.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provisions with an amendment (1) requiring the Secretary to implement the restructured quality control system beginning 24 months after enactment and (2) requiring the Secretary to adjust payments to States in accordance with the special criteria set by regulation for periods prior to implementation of the restructured quality control system and in accordance with the restructured quality control system for quarters after implementation of the restructured system.

(h) The *House* bill requires State to submit data sufficient for the Secretary to determine a payment error rate and the amount of a State's fiscal sanction expeditiously.

The Secretary would be required to make a determination of a State's fiscal sanction, and notify the State, within 9 months of the end of the fiscal year for which the sanction is levied.

The Secretary would be required by initiate efforts to collect fiscal sanctions before the end of the fiscal year following the year for which the sanction is levied—subject to the conclusion of any formal or informal appeal procedure and administrative and judicial review procedures provided for under the Act.

These provisions would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* amendment contains no comparable provisions.

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

(i) The *House* bill requires the Secretary to develop a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program—after consultation with, and with the assistance of, a State advisory group appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act.

The elements of the plan would include, but not be limited to, intake procedures, eligibility and benefit determinations, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, program reporting, and security and privacy.

The model plan would have to be developed and made available for comment not later than October 1, 1986. The plan would have to be completed, taking into account comments, not later than December 1, 1986. (Sec. 1525(b).)

The *Senate* amendment requires each State to develop and submit a plan for the use of automated data processing and information retrieval systems to administer the food stamp program.

Each plan could have to provide for the automation of such administrative operations as the Secretary considers appropriate, and could provide for automation of intake procedures, eligibility determinations, calculation of benefits, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, program reporting, and other appropriate administrative operations.

State plans would have to be developed and submitted to the Secretary not later than October 1, 1986. (Sec. 1446(a).)

The *Conference* substitute establishes revised provisions governing automated data processing and information retrieval activities in the food stamp program, incorporation aspects of the *House* and *Senate* provisions.

Under the *Conference* substitute, the Secretary is required to develop a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program—after consultation with, and with the assistance of, a State advisory group appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act. The model plan is required to be developed and made available for comments not later than October 1, 1986. The plan must be completed, taking into account comments, not later than February 1, 1987.

The *Conference* substitute further provides that the elements of the model plan may include intake procedures, eligibility and benefit determinations, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, and program reporting. In developing the model plan, the Secretary is required to take into account systems already in existence and provide for consistency with such systems.

The *Conference* substitute provides that each State is required to develop and submit a plan, which shall become a part of the State's overall plan of operations, for the use of automated data processing and information retrieval systems in their administration of the food stamp program, taking into account the Secretary's model plan. The State plans must also provide time-frames for completion of the phases of the State plan. If a State has a sufficient automated data processing and retrieval system, the State plan may reflect its existing system, subject the Secretary's approval. State plans are required to be developed and submitted not later than October 1, 1987.

(i) The *House* bill authorizes the Secretary to pay 90 percent of the planning, design, development, and installation costs of automatic data processing and information retrieval systems that:

the Secretary determines will assist in meeting the requirements of the Food Stamp Act;

meet conditions prescribed by the Secretary;

are likely to provide more efficient and effective administration;

will be compatible with AFDC systems; and

satisfy the elements of the Secretary's model automation and computerization plan.

The 90-percent cost-sharing authorization would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

NOTE.—Under existing law, the Secretary is authorized to pay 75 percent of the above-noted automation and computerization costs for systems meeting the first 4 of the above-noted criteria. This would be retained under the *House* bill.)

The *Senate* amendment contains no comparable provisions.

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

(k) The *House* bill requires the Secretary to prepare and submit to Congress an evaluation of the degree and sufficiency of each

State's automated data processing and computerized information systems—not later than April 1, 1987.

The evaluation would have to include, for each State, an analysis of additional steps needed to achieve effective, cost-efficient, and secure data processing and information systems.

The evaluation would have to be periodically updated. (Sec. 1525(b).)

The *Senate* amendment contains the same provision except that the Secretary is required to prepare and submit to the House and Senate Committee's an evaluation of the sufficiency of each State's plan for use of automated data processing and information retrieval systems, and the evaluation does not include a reference to system security. (Sec. 1446(a).)

The *Conference* substitute requires the Secretary to submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems, and each State's plan for use of automated data processing and information retrieval systems, not later than April 1, 1988. The evaluation report is required to include an analysis of any additional steps needed for States to achieve effective and cost-efficient systems, and is required to be periodically updated.

(1) The *House* bill permits the Secretary to require a State agency to take specified steps to automate data processing systems or computerized information systems—based on the Secretary's findings in any of his periodic reports evaluating State's implementation of these systems, and if the Secretary finds that, in the absence of these systems, there will be program accountability or integrity problems that will substantially affect program administration.

The *House* bill also provides that failure to comply with a requirement to automate systems would subject a State to the Act's provisions for injunctive relief and withholding of Federal funds. (Sec. 1525(b) and (c).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute permits the Secretary to require a State to take specified steps to automate data processing systems or computerize information systems as necessary to rectify administrative shortcomings (except where the steps would displace State computer initiative already under way), based on the findings of the periodic evaluation reports and if the Secretary finds that, in the absence of these systems, there will be program accountability or integrity problems that will substantially affect program administration.

(m) The *Senate* amendment requires States to commence implementation of their plans for use of automated data processing and information retrieval systems not later than October 1, 1987, and complete implementation not later than October 1, 1989.

If a State fails to complete implementation by October 1, 1989, the Secretary would be required to reduce the Federal share of computerization costs by 5 percent for each 6-month period that a State fails to meet the October 1, 1989 deadline.

The Secretary would be permitted to extend the October 1 deadlines. The Secretary would also be permitted to waive or reduce the amount of any required reduction in Federal cost-sharing payments

on the basis of a good faith effort by a State to implement its plan. (Sec. 1446(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute requires States to commence implementation of their plans for automated data processing and information retrieval submitted to the Secretary not later than October 1, 1988, and meet the time-frames set forth in their plans. The Secretary is permitted to extend deadlines for commencement of implementation and meeting plan time-frames to the extent deemed appropriate, based on a finding of a good faith effort to implement a State plan.

The *Conference* substitute further provides that the Secretary is permitted to withhold the Federal share of general administrative costs (and the Federal share of computerization costs), and seek other means of compliance authorized under the Food Stamp Act, if a State does not comply with requirements for submission and implementation of a State plan for computerization.

(39) Geographical Error-Prone Profiles

The *Senate* amendment allows the Inspector General to use quality control information to determine which project areas have payment error rates that impair the integrity of the food stamp program.

The Secretary would be permitted to require a State to carry out new or modified procedures for household certification in project areas identified by the Inspector General, if the Secretary determines that the procedures would improve the integrity of the program and be cost effective.

Not later than 12 months after enactment, and each 12 months thereafter, the Secretary would be required to submit a report that lists project areas identified by the Inspector General and any procedures the Secretary has required to be carried out in these areas to the House and Senate Committees. (Sec. 1438.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to substitute the Secretary for all references to the Inspector General.

(4) Pilot Projects

(a) The *House* bill requires the continuation, on State request, of any existing pilot project involving the payment of food stamp benefits in cash to households composed entirely of persons age 65 or over or entitled to SSI benefits—through FY 1990. (Sec. 1526(a).)

(NOTE.—Under P.L. 99-157, these pilot projects have been continued until Dec. 31, 1985.)

The *Senate* amendment requires the continuation of these pilot projects, on State request, through FY 1989. (Sec. 1439.)

The *Conference* substitute adopts the House provision.

(b) The *Senate* amendment authorizes the Secretary to conduct a pilot project to test the effects of requiring food stamp households to pay cash for the amount of any food stamp purchase between 1 and 99 cents. (Sec. 1440.)

The *House* bill contains no comparable provision.

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

(41) Authorization Ceiling; Authority to Reduce Benefits

(a) The *House* bill authorized the following appropriations for programs under the Food Stamp Act:

- for FY 1986, \$13,584,000,000;
- for FY 1987, \$14,369,000,000;
- for FY 1988, \$15,276,000,000;
- for FY 1989, \$16,142,000,000; and
- for FY 1990, \$16,985,000,000.

(Sec. 1527.)

The *Senate* amendment authorizes the following appropriations levels:

- for FY 1986, \$12,984,000,000;
- for FY 1987, \$13,572,000,000;
- for FY 1988, \$14,154,000,000; and
- for FY 1989, \$14,695,000,000.

(Sec. 1441.)

The *Conference* substitute adopts the *Senate* provision with an amendment to establish authorization ceilings as follows: \$13,037,000,000 for FY 1986; \$13,936,000,000 for FY 1987; \$14,741,000,000 for FY 1988; \$15,435,000,000 for FY 1989; and \$15,970,000,000 for FY 1990. These levels were determined by: (1) using as a base the Congressional Budget Office estimate of the costs of the basic food stamp program in each of those years, taking into account the effect of this Act; and (2) adding to the base 3 percent in FY 1986, 5 percent in FY 1987, 6 percent in FY 1988, and 7 percent in FY 1989 and FY 1990, and (3) adding in the amounts provided for the Puerto Rico block grant.

(b) The *House* bill revises the criteria to be used by the Secretary in deciding if the Secretary will direct benefit reductions. The Secretary would be required to direct benefit reductions if, in any fiscal year, the Secretary finds that benefit requirements will exceed the authorized appropriations level. (Sec. 1527.)

(NOTE.—Under existing law, the Secretary is to direct benefit reductions if the Secretary finds that benefit requirements will exceed the appropriation provided.)

The *Senate* amendment contains no comparable provision.

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

(42) Transfer of Funds

The *Senate* amendment prohibits the transfer of funds appropriated to carry out the Food Stamp Act to the Agriculture Department's Office of the Inspector General or Office of the General Counsel—effective for FY 1987 and following fiscal years. (Sec. 1442.)

The *House* bill contains no comparable provision.

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

(43) Puerto Rico Block Grant

(a) The *House* bill requires the allocation of the following amounts for Puerto Rico's nutrition assistance block grant:

- for FY 1986, \$825,000,000;
- for FY 1987, \$862,000,000;
- for FY 1988, \$898,000,000;

for FY 1989, \$936,000,000; and
for FY 1990, \$974,000,000.

(Sec. 1528.)

(NOTE.—Under existing law, the annual allocation for Puerto Rico is \$825,000,000.)

The *Senate* bill continues the authorization for Puerto Rico's nutrition assistance block grant at \$825 million through fiscal year 1989.

The *Conference* substitute adopts the House provision with an amendment to provide for Puerto Rico's nutrition assistance block grant as follows:

for FY 1986, \$825,000,000;
for FY 1987, \$852,750,000;
for FY 1988, \$879,750,000;
for FY 1989, \$908,250,000; and
for FY 1990, \$936,750,000.

(b) The *House* bill removes the requirement that Puerto Rico pay 50 percent of any administrative expenses for which its block grant is used. (Sec. 1528.)

The *Senate* amendment contains no comparable provision.

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

(c) The *Senate* amendment changes the date by which Puerto Rico must submit its annual plan of operation—from July 1 to April 1 of the year preceding the year it is submitting its plan for. (Sec. 1443.)

The *House* bill contains no comparable provision.

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

(44) *Feasibility Study*

The *House* bill requires the Secretary to conduct a study to determine the feasibility of extending the food stamp program to American Samoa—to be prepared and submitted to the House and Senate Committees not later than April 1, 1986.

The feasibility study would determine the various economic and demographic circumstances of the people of American Samoa and analyze features of the food stamp program that would have to be revised to ensure an effective and efficient program in light of circumstances peculiar to American Samoa. (Sec. 1529.)

The *Senate* amendment contains no comparable provision.

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

(45) *Commodity Distribution*

(a) The *House* bill extends through FY 1990 the authority of the Secretary to purchase and distribute commodities with funds appropriated from the general funds of the Treasury to maintain the traditional level of assistance distribution to institutions, supplemental feeding programs, summer camps, the Pacific Islands Trust Territory, Indian reservation, and in the case of disasters. (Sec. 1530(a)(1).)

The *Senate* amendment extends this authority through FY 1989. (Sec. 1451(a).)

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

(b) The *Senate* amendment allows public or private, nonprofit organizations receiving commodities under section 32 of the Act of

August 24, 1935 to transfer such commodities or products to other public or private nonprofit organizations that can use them without cost or waste to provide nutrition assistance to low-income persons. (Sec. 1450.)

The *House* bill contains no comparable provision.

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

(46) *Commodity Supplemental Food Program*

(a) The *House* bill extends the authority for the two low-income elderly pilot projects authorized in current law as well as an additional existing project—effective Oct. 1, 1985.

The *House* bill also requires that, as of the date of enactment, any CSFP project serving the elderly be allowed to continue commodity distribution to low-income elderly people under such programs on the date of enactment to continue such distribution at levels no lower than existing caseloads. (Secs. 1530(b)(1) and 1530(c).)

(NOTE.—Section 5 of the Agriculture and Consumer Protection Act of 1973 specifically authorizes two pilot projects for low-income elderly. However, based on appropriations Acts, three such pilot projects have been operated under this authority.)

The *Senate* amendment revises current law to specify authorization of three, instead of two, pilot projects for low-income elderly—through September 30, 1989. (Sec. 1452(a)(1) (A) and (B).)

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

(b) The *House* bill extends through FY 1990 the authorization for administrative funds for required and bonus commodities distributed under the CSFP. (Sec. 1530(b)(2).)

The *Senate* amendment extends this authority through FY 1989. (Sec. 1452(a)(2).)

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

(c) The *House* bill provides that funds for the administrative costs of bonus commodities be available in an amount equal to 15 percent of (1) the appropriation for CSFP, and (2) the value of all additional (i.e., "bonus") commodities distributed to CSFP participants. (Sec. 1530(d).)

(NOTE.—Current law sets this amount at 15 percent of the value of only the bonus commodities included in the CSFP food package. USDA does not count bonus commodities as part of the CSFP food package, and consequently administrative funds for bonus commodities distributed to CSFP participants are not eligible for administrative funds.)

The *Senate* amendment contains no comparable provision, thus maintaining current law.

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

(d) The *House* bill permits local agencies administering CSFP projects to provide commodities to low-income elderly persons, under terms and conditions set by the Secretary to ensure that (1) such assistance does not serve to restrict or reduce assistance to eligible women, infants, and children; and (2) local agencies do not terminate or reduce assistance to women, infants, and children in order to provide assistance to the elderly. (Sec. 1530(b)(4).)

The *Senate* amendment permits local agencies, with the approval of the Secretary, to provide commodities to low-income elderly if

the local agencies determine that the funds they receive are in excess of what is necessary to serve eligible, women, infants, and children. The Secretary would set the terms and conditions for such participation by low-income elderly. (Sec. 1452(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment that provides the Secretary with authority to define low-income elderly persons, but deletes the authority for the Secretary to establish other terms and conditions as to the participation of low-income elderly persons.

The Secretary's approval of a local site's request to serve elderly persons would be based only upon a determination (1) that the local site has adequate funding to serve elderly persons without disadvantaging women and children; and (2) that the local site has properly defined what low-income elderly persons they will serve.

(e) The *House* bill requires the Secretary to approve, in any fiscal year, applications for additional CSFP sites in areas where the program does not operate—to the extent that (1) appropriations are available and (2) such approval does not reduce existing levels of participation by women, infants, children, and low-income elderly. (Sec. 1530(b)(4).)

The *Senate* amendment requires approval of additional applications for eligible CSFP projects if the Secretary determines that the amount of funds appropriated for the program exceeds the needs of existing sites. In making such determinations, the Secretary would be required to consider the funding needs of existing sites for both the current and succeeding fiscal years. (Sec. 1452(b).)

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

(f) The *House* bill requires the Secretary to provide information on the CSFP and its application procedures to agencies that could operate the program in areas covered by neither the CSFP nor the WIC programs. (Sec. 1530(b)(4).)

The *Senate* amendment contains no comparable provision.

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

SUBTITLE B—COMMODITY DISTRIBUTION PROVISIONS

(47) *Emergency Feeding Organizations-Definitions*

The *House* bill incorporates into the law the current regulatory term "emergency feeding organizations" used to define the types of organizations eligible for priority receipt of commodities and Federal funding assistance for distribution costs.

These would be included in the statute as follows: including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies. (Sec. 1601.)

The *Senate* bill contains no comparable provision.

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

(48) *Availability of Commodities*

(a) The *Senate* amendment authorizes the Secretary to make section 32 surplus commodities available to TEFAP agencies. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

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

(b) The *Senate* amendment specifies that commodities made available include, but not be limited to dairy products, wheat, or wheat products, rice, honey, and cornmeal. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

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

(c) The *Senate* amendment requires that beginning January 1, 1986, the Secretary submit a semiannual report on the types and amounts of commodities made available for distribution under the program. These reports are to be submitted to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to delay reporting requirements to April 1, 1986.

(49) Repeal of Provisions Relating to the Food Security Wheat Reserve.

The *House* bill repeals the current law provisions relating to use of wheat from the food security wheat reserve for TEFAP distribution. (Sec. 1602.)

(NOTE.—Use of wheat from the reserve is conditional upon its being replaced by no later than October 1, 1985. Thus, the current law provision does not allow for the use of wheat from the reserve after that date.)

The *Senate* amendment contains no provision, thus maintaining the current law provisions relating to use of the food security wheat reserve.

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

(50) Distribution of Surplus Commodities

(a) The *House* bill specifies cheese, nonfat dry milk, and wheat as being among those commodities made available to domestic food assistance programs at no charge or credit when available in CCC inventories. (Sec. 1611.)

The *Senate* amendment specifies the inclusion of dairy products, wheat or wheat products, rice, honey and cornmeal as being among the CCC commodities made available at no charge or credit to food assistance programs. (Sec. 1454.)

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

(b) The *House* bill extends through September 30, 1987 the requirement for the Secretary to enter into processing agreements with private companies for reprocessing bonus commodities into end-use products. (Sec. 1611.)

(NOTE.—The *House* bill repeals all references to processing agreements in the TEFAP Act and includes all provisions for such agreements under sec. 1411(a) of the Agriculture and Food Act of 1981.)

The *Senate* amendment extends this requirement through June 30, 1987. (Sec. 1453(f).)

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

Since this Act extends the National Commodity Processing program for two years, it is not necessary for the Department of Agriculture to mandate by regulation that States establish their own bonus commodity processing program. The Secretary of Agriculture should continue efforts to improve the accountability in processing

activities and encourage expansion of the commodity processing of all USDA donated foods.

(c) The *House* bill requires private companies participating in processing agreements to annually settle all accounts with the Secretary and appropriate State agencies regarding commodities processed under such agreements. (Sec. 1611.)

The *Senate* amendment contains no comparable provision.

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

(51) *State Cooperation*

(a) The *House* bill permits State agencies receiving TEFAP commodities to enter into cooperative agreements with each other to provide for either joint provision or transfer of commodities to an emergency feeding organization when such organization serves needy persons in a single geographical area that is situated in each of such States. (Sec. 1604.)

The *Senate* amendment contains no comparable provision.

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

(b) The *Senate* amendment requires each State agency to encourage distribution of TEFAP commodities in rural areas. (Sec. 1453(b).)

The *House* bill contains no comparable provision.

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

(52) *Authorization for Funding and Related Provisions*

(a) The *House* bill authorizes \$50 million for each of fiscal years 1986 and 1987 for the Secretary to make available to the States for State and local costs of TEFAP commodity distribution by emergency feeding organizations. (Sec. 1606.)

The *Senate* amendment contains the same provision. (Sec. 1453(d).)

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

(b) The *House* bill provides that it is the sense of Congress that any Federal funds appropriated in excess of the \$50 million authorized for commodity distribution costs be available to a State only to the extent that such State and local governments therein provide an equivalent amount of funds and/or value of in-kind contributions and services. (Sec. 1606.)

The *Senate* amendment requires that beginning January 1, 1987, in order to be eligible for Federal funds for storage and distribution costs, States match each dollar of such Federal funds made available to them.

(NOTE.—Committee report language specifies that this matching requirement does not have to consist of State appropriated funds, but may be made up from other State or local funds. The report explicitly prohibits the use of in-kind contributions to meet this matching requirement.)

The *Conference* substitute adopts the *Senate* provision with an amendment to (1) require State matching on a dollar for dollar basis effective January 1, 1987, except for States that have no regular session of their State legislature by that time, the deadline would be October 1, 1987; (2) limit the matching requirement to those funds that a State retains at the State level and devotes to State-level activities. To the extent the State pays for the direct ex-

penses of local distribution (as provided in item 52(d)), the matching requirement would not apply. (3) In determining whether the State match has been met, in-kind contributions by the State would be counted according to procedures by the Secretary for certifying these contributions; and (4) Federal funding would be provided in advance based upon the State's matching contribution or, if necessary, an estimate of the State's expected matching contribution, with reconciliation of the actual amount due the State to occur by the end of the fiscal year; and (5) prohibits States from passing on the costs of the State matching requirement to emergency feeding organizations or charging for the commodities.

(c) The *House* bill requires that appropriated funds be allocated to the States on an advance basis in the same proportions as commodities distributed under the Act are allocated to them. It also requires reallocation of unused State funds in the same manner as funds were originally allocated. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the *Senate* amendment maintains the current law provision which does not specify how the Secretary is to allocate funds. By current regulation, such funds are distributed to States primarily on a reimbursement basis, and under the same allocation formula as that used for the allocation of commodities (i.e. 60 percent based on State proportion of all persons in poverty and 40% based on State proportion of all unemployed persons.)

The *Conference* substitute adopts the *House* provision with an amendment requiring that funds be provided in proportions that approximate commodity distribution. The amendment would also require reallocation of unused State funds but deletes the requirement that they be reallocated in the same manner as funds were originally allocated.

(d) The *House* bill requires that no less than 20 percent of the funds allocated to a State be made available to emergency feeding organizations to pay for, or provide advance payments to cover the direct expenses of such agencies in distributing commodities to needy persons. The amount of any payment made by the State from its own funds to cover the direct expenses of an emergency feeding organization is counted toward meeting the 20 percent requirement, and direct costs are defined to include costs of transporting, storing, handling and distributing commodities after they have reached the organization, costs associated with determinations of eligibility, verification and documentation, costs of record-keeping, auditing and other required administrative procedures. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the *Senate* amendment maintains current law, which requires that no less than 20 percent of the funds appropriated be made available for paying or providing advance payments to cover the actual costs of emergency feeding organizations.)

The *Conference* substitute adopts the *House* provision with an amendment to specify that emergency feeding organizations receive 20 percent of the funds allocated to a State only if their actual expenses equal that amount, as approved by the State.

(e) The *House* bill prohibits the use of Federal funds for costs other than those involved in covering expenses related to the distri-

bution of commodities by emergency feeding organizations. It also requires States to submit financial reports on the use of such funds to the Secretary on a regular basis. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the *Senate* amendment extends the current law which establishes a priority for receipt of TEFAP commodities by emergency feeding organizations. The limited amount of TEFAP commodities and high demand by emergency feeding organizations has effectively precluded other agencies from receiving such commodities, and hence administrative funding for their distribution. Federal regulations also prohibit the use of such funds for commodity distribution by other agencies. These are based on the intent of the Congress as expressed during the debate on the TEFAP Act of 1983. Current law also includes a provision prohibiting local agencies from receiving more than 5 percent of the value of the commodities that are received.)

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

(53) Reauthorizations

(a) The *House* bill requires that as early as feasible, but no later than the beginning of each of fiscal years 1986 and 1987, the Secretary publish in the Federal Register an estimate of the types and amount of commodities that the Secretary anticipates will be made available during each such fiscal year. (Sec. 1607.)

The *Senate* amendment contains a comparable provision. (Sec. 1453(a).)

The *Conference* substitute adopts the *House* provision with an amendment to require publication in the Federal Register no later than the beginning of fiscal year 1987.

(b) The *House* bill requires the Secretary to establish regulations setting liability standards for loss of program commodities in cases where there is no evidence of negligence or fraud and conditions for payment to cover such loss. The regulations are to take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources and the effect that sanctions might have on such organizations ability to meet the food needs of low-income populations. (Sec. 1607.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete reference to the types of special circumstances and needs of emergency feeding organizations the Secretary may consider if the Secretary issues regulations to set standards for liability for commodity losses.

(54) Program Termination

The *House* bill provides that the program terminate on September 30, 1987. (Sec. 1608.)

(NOTE.—The *House* bill reauthorizes commodity processing contracts and administrative funding for CSFP under other Acts.)

The *Senate* amendment contains the same provision. (Sec. 1453(f).)

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

(55) TEFAP Report

The *House* bill requires that not later than April 1, 1987, the Secretary report to Congress on the activities of the TEFAP program. The report is to include information on the volume and types of commodities distributed; the types of State and local agencies receiving commodities; the populations served by the program and their characteristics; the Federal, State and local costs of commodity distribution operations; and the amount of Federal funds provided to cover State and local costs. (Sec. 1609.)

The *Senate* amendment contains no comparable provision.

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

(56) Donations by Military Commissaries

The *Senate* amendment allows a commissary store of the Department of Defense to donate surplus, unmarketable food to a local food bank. (Sec. 1455.)

The *House* bill contains no comparable provision.

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

SUBTITLE C—NUTRITION AND MISCELLANEOUS PROVISIONS

(57) Cash-in-Lieu of Commodities and Commodity Letters of Credit

The *Senate* amendment allows school districts which participated in the pilot project study of cash in lieu of commodities and commodity letters of credit to continue receiving this alternative form of assistance through June 30, 1987. Also requires that such school districts be provided bonus commodities to the same extent as other school districts, and that such bonus commodities be made available in the form of their cash value, or through a letter of credit for school districts eligible for these forms of assistance. (Sec. 1456.)

The *House* bill contains no comparable provision.

(NOTE.—H.R. 7, as passed by the *House*, includes a provision that would extend the eligibility of pilot project schools to receive commodity assistance in the form of cash or commodity letters of credit through June 30, 1987. However, it specifies that bonus commodities be provided in the same form as bonus commodities made available to other schools. This provision also requires the Secretary of Agriculture to provide cash compensation to a school district participating in the pilot project study for losses it sustained as a result of the alteration of methodology used to conduct the study during the 1982-1983 school year. This change in methodology was related to the issue of receipt of bonus commodities.)

The *Conference* substitute adopts the *Senate* provision with an amendment that cash-in-lieu schools can receive bonus commodities to the same extent as other school districts, but only in the form of commodities (no cash or letter of credit).

(58) Gleaning of Fields

The *Senate* amendment contains findings that:

emergency food providers help needy persons at no Government cost;

gleaning is a partnership through which food producers permit nonprofit organizations to collect food that has not been harvested for distribution to the needy;

support for gleaning is found in the Judeo-Christian heritage;

a 1977 General Accounting Office estimated substantial amounts of food remained unharvested and that the diets of millions of persons could have been supplemented with this unharvested food;

a number of States and local governments have enacted laws limiting the liability of food donors as an incentive for food contributions; and

numerous organizations have begun gleaning programs;

The *Senate* amendment also expresses the sense of Congress that (1) food producers who permit gleaning and organizations that glean fields for distribution to the needy should be commended for their efforts, and (2) State and local governments should be encouraged to enact tax and other incentives to increase the number of producers permitting gleaning and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce. (Sec. 1457.)

The *House* bill contains no comparable provisions.

(NOTE.—The *House* committee report (page 180) includes a similar commendation for producers and organizations, and a similar encouragement for tax and other incentives for gleaning activities.)

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

(59) Effective and Implementation Dates

(a) The *Senate* amendment makes all amendments provided for in title XIV (relating food stamps and commodity distribution) effective on enactment, except as otherwise provided. (Sec. 1460(a).)

(NOTE.—Separate effective dates, as previously described, are provided for:

the amendment relating to sales taxes on food stamp purchases (effective, as to any State, on October 1 of the year during which the first session of the State legislature is convened following enactment);

the amendment relating to repeal of certain provisions dealing with Low-Income Home Energy Assistance Act recipients and the amendment relating to use of a "combined" standard utility allowance (effective one day after enactment);

the amendment requiring semiannual reports dealing with the types and amounts of commodities made available for distribution under the Temporary Emergency Food Assistance Program (effective January 1, 1986); and

the amendment requiring State matching of Federal funds for distribution costs under the Temporary Food Assistance Program (effective January 1, 1987).)

The *House* bill contains no comparable overall effective-date provision.

(NOTE.—Separate effective dates as previously described, are provided for:

the amendment relating to sales taxes on food stamp purchases (effective October 1, 1987);

the amendments relating to certain excluded income—educational and self-employment income (effective February 1, 1986);
 the amendments relating to assistance provided to a third party as part of an AFDC or general assistance program and earned income under the Job Training Partnership Act (effective October 1, 1985);

the amendment relating to an increase in the earned income deduction (effective February 1, 1986);

the amendment relating to an increase in the ceiling on shelter and dependent-care expense deductions (effective February 1, 1986);

the amendment establishing a separate dependent-care expense deduction ceiling (effective October 1, 1986);

the amendment relating to a change in the threshold above which medical expenses may be deducted (effective February 1, 1986);

the amendment increasing the limits on liquid assets (effective October 1, 1986);

the amendments relating to reductions in fiscal sanctions based on use of automatic information exchange systems and funds (up to 15 percent of any sanction) used to improve administration (effective for FY 1986 and fiscal years thereafter);

the amendment relating to extension of authority to distribute commodities (effective October 1, 1985);

the amendments relating to the commodity supplemental food program (effective October 1, 1985);

the amendments relating to required distribution of certain commodities under the Temporary Emergency Food Assistance Program and commodity processing agreements (effective October 1, 1985).)

The *Conference* substitute adopts the *Senate* provision with regard to making provisions effective upon enactment unless otherwise specified.

(b) The *Senate* amendment requires the Secretary to prescribe interim regulations ensuring that the provisions dealing with food stamps and commodity distribution are implemented as soon as practicable after enactment, but in no event later than March 1, 1986—notwithstanding any provisions of the Food Stamp Act of 1977 or the administrative procedure requirements to title V of the United States Code. Any change in the interim regulations made in final regulations would be effective on the date(s) prescribed by the Secretary. (Sec. 1406(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that final regulations for all provisions must be issued by April 1, 1987.

The conferees intend to allow the Secretary to implement the law consistent with orderly implementation.

(60) Food, Nutrition, and Consumer Education

(a) The *House* bill contains findings that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, includ-

ing food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

The *Senate* amendment contains no comparable provisions.

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

(b) The *House* bill requires the cooperative extension services of the States to carry out an expanded program of food, nutrition, and consumer education for low-income individuals. (Sec. 1703.)

The *Senate* amendment contains no comparable provision.

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

(c) The *House* bill provides that the purpose of the expanded program would be to extend food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, in order to assist them to:

increase their ability to manage their food budgets, including any food assistance;

increase their ability to buy food that satisfies nutritional needs and promotes good health; and

improve their food preparation, storage, safety, preservation, and sanitation practices. (Sec. 1702.)

The *Senate* amendment contains no comparable provisions.

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

(d) In operating the expanded program, the cooperative extension services could use the existing Expanded Food and Nutrition Education Program (EFNEP), other activities of the extension services, and similar activities carried out in collaboration with public or private nonprofit agencies. The cooperative out in collaboration with public or private nonprofit agencies. The cooperative extension services would be encouraged to provide services to as many low-income individuals as possible, to employ educational methodologies and innovative approaches that accomplish the above-noted purposes of the expanded program, and to coordinate activities with the delivery of food assistance to the greatest extent practicable. (Sec. 1703.)

The *Senate* amendment contains no comparable provisions.

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

(e) The expanded program would be administered through the Agriculture Department's Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service, and the Secretary would be required to ensure that the Extension Service coordinates its activities with other Agriculture Department food, nutrition, and consumer education activities. (Sec. 1704(a).)

The *Senate* amendment contains no comparable provisions.

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

(f) The Secretary would be required to report to the *House* and *Senate* Committees, not later than April 1, 1989, an evaluation of the effectiveness of the expanded food, nutrition, and consumer education program. (Sec. 1704(b).)

The *Senate* amendment contains no comparable provision.

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

(g) Appropriations for the expanded program are authorized at the following levels, as a supplement to any other funds appropriated for State cooperative extension services' food, nutrition, and consumer education activities:

for FY 1986, \$5,000,000;

for FY 1987, \$6,000,000;

for FYs 1988, 1989, and 1990, \$8,000,000 a year. (Sec. 1705(a).)

The *Senate* amendment contains no comparable provision.

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

(h) Funds appropriated for the expanded program of food, nutrition, and consumer education would be allocated among the State cooperative extension services in the manner required by existing law for allocating EFNEP funds in excess of the FY 1981 appropriation level—i.e., (1) 4 percent to be available to the Secretary for administration and technical support; (2) 10 percent to be allocated equally among all States; and (3) the remainder to be allocated based on each State's share of the population with incomes below 125 percent of the Federal poverty levels. (Sec. 1705(b) and (c).)

The *Senate* amendment contains no comparable provisions.

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

(61) *Nutrition Monitoring*

The *House* bill directs the Secretary to:

include a sample that is representative of low-income individuals and, to the extent practicable, collect information on food purchases and other household expenditures by low-income individuals—in conducting the Department's continuing survey of individual food intake and any nationwide food consumption survey;

continue to maintain the Department's nutrient data base, to the extent practicable; and

encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of nutritional and dietary status. (Sec. 1711.)

The *Senate* amendment contains no comparable provisions.

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

TITLE XVI—MARKETING

SUBTITLE A—BEEF PROMOTION AND RESEARCH ACT OF 1985

(1) *Beef Promotion and Research Act of 1985*

(a) *Definitions*

(1) The *House* bill defines the term "beef products" to mean edible products produced in whole or in part from beef, exclusive of milk products. (Sec. 1811(b).)

The *Senate* amendment defines the term "beef products" to mean a product produced in whole or in part from beef, other than milk or milk products. (Sec. 1830.)

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

(2) The *House* bill defines "producer" to mean any person who owns or acquires ownership of cattle. (Sec. 1811(b).)

The *Senate* amendment defines the term "producer" to mean a person who owns cattle. (Sec. 1830.)

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

for FY 1986, \$5,000,000;

for FY 1987, \$6,000,000;

for FYs 1988, 1989, and 1990, \$8,000,000 a year. (Sec. 1705(a).)

The *Senate* amendment contains no comparable provision.

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

(h) Funds appropriated for the expanded program of food, nutrition, and consumer education would be allocated among the State cooperative extension services in the manner required by existing law for allocating EFNEP funds in excess of the FY 1981 appropriation level—i.e., (1) 4 percent to be available to the Secretary for administration and technical support; (2) 10 percent to be allocated equally among all States; and (3) the remainder to be allocated based on each State's share of the population with incomes below 125 percent of the Federal poverty levels. (Sec. 1705(b) and (c).)

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(2) The *House* bill defines "producer" to mean any person who owns or acquires ownership of cattle. (Sec. 1811(b).)

The *Senate* amendment defines the term "producer" to mean a person who owns cattle. (Sec. 1830.)

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

(3) The *House* bill defines the term "importer" to mean any person who imports cattle, beef, or beef products from outside the United States. (Sec. 1811(b).)

The *Senate* amendment defines the term "importer" to mean a person who imports cattle, beef, or edible beef products into the United States. (Sec. 1830.)

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

(4) The *House* bill defines the term "Department" to mean the Department of Agriculture. (Sec. 1811(b).)

The *Senate* amendment contains no comparable provision.

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

(5) The *Senate* amendment defines the term "order" to mean a beef promotion and research order. (Sec. 1830.)

The *House* bill contains no comparable provision.

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

(6) The *Senate* amendment defines the term "State" to mean each of the 50 States. (Sec. 1830.)

The *House* bill contains no comparable provision.

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

(b) Cattlemen's Beef Promotion and Research Board

(1) The *House* bill provides that States (considered under the *House* bill as units) that do not have total cattle inventories equal to or greater than 500,000 head, would be combined and provided collective representation on the Board. (1811(b).)

The *Senate* amendment provides that States that have a total inventory of less than 500,000 cattle per State would be grouped, as far as practicable, into geographically contiguous units each of which has a combined total inventory of not less than 500,000 cattle. (Sec. 1830.)

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

(2) The *House* bill provides that the Board would use, to the extent possible, the resources, staffs, and facilities of existing organizations. (Sec. 1811(b).)

The *Senate* amendment contains no comparable provision.

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

(c) Beef Promotion Operating Committee

(1) The *House* bill requires the Beef Promotion Operating Committee to use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds. (Sec. 1811(b).)

The *Senate* amendment authorizes the Committee to utilize the resources, staffs, and facilities of the Board and industry organizations. (Sec. 1830.)

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

(2) The *Senate* amendment requires the Committee in developing plans or projects, to the extent practicable, to take into account similarities and differences between certain beef, beef products, and veal; and ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act. (Sec. 1830.)

The *House* bill contains no comparable provision.

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

(3) The *House* bill provides that a budget developed by the Committee for expenses and disbursements under the Act would be submitted to the Secretary for approval. (Sec. 1811(b).)

The *Senate* amendment provides that no such budget would become effective unless approved by the Secretary. (Sec. 1830.)

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

(d) Assessments

The *Senate* amendment provides that if an appropriate qualified State beef council does not exist to collect an assessment, the assessment would be collected by the Board. (Sec. 1830.)

The *House* bill contains no comparable provision.

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

(e) Referendum

The *House* bill provides that a referendum would be held no later than 24 months following implementation of the order among cattle *producers* to ascertain whether the order would be continued. (Sec. 1811(b).)

The *Senate* amendment provides that a referendum would be held on later than 18 months after the issuance of the order among persons who have been *producers* or *importers* to determine whether the initial order should be continued. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* amendment with an amendment to hold the referendum not later than 22 months after the issuance of the order.

(f) Refunds

The *Senate* amendment provides that during the period prior to the referendum, the Board must establish and fund an escrow account to be used for assessment refunds.

The amount of funds placed in the escrow account by the Board would equal the product of (1) the total amount of assessments collected during the period by (2) the greater of (A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or (B) 20 percent.

Any person would have the right to demand and receive from the Board a one-time refund of the assessment collected from that person during the period prior to the referendum if the person is responsible for paying the assessment and does not support the program established.

The demand for a refund would be made in accordance with regulations, on a form, and within a time period prescribed by the Board. The refund would be made on submission of proof satisfactory to the Board that the producer, person, or importer paid the assessment for which refund is sought and did not collect the assessment from another producer, person, or importer.

If the amount in the escrow account required to be established is not sufficient to refund the total amount of assessments demanded by all eligible persons and the continuation of an order is approved pursuant to the referendum, the Board would be required to continue to place funds in the account from assessments collected

until the Board was able to comply with the refund request and to provide to all eligible persons the total amount of assessments demanded.

If the amount in the escrow account is not sufficient to refund the total amount of assessments demanded and the continuation of an order is not approved pursuant to the referendum, the Board must prorate the amount of the refunds among all eligible persons who demand a refund. (Sec. 12.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to reduce the escrow amount specified to 15 percent.

(g) Enforcement

The *House* bill provides for a civil penalty of not more than \$1,000 for violation of the order. (Sec. 1811(b).)

The *Senate* amendment provides for a civil penalty of not more than \$5,000 for violation of the order. (Sec. 1830.)

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

(h) Effective date

The *House* bill provides that the effective date is October 1, 1985. (Sec. 1811(c).)

The *Senate* amendment provides that the effective date is January 1, 1986. (Sec. 1831.)

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

SUBTITLE B—PORK PROMOTION, RESEARCH, AND CONSUMER INFORMATION ACT OF 1985

(2) Pork Promotion, Research, and Consumer Information Act of 1985

(a) Short title

The *House* bill designates this subtitle as the "Pork Promotion, Research, and Consumer Information Act of 1985". (Sec. 1821.)

The *Senate* amendment contains no comparable provision.

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

(b) Findings and declaration of purpose

The *House* bill provides that producers who are organized in a federation by county, State, and national associations produce pork and pork products. (Sec. 1822(2).)

The *Senate* amendment contains no comparable provision.

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

(c) Definitions

(1) The *House* bill defines the term "Board" to mean the National Pork Producers Board of Directors. (Sec. 1823(13).)

The *Senate* amendment defines the term "Board" to mean the National Pork Board. (Sec. 1802.)

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

(2) The *House* bill defines the term "Committee" to mean the National Pork Producers Executive Committee. (Sec. 1823(14).)

The *Senate* amendment contains no comparable provision.

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

(3) The *House* bill defines the term "gross amount of checkoff" to mean the total amount of assessment collected throughout the United States in any applicable time period. (Sec. 1823(18).)

The *Senate* amendment contains no comparable provision.

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

(4) The *Senate* amendment defines the term "imported" to mean entered, or withdrawn from a warehouse for consumption, in the customs territory of the United States. (Sec. 1802(4).)

The *House* bill contains no comparable provision.

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

(5) The *House* bill defines the term "marketing" to mean the sale or other disposition in commerce of pork or pork products. (Sec. 1823(11).)

The *Senate* amendment contains no comparable provision.

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

(6) The *House* bill defines the term "porcine animals" to include swine raised for seedstock. (Sec. 1823(1).)

The *Senate* amendment defines the term "porcine animal" to include a swine raised for breeding purposes. (Sec. 1802(8).)

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

(7) The *Senate* amendment defines the term "State association" to include, if a State association does not exist on the effective date of this subtitle, an organization that represents not fewer than 50 pork producers who market annually, in the aggregate, not less than 10 percent of the volume (measured in pounds) of porcine animals marketed in the State. (Sec. 1802(16).)

The *House* bill contains no comparable provision.

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

(8) The *Senate* amendment defines the term "to market" to mean to sell or to otherwise dispose of a porcine animal, pork, or pork product in commerce. (Sec. 1802(17).)

The *House* bill contains no comparable provision.

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

(9) The *Senate* amendment defines the term "United States" to include the District of Columbia. (Sec. 1802(18).)

The *House* bill contains no comparable provision.

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

(d) *Pork and pork product orders*

(1) The *Senate* amendment provides that an order issued and amended by the Secretary of Agriculture under this subtitle would be applicable to persons engaged in the importation of porcine animals, pork, or pork products into the United States. (Sec. 1803(2).)

The *House* bill contains no comparable provision.

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

(2) The *Senate* amendment provides that the Secretary is authorized to issue such regulations as are necessary to carry out this subtitle. (Sec. 1803(b).)

The *House* bill contains no comparable provision.

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

(e) Notice and hearing

(1) The *House* bill provides that any person who might be affected by this subtitle may submit a proposal for an order. (Sec. 1825.)

The *Senate* amendment provides that the National Park Board or a person affected by the subtitle may submit a proposal for an initial order. (Sec. 1804.)

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

(2) The *House* bill provides that the Secretary is required to give due notice of and opportunity for a hearing on the proposed order. (Sec. 1825.)

The *Senate* amendment provides that the Secretary is required to give due notice of and opportunity for public comment on the proposed order. (Sec. 1804(2).)

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

(f) Findings and issuance of orders

The *House* bill provides that the issuance of an order would be based on a hearing and the evidence introduced at the hearing. (Sec. 1826.)

The *Senate* amendment provides that the issuance of an order would be based on public comment. (Sec. 1805(a).)

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

(g) National Pork Producers Delegate Body

(1) The *House* bill provides that within 30 days of the effective date of the order, a National Pork Producers Delegate Body would be established and appointed by the Secretary. (Sec. 1827(b)(1).)

The *Senate* amendment provides that the National Pork Producers Delegate Body would be established and appointed by the Secretary within 45 days of the effective date of the order. (Sec. 1806(a).)

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

(2) The *House* bill provides that the Delegate Body would consist of one or more members from each State. (Sec. 1827(b)(1).)

The *Senate* amendment provides that at least 2 producer members would be appointed to the Delegate Body from each State. Additional members to the Delegate Body would be allocated as follows: Shares would be assigned to each State for the 1986 calendar year, on the basis of one share for each \$400,000 of farm market value of porcine animals marketed from the State (as determined by the Secretary based on the annual average of farm market value in the most recent 3 calendar years preceding the year), rounded to the nearest \$400,000; and for each calendar year thereafter, on the basis of one share for each \$1,000 of the aggregate amount of assessments collected (minus refunds) in the State from producers, rounded to the nearest \$1,000.

If during a calendar year the number of shares of a State is: less than 301, the State would receive a total of two producer members; more than 300 but less than 601, the State would receive a total of three producer members; more than 600 but less than 1,001, the State would receive a total of four producer members; and more than 1,000, the State would receive four producer members, plus

one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300. (Sec. 1806(b)(2).)

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

(3) The *Senate* amendment provides that the Delegate Body would include importers appointed by the Secretary. (Sec. 1806(b)(1).)

The *House* bill contains no comparable provision.

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

(4) The *Senate* amendment provides that the number of importer members appointed to the Delegate Body would be determined as follows: Shares would be assigned to importers for the 1986 calendar year, on the basis of one share for each \$575,000 of market value of marketed porcine animals, pork, or pork products (as determined by the Secretary based on the annual average of imports in the most recent 3 calendar years preceding such year), rounded to the nearest \$575,000; and for each calendar year thereafter, on the basis of one share for each \$1,000 of the aggregate amount of assessments collected (minus refunds from importers), rounded to the nearest \$1,000.

The number of importer members appointed to the Delegate Body would equal a total of three members for the first 1,000 shares; and one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300. (Sec. 1806(b)(2).)

The *House* bill contains no comparable provision.

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

(5) The *House* bill provides that nominations of members of the Delegate Body would be submitted by each State association. (Sec. 1827(b).)

The *Senate* amendment provides that not later than 30 days after the effective date of the order, the Secretary would call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body. Each State association would nominate producers who are residents of the State to serve as candidates. Additional producers who are residents of a State could be nominated as candidates of the State by written petition signed by 100 producers or 5 percent of the pork producers in the State, whichever is less. The Secretary would establish and publicize the procedures governing the time and place for filing petitions. After the Secretary had received the nominations, and not later than 45 days after the effective date of the order, the Secretary would call for an election within each State of persons for appointment as producer members of the initial Delegate Body. To be eligible to vote in an election held in a State, a person must be a producer who is a resident of the State.

Notice of each election would be given by the Secretary by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications at least one week prior to the election; and in any other reasonable manner determined by the Secretary. The notice would set forth the period of time and place for voting and any other information the Secretary considered necessary.

Each State would nominate to the Delegate Body the number of producer members authorized for that State. The producers who re-

ceived the highest number of votes in each State would be nominated for appointment as members of the Delegate Body from the State.

After the election of the producer members of the initial Delegate Body, the National Pork Board would administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary. The National Pork Board would determine the timing of an election.

To be eligible to vote in an election in a State, a person must be a producer who is a resident of the State, have paid all assessments due and not have demanded a refund of an assessment.

Prior to the expiration of the term of any producer member of the Delegate Body, the National Pork Board would appoint a nominating committee of producers who are residents of the State represented by the member. The committee would nominate producers of the State as candidates to fill the position for which an election is to be held. Additional producers who are residents of a State could be nominated to fill such positions. (Sec. 1807.)

The *Conference* substitute adopts the *House* provision with an amendment to provide that the order will provide for the establishment and appointment by the Secretary, not later than 60 days after the effective date of the order, of a National Pork Producers Delegate Body. The Delegate Body will consist of—

(A) producers as appointed by the Secretary in accordance with the Act, from nominees submitted by—

(i) in the case of the initial Delegate Body, each State in accordance with the Act, and

(ii) in the case of each succeeding Delegate Body after the initial one, each State association based upon either selection of nominees by such association pursuant to a selection process approved by the Secretary that requires public notice of the process to be given at least one week in advance by publication in a newspaper or newspapers of general circulation in such State and in pork production and agriculture trade publications that provides complete and equal access to the nominating process to every producer who has paid all assessments due under the Act and not demanded a refund under the Act, or an election of nominees conducted in accordance with the Act, or

(iii) in the case of a State that has a State association that does not submit nominations or that does not have a State association, such State in a manner prescribed by the Secretary, and

(B) importers, as appointed by the Secretary in accordance with the Act.

(6) The *House* bill provides that each State entitled to only one Delegate Body member could nominate an alternate who may attend Delegate Body meetings but who would serve only when the member is absent from meeting. (Sec. 1827(b)(1).)

The *Senate* amendment contains no comparable provision.

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

(7) The *Senate* amendment provides that a producer member of the Delegate Body may, in a vote conducted by the Delegate Body

for which the member is present, cast a number of votes equal to the number of shares attributable to the State of the member divided by the number producer members from the State. (Sec. 1806(c)(1).)

The *House* bill contains no comparable provision.

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

(8) The *Senate* amendment provides that an importer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to the number of shares allocated to importers; divided by the number of importer members. (Sec. 1806(c)(2).)

The *House* bill contains no comparable provision.

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

(9) The *Senate* amendment provides that members entitled to cast a majority of the votes (including fractions thereof) on the Delegate Body would constitute a quorum. A majority of the votes (including fractions thereof) cast at a meeting at which a quorum is present would be decisive of a motion or election presented to the Delegate Body for a vote. (Sec. 1806(c)(2), (3).)

The *House* bill contains no comparable provision.

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

(10) The *Senate* amendment provides that the term of a member of the Delegate Body would continue until the successor of the member, if any, is appointed. (Sec. 1806(d).)

The *House* bill contains no comparable provision.

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

(11) The *House* bill provides that at every annual meeting, the President of the National Pork Producers Executive Committee would serve as the Chairman of the Delegate Body. (Sec. 1827(b)(3).)

The *Senate* amendment provides that the President of the National Pork Board would serve as the Chairman of the Delegate Body at each annual meeting or the Delegate Body. (Sec. 1806(e)(2).)

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

(12) The *House* bill provides that the members of the Delegate Body would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body. (Sec. 1827(b)(4).)

The *Senate* amendment provides that a member of the Delegate Body may be reimbursed by the National Pork Board from assessments collected for transportation expenses incurred in performing duties as a member of the Delegate Body. (Sec. 1806(f).)

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

(13) The *House* bill provides that the Delegate Body would nominate eleven pork producer members for appointment to a National Pork Producers Executive Committee from among the members of the National Pork Producers Board of Directors. A majority of the Delegates Body would vote in person to nominate members to the Executive Committee. (Sec. 1827(b)(5).)

The *Senate* amendment provides that the Delegate Body would nominate not less than 23 persons for appointment to a National Pork Board for the first year for which nominations are made, and not less than one and one-half persons (rounded up to the nearest person) for each vacancy on the National Pork Board that requires nominations thereafter. A majority of the Delegate Body would

vote in person in order to nominate members to the National Pork Board. (Sec. 1806(g).)

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

(h) National Pork Producers Board of Directors

The *House* bill provides for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function would be to serve as liaison between the State associations and the Executive Committee and to counsel with and advise the Executive Committee on policy matters.

The Board of Directors would consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided by the Secretary.

Members of the Board of Directors would serve for 3-year terms, with no member serving more than two consecutive 3-year terms, except that initial appointments to the Board of Directors would be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

The Chairman of the Board of Directors would be the President of the Executive Committee.

Members of the Board of Directors would serve without compensation, but would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board of Directors. (Sec. 1827(c).)

The *Senate* bill contains no comparable provision.

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

(i) National Pork Producers Executive Committee/National Pork Board

(1) The *House* bill provides for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee. (Sec. 1827(d)(1).)

The *Senate* amendment provides for the establishment and appointment by the Secretary of a 15-member National Pork Board representing at least 12 States. (Sec. 1808(a)(1).)

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

(2) The *House* bill provides that the Executive Committee would consist of pork producers from among the members of the National Pork Producers Board of Directors from nominations submitted to the Secretary by the Delegate Body. (Sec. 1827(d)(1).)

The *Senate* amendment provides that the National Pork Board would consist of producers or importers appointed by the Secretary from nominations submitted by the Delegate Body. (Sec. 1808(a)(2).) The *Conference* substitute adopts the *Senate* provision.

(3) The *Senate* amendment provides that the term of a member of the National Pork Board would continue until the successor of the member, if any, is appointed. (Sec. 1808(a)(3).)

The *House* bill contains no comparable provision.

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

(4) The *House* bill provides that members of the Executive Committee would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Executive Committee. (Sec. 1827(d)(5).)

The *Senate* amendment provides that the National Pork Board would reimburse a member of the National Pork Board for *reasonable expense* incurred in performing duties as a member of the National Pork Board. (Sec. 1808(a)(6).)

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

(5) The *House* bill provides that the Executive Committee would prepare and submit budgets of anticipated expenses to the Secretary, for the Secretary's approval. (Sec. 1827(e).)

The *Senate* amendment provides that no budget of anticipated expenses and disbursements of the National Pork Board would become effective unless approved by the Secretary. (Sec. 1808(e)(3).)

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

(j) Assessments

(1) The *House* bill provides that an assessment would be paid to the Executive Committee in the manner prescribed by the order. (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would be paid not later than 30 days after the effective date of the order or at such time as the initial National Pork Board is appointed, whichever occurs later. (Sec. 1809(a)(1).)

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that the order will provide that, not later than 30 days after the effective date of the order such assessment shall be collected and remitted to the Board once it is appointed, but, until that time, to the Secretary, who shall promptly proceed to distribute the funds received by him in accordance with the provisions of the Act, except that the Secretary shall retain the funds to be received by the Board until such time as the Board is appointed pursuant to the Act.

(2) The *House* bill provides that each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States and each importer with respect to imported porcine animals, pork, and pork products would pay an assessment to the Executive Committee. (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would be paid by (1) each producer for each porcine animal for feeder pigs or slaughter produced in the United States that is sold or slaughtered for sale; (2) each producer for each porcine animal for breeding purposes that is sold; and (3) each importer for each porcine animal, pork, or pork product that is imported into the United States.

The assessment would be collected and remitted to the National Pork Board by (1) the purchaser of a porcine animal purchased for feeder pigs or for slaughter that was produced in the United States; (2) the producer of a porcine animal sold for breeding purposes; and (3) each importer for each porcine animal, pork, or pork product that is imported into the United States. (Sec. 1809(a).)

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

(3) The *House* bill provides that an assessment would not be paid if the person or importer proves that the assessment was previously paid by any person with respect to such porcine animals, pork, or pork products. (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would not be paid if it is proved to the National Pork Board that an assessment was paid previously by a person for such animal in the same category (i.e., for feeder pigs, breeding purposes, or slaughter), pork, or pork products. (Sec. 1809(a)(3).)

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

(4) The *House* bill provides that the initial rate of assessment would be 0.3 percent of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. (Sec. 1827(g).)

The *Senate* amendment provides that the initial rate of assessment would be the lesser of 0.25 percent of the market value of the porcine animal, pork, or pork product sold or imported or an amount established by the Secretary based on a recommendation of the Delegate Body. Pork or pork products imported into the United States would be assessed based on the equivalent value of the live porcine animal from which the pork or pork products were produced, as determined by the Secretary. The Secretary would be authorized to waive the collection of assessments on imported pork or pork products if the Secretary determined that the collection would not be practicable. (Sec. 1809(b)(1)(4).)

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

(5) The *House* bill provides that the National Pork Producers Council, a non-profit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, would receive an amount equal to 60 percent of the gross amount of the checkoff to use of financing promotion, research, and consumer information plans or projects and for the administrative expenses of that organization. (Sec. 1827(h)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment explained below.

(6) The *House* bill requires the Executive Committee to retain funds remaining after the distribution of funds to the State associations and the National Pork Producers Council for use in financing promotion, research, and consumer information plans or projects and for administrative expenses. (Sec. 1827(h)(3).)

The *Senate* amendment requires the National Pork Board to receive funds that remain after distribution to the State associations and to use the funds, and any proceeds from the investment of such funds for financing promotion, research, and consumer information plans and projects and for administrative expenses. (Sec. 1809(c)(2).)

The *Conference* substitute adopts the *House* provision with an amendment explained below.

(k) Minimum funding of State associations

The *Senate* amendment provides that in no event may the percentage of assessments distributed to a State association in the case of a State in which there existed a State pork promotion program

as of June 30, 1985, be less than that which is necessary to provide the State association of the State with an amount of funds equal to the amount that would have been collected from production in the State pursuant to the State pork promotion program which existed on June 30, 1985, less the amount of any refunds made to producers in the State and less an amount equal to the sums contributed by the State to national programs in the twelve-month period preceding June 30, 1985. No State would receive an amount less than sixteen and one-half percent of the sum of the assessments collected from production of the State under the Act (Sec. 1809(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment.

The amendment agreed to by the Conferees, as noted in items (j)(5), (j)(6), and (k) above, provides that funds collected by the Board from assessments collected under the Act will be distributed and used in the following manner:

Each State association, will receive an amount of funds equal to the greater of the product obtained by multiplying the aggregate amount of assessments attributable to porcine animals produced in a State less that State's share of refunds, by a percentage determined by the Delegate Body, but in no event less than sixteen and one-half percent or, in the case of a State association that was conducting a pork promotion program in the period from July 1, 1984 to June 30, 1985, an amount of funds equal to the amount of funds that would have been collected in the State, had the porcine animals, subject to assessment and as to which no refund was received, been produced from July 1, 1984 to June 30, 1985, and been subject to the rates of assessment then in effect and the rate of return then in effect from such State to the Council described in the Act and other national entities involved in pork promotion, research and consumer information.

A State association shall use such funds and any proceeds from the investment of such funds for financing—

- (i) promotion, research, and consumer information plans and projects and
- (ii) administrative expenses incurred in connection with such plans and projects.

The National Pork Producers Council will receive an amount of funds equal to—

- (i) 37½ percent of the aggregate amount of assessments collected under this section throughout the United States from the date assessment commences pursuant to the Act until the first day of the month following the month in which the Board is appointed pursuant to the Act,
- (ii) 35 percent thereafter until the referendum is conducted pursuant to the Act,
- (iii) 25 percent until twelve months after the referendum is conducted, and
- (iv) no funds thereafter except in so far as it obtains such funds from the Board pursuant to the Act. Each of the amounts determined under clauses (i), (ii), and (iii) would be less the Council's share of refunds.

The Council shall use such funds and proceeds from the investment of such funds for financing—

- (i) promotion, research, and consumer information plans and projects, and
- (ii) administrative expenses of the Council.

The Board shall receive the amount of funds that remain after the distribution to the State association and the Council.

Each State's share of refunds shall be determined by multiplying the aggregate amount of refunds received by producers in the State by the percentage applicable.

The Council's share of refunds shall be determined by multiplying its applicable percentage of the aggregate amount of assessments by the product of—

- (i) an amount determined by subtracting from the aggregate amount of refunds received by all producers the aggregate amount of State share of refunds in every State, and
- (ii) the aggregate amount of refunds received by importers.

(i) Permissive provisions

The *House* bill provides that on the recommendation of the Delegate Body or the Executive Committee, an order may contain one or more permissive provisions. (Sec. 1828(a).)

The *Senate* amendment provides that the National Pork Board would be authorized to make a recommendation that an order contain one or more permissive provisions. (Sec. 1810(a).)

The *Conference* substitute adopts the Senate provisions.

(m) Referendum

(1) The *House* bill requires the Secretary to conduct a referendum not earlier than two years, and not later than three years, after the date of enactment of the Act among pork producers who have marketed the equivalent of at least 50 porcine animals a year during a representative period as determined by the Secretary to ascertain whether an order should be continued. An order would be continued only if the order was approved by not less than a majority of the pork producers voting in the referendum. (Sec. 1829(a).)

The *Senate* amendment requires the Secretary to conduct a referendum not earlier than one year and not later than two years after the issuance of the order among persons who have been producers or importers during a representative period, as determined by the Secretary. An order would be continued only if a majority of producers and importers voting in the referendum approved continuation of the order. (Sec. 1811(a)(1), (2), (3).)

The *Conference* substitute adopts the *House* provision with an amendment to provide that for the purpose of determining whether an order then in effect will be continued during the period beginning not earlier than 24 months after the issuance of the order and ending not later than 30 months after the issuance of the order, the Secretary shall conduct a referendum among persons who have been pork producers and importers during a representative period, as determined by the Secretary.

Except as provided in the Act, after the initial referendum, on the request of a number of persons equal to at least 15 percent of persons who have been pork producers or importers during a repre-

sentative period, as determined by the Secretary, the Secretary must conduct a referendum to determine whether such producers or importers favor the termination or suspension of the order.

(2) The *House* bill requires the Secretary to be reimbursed by the Executive Committee from assessments collected for any expenses (other than compensation payable to officers and employees of the United States) in connection with conducting the referendum. (Sec. 1829(b).)

The *Senate* amendment requires the Secretary to be reimbursed by the National Pork Board for any expenses in connection with conducting the referendum. (Sec. 1811(b).)

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

(3) The *Senate* amendment requires the referendum and amendments to the referendum to be conducted in the manner prescribed by the Secretary. (Sec. 1811(c), (d).)

The *House* bill contains no comparable provision.

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

(n) Suspension and termination of orders

(1) The *House* bill requires the Secretary, on the request of pork producers who have marketed the equivalent of at least 50 porcine animals and comprise at least 15 percent of the pork producer subject to the order, to conduct a referendum to determine whether the producers favor the termination or suspension of the order. (Sec. 1830(b).)

The *Senate* amendment requires the referendum to be held on the request of at least 15 percent of persons who have been producers and importers during a representative period, as determined by the Secretary. (Sec. 1812(b)(1).)

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

(2) The *Senate* amendment provides that except with respect to a referendum conducted in connection with an increase in the rate of assessment, the Secretary would not be required to conduct more than one referendum in a 2-year period. (Sec. 1812(b)(2).)

The *House* bill contains no comparable provision.

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

(o) Refunds

The *Senate* amendment provides that prior to the approval of the continuation of an order pursuant to a referendum any person would have the right to demand and receive from the National Pork Board a refund of an assessment collected if the person is responsible for paying the assessment and does not support the program established under this subtitle. The demand would be made in accordance with regulations, on a form, and within a time period prescribed by the National Pork Board and approved by the Secretary, but not later than 30 days after the end of the month in which the assessment was paid. The refund would be made not later than 30 days after the demand is received on submission of proof satisfactory to the National Pork Board that the producer, person, or importer paid the assessment for which refund is sought and did not collect the assessment from another producer, person, or importer. (Sec. 1813.)

The *House* bill contains no comparable provision.

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

(p) *Enforcement*

The *House* bill provides that any person who fails to obey a valid cease and desist order issued by the Secretary would be subject to a civil penalty, after opportunity for a hearing on the record, of not more than \$5,000 for each offense. (Sec. 1832(b)(3).)

The *Senate* amendment provides that a person who fails to obey a valid cease and desist order issued by the Secretary would be subject to a civil penalty, after an opportunity for a hearing, of not more than \$500 for each offense. (Sec. 1815(b)(3).)

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

(q) *Administrative Provisions*

The *House* bill provides that the provisions of this subtitle applicable to an order would be applicable to amendments to orders. (Sec. 1834.)

The *Senate* amendment contains no comparable provision.

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

(r) *Preemption*

(1) The *House* bill provides that this subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and that any regulation of activities or requirements with respect to the promotion, research, and consumer education involving pork that is in addition to or different from those made under this subtitle may not be imposed by any State. (Sec. 1836.)

The *Senate* amendment provides that this subtitle occupies the field of promotion and consumer education involving pork and pork products and that any regulation of activity (other than the provision of State or local funds for that activity) that is in addition to or different from this subtitle may not be imposed by a State. (Sec. 1817(a), (b).)

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

(2) The *Senate* amendment provides that preemption would apply only during a period beginning on the date of the commencement of the collection of assessments and ending on the date of the termination of the collection of assessments. (Sec. 1817(c).)

The *House* bill contains no comparable provision.

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

(s) *Effective date*

The *Senate* amendment provides that this subtitle would become effective on January 1, 1986. (Sec. 1819.)

The *House* bill contains no comparable provision.

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

SUBTITLE C—WATERMELON RESEARCH AND PROMOTION

(3) *Watermelon research and promotion*

The *House* bill provides for the establishment of an orderly procedure for the development, financing and carrying out of an effective, continuous and coordinated program of research, develop-

ment, advertising, and promotion, designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic markets for watermelons. The program would include provisions for—

(A) the issuance and amendment of orders implementing the program;

(B) the establishment by the Secretary of the National Watermelon Promotion Board;

(C) payments of assessments by watermelon producers and handlers;

(D) conducting a referendum among watermelon producers and handlers with respect to whether a plan issued under the program is approved by at least two-thirds of the producers and handlers voting in the referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period, and by not less than a majority of the producers and handlers voting in the referendum;

(E) petition, review and enforcement of plans issued under the program; and

(F) authorizing appropriations as may be necessary to carry out the program. (Sec. 1841-1857.)

The *Senate* amendment contains no comparable provisions.

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

SUBTITLE D—MARKETING ORDERS

(4) *Limitation on authority to terminate marketing orders*

The *House* bill, with respect to the termination of any marketing order issued under section 8c of the Agricultural Adjustment Act and in effect on or after July 10, 1985, amends section 8c(16) of the Agricultural Adjustment Act, as reenacted, by adding a provision that the Secretary may not terminate an order for a commodity for which there is no Federal price support unless the Secretary finds that termination is favored by a majority of the producers involved. (Sec. 1862.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to prohibit the Secretary from terminating any marketing order agreement for which termination takes effect prior to January 15, 1986. At least 60 legislative days prior to proposed public notice of the intent to terminate the order or provision, the Secretary shall provide notice of the contemplated action, together with the basis for it, to the *House* and *Senate* agriculture committees.

It is the intent of the Conferees that the Hops Marketing Order shall not be terminated as announced by USDA on July 1, 1985.

It is the further intent of the Conferees that the Secretary of Agriculture shall be required to notify the *House* and *Senate* agriculture committees at such time as he is contemplating the feasibility of termination of any marketing order or provision thereof in accordance with the statutory requirements of 7 USC 608(c)(16)(A). The Secretary shall notify the Committees of the Congress of any potential termination action contemplated, and prior to a final de-

termination and with due notice, shall take into consideration the views of the Committees in fact-finding and review of the pending recommendations.

The Conferees intend that such notification and consultation precede any formal decision making on the part of the Secretary to terminate any Federal marketing order or provision thereof.

(5) Confidentiality of certain marketing order information

The *House* bill amends section 8d(2) of the Agricultural Adjustment Act, as reenacted, to prohibit the disclosure of any specific item of information furnished to the Secretary by any person or the revealing of the identity of the person. (Sec. 1863.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to prohibit the disclosure of any information for marketing order programs that is categorized as trade secrets and commercial or financial information that comes within the exemption contained in the Freedom of Information Act; except that this information may be released on the authorization of any regulated milk handler to whom such information pertains.

The *Conference* substitute also provides that the Secretary must notify the House and Senate agriculture committees at least 10 legislative days prior to the contemplated release, under law, of names and address of producers participating in marketing orders and agreements along with the basis for making the decision.

The Conferees believe that it is inappropriate for the Department of Agriculture to provide a mailing service, as it has done in the past, to send out private materials utilizing lists of names and addresses of growers gathered under the agricultural Marketing Agreement Act of 1937 and amendments thereto.

It is the Conferees' intent that information such as price data, acreage, production, specific sales data, identity of commodity suppliers specific to each handler, and similar types of information submitted by persons subject to marketing order programs would be kept confidential regardless of the authority utilized by the Secretary or his agents to collect it. In the case of milk market orders, such information may be released on the authorization of any regulated milk handler to whom such information pertains.

SUBTITLE E—GRAIN INSPECTION

(6) Grain standards

(a) The *House* bill requires the Secretary of Agriculture to direct the Federal Grain Inspection Service (FGIS) and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications and to report on the status of these cooperative efforts to the agriculture committees of the *House* and *Senate* not later than December 31, 1985. (Sec. 1867.)

The *Senate* amendment contains a similar provision but requires such reports semi-annually, with the first report due not later than December 31, 1985. (Sec. 1931.)

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

(b) The *House* bill adds to section 6 of the United States Grain Standards Act new subsections providing that, to protect the qual-

ity of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain may be recombined with any grain when there is a possibility that the recombined product may be exported from the United States, and that no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage. Under the bill, the above prohibitions shall not be construed to prohibit (A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain; (B) the export of dockage or foreign material removed from grain when the dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain; (C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture; (D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and (E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 percent, but the addition of water to grain that may be exported is prohibited except by aeration of the grain with natural air. (Sec. 1866.)

The *Senate* amendment contains no comparable provision.

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

(c) The *House* bill adds to section 4 of the United States Grain Standards Act a provision requiring that if the government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country, and that the Administrator of the FGIS shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain. (Sec. 1865.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete the requirement that the Administrator of the Federal Grain Inspection Service issue regulations establishing new grades for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of the grain.

(d) The *Senate* amendment directs the Office of Technology Assessment to conduct a study of United States grain export quality standards and grain handling practices. Such study is to be conducted in consultation with the Secretary of Agriculture, and in accordance with section 3(d) of the Technology Assessment Act of 1972. The Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports;

(3) perform a comparative analysis between (i) the grain quality standards and practices of the United States and the major grain export competitors of the United States; and (ii) the grain handling technology of the United States and the major grain export competitors of the United States; and

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation to requirements that:

(i) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(ii) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(iii) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent.

The *Senate* amendment requires, not later than December 1, 1986, the Office of Technology Assessment to submit to the agriculture committees of the House and Senate a report containing the results of the study, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as appropriate. (Sec. 1944.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that the study would also evaluate the current method of establishing grain classifications, the feasibility of utilizing new technology to correctly classify grains and the impact of new seed varieties on exports and users of grain.

TITLE XVII—RELATED AND MISCELLANEOUS MATTERS

SUBTITLE A—PROCESSING, INSPECTION, AND LABELING

(1) *Poultry inspection*

Both the *House* bill and the *Senate* amendment require that poultry and poultry products offered for importation into the United States be subject to certain standards applied to products produced in the United States.

The *Senate* amendment requires that poultry and poultry products offered for importation into the United States must have been processed in facilities and under conditions that are the same as

those under which similar products are processed in the United States. (Sec. 1924.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that all poultry, or parts or products, capable of use as human food offered for importation into the United States would be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States.

(2) *Inspection and other standards for imported meat and meat food products.*

(a) The *House* bill amends the Federal Meat Inspection Act to require that each foreign country from which meat articles from cattle, sheep, swine, goats, horses, mules, or other equines are offered for importation into the United States shall obtain a certification issued by the Secretary of Agriculture stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. Meat articles shall not be permitted entry into the United States from a country without such certification. The Secretary shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States residue standards. The consideration of any application for a certification and the review of any such certification must include the inspection of individual establishments. (Sec. 1802.)

The *Senate* amendment contains no comparable provision.

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

(b) The *House* bill authorizes the Secretary to prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that may have been administered an animal drug or antibiotic not approved for use in the United States may be imported for slaughter and human consumption. If the Secretary determines that the use of an animal drug or antibiotic in any of such livestock is harmful to the health of man and that it is impossible to determine the livestock being imported do not harbor any residue of such animal drug or antibiotic, the Secretary may issue an order forbidding the entry into the United States of such kind of livestock from any country that allows the use of such animal drug or antibiotic in the production of such livestock in such country. (Sec. 1802.)

The *Senate* amendment authorizes the Secretary to prohibit the importation into the United States of any livestock, or any carcass, meat, or meat products of any livestock, if the Secretary determines that such livestock may have been administered any drug (including any antibiotic drug) which has been banned for use in livestock in the United States if (A) the Secretary determines that residues of that particular drug (including any antibiotic drug) threaten the health and safety of United States consumers; and (B) the use of that particular drug (including any antibiotic drug) gives foreign producers of livestock an unfair competitive advantage over United States producers. (Sec. 1927.)

The *Conference* substitute adopts the *House* provision with an amendment to specify that the Secretary may forbid the entry of livestock which has been administered animal drugs or antibiotics banned in the United States.

(3) *Potato inspection*

The *House* bill requires the Secretary of Agriculture, in order to achieve a significant reduction in the volume of substandard imported Canadian potatoes entering through ports of entry in the northeastern United States, to perform random spot checks on a significant portion of potatoes entering through those ports of entry. The Secretary of Agriculture shall periodically report to the public and to the *House* and *Senate* agriculture committees the results of such spot checks and increase their frequency or take other actions as necessary to achieve and maintain the significant reduction of such substandard imported potatoes. (Sec. 1804.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to require the Secretary of Agriculture to perform random spot checks on potatoes entering through ports of entry in the northeastern United States and to require one report to the *House* and *Senate* agriculture committees on the results of the spot checks.

SUBTITLE B—AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

Agricultural Stabilization and Conservation committees

(a) The *House* bill requires the Secretary of Agriculture, in carrying out the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, to use the services of local and State Agricultural Stabilization and Conservation committees. (Sec. 1871.)

The *Senate* amendment is the same except that it also directs that such committees be used as otherwise directed by law with respect to other programs and functions and authorizes the Secretary to use the services of such committees in carrying out other programs and functions of the Department of Agriculture. (Sec. 1911.)

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

(b) The *House* bill requires the Secretary to designate three local administrative areas in each county, except that the number of local areas may be reduced by the ASC county committee to one in counties with less than 150 farmers, and the Secretary may include more than one county or parts of different counties in a local area where there are insufficient farmers to establish a slate of candidates for a local committee. (Sec. 1871.)

The *Senate* amendment authorizes the ASC county committee for a county, by majority vote, to petition the Secretary to change the number of local areas in the county. On such a petition, the Secretary must change the number of such areas except that it may not result in the number of local areas in a county exceeding the number of such areas in the county on December 31, 1980. (Sec. 1910.)

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

(c) The *House* bill provides that each local administrative area shall have one community committee consisting of at least three members elected to three-year terms, except that there may be more than one committee per area in counties that, on the date of enactment of this bill, have more than three community committees. Only one local administrative area could hold an election in any year in each county. Only farmers within a local area who are producers who participate or cooperate in programs administered within their area are eligible for election to the community committee and to vote in the area election. (Sec. 1871.)

The *Senate* amendment deletes the existing requirement that elections for local committees be held annually and provides that members of local committees shall be elected for a term of three years. (Sec. 1910.)

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

(d) The *House* bill provides that ASC community committees must meet at least twice annually. (Sec. 1871.)

The *Senate* amendment requires each local committee to meet once each year and, at the direction of the county committee and with the approval of the State committee, such additional times during the year as may be necessary to carry out section 8(b) of the Soil Conservation and Domestic Allotment Act. The Secretary may not provide compensation or payments to a member of a local committee for work performed at, or travel expenses incurred in attending, more than four meetings of such committee in any year. The meetings of a local committee must be held on different days of the year. (Sec. 1910.)

The *Conference* substitute adopts the *Senate* provision with an amendment providing for one paid meeting per year by the local (community) committees.

(e) The *Senate* amendment specifies the duties of the local committees in each county. Such committees shall (i) in a county in which there is more than one local committee, serve as advisors and consultants to the county committee; (ii) periodically meet with the county committee and State committee to be informed on farm program issues; (iii) communicate with producers within their communities on issues or concerns regarding farm programs, (iv) report to the county committee, the State committee, and other interested persons on changes to, or modifications of, farm programs recommended by producers in their communities; and (v) perform such other functions as are required by law or as the Secretary may specify. The Secretary is required to ensure that information concerning changes in Federal law with respect to agricultural programs and the administration of such laws are communicated in a timely manner to local committees. (Sec. 1910.)

The *House* bill contains no comparable provision.

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

(f) The *House* bill provides that community committee members shall serve without pay, but that the Secretary, by regulation, may set levels of, and provide, pay for county committees. (Sec. 1871.)

The *Senate* amendment requires the Secretary to provide compensation to members of local and county committees for work actually performed by such persons in cooperating in carrying out the Acts in connection with which such committees are used. The

rate of compensation received by such persons for such work on the date of enactment of the bill would be required to be increased by 10 percent.

The Secretary must make payments to members of local, county, and State committees to cover expenses for travel incurred by such persons (including, in the case of a member or a local or county committee, travel between the home of such member and the local county office of the Agricultural Stabilization and Conservation Service) in cooperating in carrying out the Acts in connection with which such committees are used. Such travel expenses would be paid in the manner authorized under section 5703 of title 5, United States Code, for the payment of expenses and allowances for individuals employed intermittently in the Federal Government Service. (Sec. 1912.)

The *Conference* substitute adopts the *Senate* provision with an amendment to increase the county committee member compensation in the discretion of the Secretary.

(g) The *House* bill provides that each county shall have a county committee consisting of three members to be elected on a rotating basis—one each year from within one of the three administrative areas in the county and the community committee candidate receiving the greatest number of votes (and who agrees to serve) is automatically to be the county committee member to serve a three-year term. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members would be elected for three-year terms in accordance with regulations issued by the Secretary. (Sec. 1971.)

The *Senate* amendment contains no comparable provision.

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

(h) The *House* bill requires the Secretary to authorize local and county committee members elected on or before the date of enactment of the bill to serve out their unexpired terms. (Sec. 1871.)

The *Senate* amendment provides that the changes with respect to local committees are to become effective January 1, 1986, except that the changes with respect to election of local committees will not apply with respect to the term of office of any member of a local committee elected before January 1, 1986. Also, if the number of local administrative areas and local committees in a county increases as a result of a change in the numbers of local administrative areas in the county, any member of a local committee in such county elected before January 1, 1986, would serve the unexpired portion of any term commenced before the date of such increase as a member of the local committee for the administrative area in which such member resides. (Sec. 1910.)

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

SUBTITLE C—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

(1) *Establishment of Commission*

(a) The *House* bill provides that the President is required to request Governors of States to nominate members for possible appointment to the National Commission on Agricultural Policy rep-

representing individuals and industries directly affected by agricultural policies including producers of major agricultural commodities in the United States; processors or refiners of U.S. agricultural commodities; exporters, transporters, or shippers of U.S. agricultural commodities; suppliers of production equipment or materials to U.S. farmers; and consumers of U.S. agricultural commodities. (Sec. 1903(b).)

The *Senate* amendment adds reference to the products of U.S. agricultural commodities in the list of producers, processors, refiners, exporters, transporters, shippers, and consumers of U.S. agricultural commodities. (Sec. 1902(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment to require the Commission to study and report on conditions in rural areas of the United States.

(b) The *House* bill provides that the President may appoint to the Commission not more than 8 individuals of the same political party. (Sec. 1903(b).)

The *Senate* amendment limits to 7 the number of individuals that may be appointed from the same political party. (Sec. 1902(b).)

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

(2) *Authorization of Appropriations*

The *House* bill provides that, to the maximum extent practicable, expenses of the Commission would be carried out using funds available to the Secretary of Agriculture. (Sec. 1907(b).)

The *Senate* amendment provides that, to the maximum extent practicable, this provision would be carried out using funds otherwise available to the Secretary for the expenses of advisory committees. (Sec. 1906(b).)

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

(3) *Termination*

The *House* bill provides that the Commission would terminate 5 years after the date of enactment of the bill (Sec. 1908.)

The *Senate* amendment provides that the Commission would terminate 4 years after the date of enactment of the bill. (Sec. 1907.)

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

SUBTITLE D—NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

(1) *Short title*

The *House* bill provides that title XX may be cited as the "National Aquaculture Improvement Act of 1985." (Sec. 2001.)

The *Senate* amendment contains no comparable provision.

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

(2) *Findings, purpose, and policy*

(a) The *House* bill amends section 2(a)(3) of the National Aquaculture Act of 1980 ("the Act") to update the congressional finding to indicate that approximately 13 percent of all world seafood production is provided by aquaculture. Congressional findings are also modified to indicate that six percent of United States seafood production results from aquaculture. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

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

(b) The *House* bill amends section 2(a)(7) of the Act to state that, in addition to the currently identified constraints to the development of aquaculture in the United States, other impediments to such development includes both the lack of supportive Government policies and scientific factors. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

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

(c) The *House* bill amends subsection 2(b) of the Act by adding as a purpose of the Act the establishment of the Department of Agriculture as the lead Federal agency in coordination and dissemination of national aquaculture information by designating the Secretary of Agriculture as the permanent Chairman of the coordinating group and by establishing a National Aquaculture Information Center within the Department of Agriculture. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

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

(d) The *House* bill amends subsection 2(c) of the Act to declare that aquaculture has the potential for reducing the United States trade deficit in fisheries products. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

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

(3) Definitions

The *House* bill amends section 3 of the National Aquaculture Act of 1980 to define "the Secretary" as the Secretary of Agriculture. (Sec. 2003.)

The *Senate* amendment contains no comparable provision.

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

(4) National Aquaculture Development Plan

(a) The *House* bill amends subsection 4(a) of the Act to charge the Secretary of Agriculture with the lead responsibility for coordinating the revision of the National Aquaculture Development Plan. In making such revision the Secretary must consult with the Secretaries of Commerce and Interior. The *House* bill also strikes provisions in the Act authorizing establishment of an advisory board to assist in the development of the Plan. (Sec. 2004.)

The *Senate* amendment contains no comparable provision.

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

(b) The *House* bill amends subsection 4(b) of the Act to provide that the National Aquaculture Development Plan is to include such research, assistance, and training programs as the Secretary of Agriculture deems necessary to carry out the Plan. In formulating the Plan the Secretary is to take into account actions of other agencies and persons. (Sec. 2004.)

The *Senate* amendment contains no comparable provision.

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

(c) The *House* bill amends subsection 4(c) of the Act to reflect the new responsibility of the Secretary of Agriculture for taking the lead in coordinating Plan implementation. The allocation of responsibilities for carrying out the Plan, among other requirements, shall be made with the concurrence of the Secretaries of Commerce and of Interior. (Sec. 2004.)

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

(5) Functions and powers of the Secretaries

(a) The *House* bill amends subsection 5(c) of the Act to require that, in addition to performing such other mandatory functions under the Act, the Secretaries of Agriculture, Commerce, and the Interior must collect and analyze scientific, technical, legal, and economic information relating to aquaculture, including acreages, water use, production, marketing, culture techniques, and other relevant matters. The Secretary of Agriculture shall establish, within the Department of Agriculture, a National Aquaculture Information Center that will serve as a repository for the information generated under the Act, and on a request basis make that information available to the public. The Secretary is also required to (i) arrange with foreign nations for the exchange of information relating to aquaculture and support a translation service, and (ii) conduct a study, and report to Congress by December 31, 1986, on the extent to which the United States aquaculture industry has access to existing Federal agriculture assistance programs. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

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

(b) The *House* bill requires the Secretary of Commerce to conduct a study, and report to Congress thereon by December 31, 1987, to determine whether existing capture fisheries could be adversely affected by competition from products produced by commercial aquacultural enterprises and include in such study an assessment of any adverse effect, by species and by geographical region, on such fisheries and recommend measures to ameliorate any such effect. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

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

(c) The *House* bill requires the Secretary of the Interior, in consultation with the Secretary of Commerce, to undertake a study, and report to Congress thereon by December 31, 1987, to identify exotic species introduced into the United States waters as a result of aquaculture activities, and to determine the potential benefits and impacts of the introduction of the exotic species. (Sec. 2005.)

The *Senate* amendment contains no comparable provisions.

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

(d) The *House* bill amends subsection 5(c) of the Act to require that any information submitted to the Secretaries of Agriculture, Commerce, and the Interior under the authority to collect information shall be confidential and may only be disclosed if required by court order. The Secretaries shall preserve such confidentiality. The Secretaries may release or make public any information in any aggregate or summary form that does not directly or indirectly disclose the identity, business transactions, or trade secrets of any person who submits such information. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

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

(e) The *House* bill would also amend section 5(d) of the Act to require that the Secretary of Agriculture, in consultation with the Secretaries of Commerce and the Interior, prepare the biennial

report to Congress required by the Act on the status of aquaculture in the United States and on the implementation of, and any revision to, the Plan during the reporting period. The first report would be required by February 1, 1987, and subsequent reports on February 1 of every other year thereafter. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to require a single report, due February 1, 1988.

(6) Coordination of national activities regarding aquaculture

The *House* bill amends subsection 6 of the Act to designate the Secretary of Agriculture as the permanent Chairman of the inter-agency aquaculture coordinating group. The *House* bill also repeals subsection 6(c) of the Act, which provides for the rotation of the Secretaries of Agriculture, Commerce, and the Interior as the Chairmen of the coordinating group. (Sec. 2006.)

The *Senate* amendment contains no comparable provision.

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

(7) Authorization of appropriations

The *House* bill amends section 10 of the Act to authorize appropriations to carry out the Act for each of the fiscal years 1986, 1987, and 1988 at levels of \$1 million for the Department of Agriculture, \$1 million for the Department of Commerce, and \$1 for the Department of the Interior. (Sec. 2007.)

The *Senate* amendment contains no comparable provision.

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

SUBTITLE E—SPECIAL STUDY AND PILOT PROJECTS ON FUTURES TRADING

(1) Findings and declarations of policy

The *Senate* amendment declares the findings of Congress to the effect that there is a need for alternative agricultural price support programs, that agricultural producers are not sufficiently knowledgeable concerning private sector price stabilization, and that more information is needed to assess the impact on the Federal budget of producer participation in private sector risk avoidance services.

The *Senate* amendment also declares the policy of the United States to be that the Department of Agriculture should develop more information concerning possible uses of commodities futures and options markets by agricultural producers in marketing their commodities, the impact that uses of these markets would have on commodity prices received by participating producers, and the feasibility of relating such private sector risk avoidance services with Federal price support programs. (Sec. 1991)

(2) Study by the Department of Agriculture

The *Senate* amendment requires the Secretary of Agriculture to conduct a study to determine how agricultural producers might use commodities futures and options markets to provide commodity price stability and income protection, the extent of the price stability and income protection producers might reasonably expect to receive from participation in these markets, and the impact on the

Federal budget of producer participation in these markets compared with the cost of established agricultural price support programs.

The Secretary is required to report the results of the study to the Senate and House agricultural committees no later than December 31, 1988. (Sec. 1992.)

(3) Pilot program

The *Senate* amendment requires the Secretary of Agriculture to conduct a pilot program in connection with wheat, feed grains, soybean and cotton in at least 40 counties producing reasonable quantities of these commodities traded on the futures and options markets. The Secretary, in cooperation with the futures and options industry and the Chairman of the Commodity Futures Trading Commission, is required to conduct an extensive educational program for producers in the counties selected for the pilot program. Under the pilot program producers could elect to participate in the trading of designated agricultural commodities on a futures or options market in a manner designed to protect and maximize the return on their marketed agricultural commodities. Commodity Credit Corporation funds would be used to assure producers participating in the pilot program a net return for any commodity allocated to the program at no less than the price support loan level for that commodity in the county where it is produced. The Secretary would be required to select an advisory panel of producers, processors, exporters, and futures and options traders on organized futures exchanges to assist in formulation of the pilot program. (Sec. 1993.)

The *House* bill contains no comparable provisions.

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

SUBTITLE F—ANIMAL WELFARE

Amendments to Animal Welfare Act

(a) Short title

The *Senate* amendment designates this title as the "Improved Standards for Laboratory Animals Act". (Sec. 2001.)

The *House* bill contains no comparable provision.

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

(b) Findings

The *Senate* amendment declares the findings of Congress to the effect that the use of animals is instrumental in certain research and education or for advancing knowledge of cures and treatments for diseases and injuries which afflict both humans and animals; methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing; measures which eliminate or minimize the unnecessary duplication of experiments on animals can result in more productive use of Federal funds; and measures which help meet the public concern

for laboratory animal care and treatment are important in assuring that research will continue to progress. (Sec. 2002.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

The Conference intends that the adequacy of efforts to develop techniques that reduce or eliminate the use of animals be a matter of continuing concern and attention.

(c) Standards and certification process

The *Senate* amendment revises the standards, required to be promulgated by the Secretary of Agriculture, which govern the humane handling, care, treatment, and transportation of animals by dealers, research facilities, and exhibitors.

The *Senate* amendment provides that these standards would include minimum requirements for handling, housing, feeding, watering, sanitation, ventilation, shelter from extremes of weather and temperatures, adequate veterinary care, and separation by species for humane handling, care, or treatment of animals; and for the exercise of dogs and for a physical environment adequate to promote the psychological well-being of primates.

With respect to animals in research facilities these standards would include requirements (A) for animal care, treatment, and practices in experimental procedures to ensure that animal pain and distress are minimized, including adequate veterinary care with the appropriate use of anesthetic, analgesic, tranquilizing drugs, or euthanasia; (B) that the principal investigator considers alternatives to any procedure likely to produce pain to or distress in an experimental animal; (C) in any practice which would cause pain to animals (i) that a doctor of veterinary medicine is consulted in the planning of such procedures; (ii) for the use of tranquilizers, analgesics, and anesthetics; (iii) for pre-surgical and post-surgical care by laboratory workers, in accordance with established veterinary medical and nursing procedures; (iv) against the use of paralytics without anesthesia; and (V) that the withholding of tranquilizers, anesthesia, analgesia, or euthanasia when scientifically necessary would continue for only the necessary period of time; (D) that no animal is used in more than one major operative experiment from which it is allowed to recover except in cases of (i) scientific necessity; or (ii) other special circumstances as determined by the Secretary; and (E) that exceptions to such standards may be made only when specified by research protocol and that any exception would be detailed and justified in a report filed with the Institutional Animal Committee (established under the provisions of the bill).

Nothing in the bill would be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the design, outlines, or guidelines of actual research or experimentation by a research facility or Federal research facility. However, the Secretary would require every research facility to show that professionally acceptable standards governing the care, treatment, and practices on animals were being followed by the research facility during research and experimentation. No rule, regulation, order, or part of this bill would require a research facility to disclose publicly or to the Institutional Animal Committee during its

inspection, trade secrets or commercial or financial information which is privileged or confidential.

The Secretary would require, at least annually, that every research facility and Federal research facility report that the provisions of the bill were being followed.

These research facilities would provide (A) information on procedures which were likely to produce pain or distress in any animal and assurances demonstrating that the principal investigator considered alternatives to those procedures; (B) assurances satisfactory to the Secretary that the facility was adhering to the standards described in this bill; and (C) an explanation for any deviation from the standards promulgated under this bill.

No State would be prohibited from promulgating standards in addition to those standards promulgated by the Secretary under the bill. (Sec. 2003)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that an attending veterinarian would be responsible for ensuring that dogs receive a reasonable amount of exercise according to general standards promulgated by the Secretary of Agriculture.

The Conferees intend the standards for exercise for dogs to offer a variety of possibilities to allow the animal motion. It could consist of regularly letting the dog out of its cage for a period of time, the use of dog runs, or allowing ample room in animal housing.

The intent of standards with regard to promoting the psychological well-being of primates is to provide adequate space equipped with devices for exercise consistent with the primate's natural instincts and habits.

The *Conference* substitute also amends the *Senate* provision to—

(1) except as provided in the Act, prohibit the Secretary from promulgating rules and regulations with regard to designs, outlines, or guidelines of actual research or representations by a research facility as determined by such research facility;

(2) except as provided in the Act, prohibit the Secretary from promulgating rules and regulations or orders with regard to the performance of actual research or experimentation by a research facility as determined by such a research facility;

(3) prohibit the Secretary, during any inspection, to interrupt the conduct of research or experimentation; and

(4) require every research facility and Federal research facility to show upon inspection and to report at least annually that the provisions of this Act are being followed.

While the main purpose of the amendments to the Animal Welfare Act is to improve the authority of the Secretary of Agriculture to insure the proper care and treatment of animals used in research, the conferees are also concerned that responsible research not be interfered with inappropriately. Thus, the conference substitute includes a provision prohibiting Federal inspectors from interrupting the conduct of actual research or experimentation. The language establishes the general areas in which the Secretary may promulgate regulations with regard to the conduct of actual research. These circumstances were made clear so that essential research not be impeded. As in the past, the Committee intends that

the research facility show that professionally acceptable standards are being followed during the actual research or experimentation.

The Conferees intend that the Secretary of Agriculture will consult with the Secretary of Health and Human Services to avoid duplicative reporting requirements where possible.

The Conferees also intend to allow private research facilities to protect their intellectual property rights from disclosure. If such rights, in the opinion of the owner, may reasonably be compromised or subject to disclosure during an inspection of an institutional Animal Committee, the owner may exclude the committee from inspecting the limited area within the facility during such proprietary activity.

(d) Institutional Animal Committee

The *Senate* amendment would require the Secretary to require that each research facility establish at least one Institutional Animal Committee. Each Institutional Animal Committee would be appointed by the chief executive officer of each research facility and would be composed of not fewer than three members. These members would possess sufficient ability to assess animal care, treatment, and practices in experimental research, as determined by the needs of the research facility, and would represent society's concerns regarding the welfare of animal subjects used at the facility.

The Institutional Animal Committee would inspect at least semi-annually all animal study areas and animal facilities of the research facility and review as part of the inspection practices involving pain to animals, and the condition of animals, in order to ensure compliance with the provisions of this bill and that pain and distress to animals is minimized. Exceptions to the requirement of inspection of study areas could be made by the Secretary if animals were studied in their natural environment and the study area is prohibitive to easy access.

The Institutional Animal Committee must file an inspection certification report of each inspection at the research facility.

In the case of Federal research facilities, a Federal Institutional Animal Committee would be established and would have the same composition and responsibilities. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to delete all references to "Institutional Animal" after the first referral to the Institutional Animal Committee.

(e) Research facility training

Each research facility would provide for annual training for scientists, animal technicians, and other personnel involved with animal care and treatment in the facility. This training would include instruction on the humane practice of animal maintenance and experimentation; research or testing methods that minimize or eliminate the use of animals or limit animals pain or distress; utilization of the information service at the National Agricultural Library, (established under the provisions of the bill); and include methods whereby deficiencies in animal care and treatment should be reported. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to retain training requirements, but delete references to any "annual" training. The *Conference* substitute also clarifies that such training procedures would be subject to the requirements issued by the Secretary of Agriculture.

The Conferees intend that instruction of research facility employees cover the basic needs of each species appropriate to the conditions of the animals and provide appropriate instructions for scientists as specified in the Act.

All personnel are intended to be acquainted with the provisions of this Act and instructed to report deficiencies promptly to ensure that the institution is in compliance at all times. No employee shall be discriminated against for reporting violations.

(f) Information service

The Secretary would establish an information service at the National Agricultural Library. This service would provide information (A) pertinent to employee training; (B) which could prevent unintended duplication of animal experimentation as determined by the needs of the research facility; and (C) on improved methods of animal experimentation, including methods which could reduce or replace animal use, and minimize pain and distress to animals, such as anesthetic and analgesic procedures. (Sec. 2003.)

The *House* bill contains no comparable provision.

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

The conferees intend that all investigators be provided ready access to methods of research and testing involving fewer or no animals, or reduced pain or distress through the National Agriculture Library in cooperation with the National Library of Medicine. The conferees further intend that the National Agriculture Library maintains a data base of instructional materials to be available to research facilities to enhance uniformity of training.

(g) Loss of Federal funding

In any case in which a Federal agency funding a research project determines that conditions of animal care, treatment, or practice in a particular project have not been in compliance with standards promulgated under this bill, despite notification by the Secretary or the Federal agency to the research facility and an opportunity for correction, the agency must suspend or revoke Federal support. Any research facility losing Federal support would have the right to appeal such loss. (Sec. 2003.)

The *House* bill contains no comparable provision.

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

(h) Inspections

The *Senate* amendment requires the Secretary to inspect each research facility at least once each year and, in the case of deficiencies or deviations from the standards promulgated under the bill, to conduct such follow-up inspections as may be necessary until all deficiencies or deviations from the standards are corrected. (Sec. 2004.)

The *House* bill contains no comparable provision.

The Conference substitute adopts the *Senate* provision.

(i) Penalty for release of trade secrets

The *Senate* amendment prohibits the release by any member of the Institutional Animal Committee of any confidential information of the research facility including any information that concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of the research facility. Members of the Committee would also be prohibited from using or attempting to use to a member's advantage, or to reveal to any other person, any information which is entitled to protection as confidential information under these provisions.

A violation of the confidentiality provisions would be punishable by removal from the Committee, and either a fine of not more than \$1,000 and imprisonment of not more than one year, or if the violation is willful, a fine of not more than \$10,000 and imprisonment of not more than three years.

Any person, including any research facility, injured in its business or property by reason of a violation of the confidentiality provisions could recover all actual and consequential damages sustained. (Sec. 2005.)

The *House* bill contains no comparable provision.

The Conference substitute adopts the *Senate* provision.

The penalties in this Act are directed toward members of the Institutional Animal Committee which attempt to use facility intellectual property to their own benefit. It is not meant to interfere with standard reporting procedures outlined in this Act, or as determined by the Secretary.

(j) Civil penalties

The *Senate* amendment increases the amount of civil penalties authorized under the Animal Welfare Act from \$1,000 to \$2,500 and from \$500 to \$1,500 for failure to obey a cease and desist order. The criminal penalty is increased from \$1,000 to \$2,500. (Sec. 2006).

The *House* bill contains no comparable provision.

The Conference substitute adopts the *Senate* provision.

(k) Definitions

The *Senate* amendment defines (A) the term "Federal agency" to mean an Executive agency, and with respect to any research facility, it means the agency from which the research facility receives a Federal award for the conduct of research, experimentation, or testing, involving the use of animals; (B) the term "quorum" to mean a majority of the Committee members; and (C) the term "Federal research facility" to mean each department, agency, or instrumentality of the United States which uses live animals for research or experimentation.

The *House* bill contains no comparable provision.

The Conference substitute adopts the *Senate* provision with an amendment to define the term "Federal Award" as any mechanism under which Federal funds are used to support the conduct of research.

The Conferees expect the Secretary of Agriculture to have full responsibility for enforcement of the Animal Welfare Act. However, the Conferees also recognize that a portion of the nation's research facilities fall under regulation from more than one agency. While the legislative mandate of each agency is different, and they may regulate different aspects of animal care, it is hoped that the agencies continue an open communications to avoid conflicting regulations wherever possible or practice.

(1) Effective date

The *Senate* amendment provides that these provisions in the bill would take effect 1 year after enactment of the bill.

The *House* bill contains no comparable provision.

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

The Conferees are aware that zoological institutions already comply with humane care, handling, and transportation regulations promulgated pursuant to the Endangered Species Act, the Marine Mammal Protection Act, and the Migratory Bird Treaty Act. The permitting system established under these statutes are not considered to be Federal awards by this Act. The Conferees do not intend for this Act to alter the Secretary's determination in regard to the classification of zoological institutions as research facilities.

The Conferees intend for the definition of pain to be pain other than slight or momentary, such as that caused by injections or other minor procedures.

The Conferees recognize past difficulties in supplying Animal and Plant Health Inspection Service inspectors with adequate training. It is intended by the Conferees that additional training will be provided.

SUBTITLE G—MISCELLANEOUS

(1) Commodity Credit Corporation storage contracts

The *House* bill amends the Commodity Credit Corporation Charter Act to require that any contract entered into by the Corporation for the use of a storage facility provide (i) that the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract; (ii) that any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space; and (iii) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person. (Sec. 1875.)

The *Senate* amendment contains no comparable provision.

(2) The *Conference* substitute adopts the *House* provision.

Emergency feed program

The *House* bill amends the Food and Agriculture Act of 1977 to expand eligibility, under the Emergency Feed Program to include a person that does not have sufficient feed that has adequate nutritive value and is suitable for each person's particular types of livestock, rather than, as under current law, if the person does not have feed sufficient for such person's livestock. (Sec. 1877.)

The *Senate* amendment amends section 407 of the Agricultural Act of 1949 to provide that the Commodity Credit Corporation (i) may make feed for livestock available to persons unable to obtain feed without undue financial hardship in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the section; (ii) may make such feed available to such persons through feed dealers in the areas; (iii) shall make such feed available at a price not less than 75 percent of the basic county loan rate; and (iv) shall bear any expenses incurred in connection with making such feed available to such persons under this provision, including transportation and handling costs. (Sec. 1951.)

The *Conference* substitute adopts both the *House* provision and the *Senate* provision.

(3) Controlled substances production control

The *House* bill provides that, notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marijuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers. (Sec. 1878.)

The *Senate* amendment defines the term "controlled substance" as having the same meaning given such term in section 102(6) of the Controlled Substances Act; the term "Secretary" to mean the Secretary of Agriculture; and the term "State" to mean each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

The *Senate* amendment provides that, notwithstanding any other provision of law, following the date of enactment of the bill, any person who is convicted under Federal or State law of planting, cultivation, growing, or harvesting of a controlled substance in any crop year shall be ineligible for—

- (1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—(A) any price support or payment made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act; (B) a farm storage facility loan made under the

Commodity Credit Corporation Charter Act; (C) crop insurance under the Federal Crop Insurance Act; (D) a disaster payment made under the Agricultural Act of 1949; or (E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under the Commodity Credit Corporation Charter Act for the storage of an agricultural commodity that is—(A) produced during that crop year, or any of the four succeeding crop years, by such person; and (B) acquired by the Commodity Credit Corporation.

The *Senate* amendment provides that not later than 180 days after the date of enactment of the bill, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this provision, including regulations that (1) define the term "person"; (2) govern the determination of persons who shall be ineligible for program benefits under this section; and (3) protect the interests of tenants and sharecroppers. (Sec. 1936.)

The *Conference* substitute adopts the *Senate* provision with an amendment to add storing and producing of a controlled substance to the list of actions which would trigger the penalty.

(4) Lead additives in farm fuel

(a) The *House* bill requires the President, acting through the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency to promptly initiate a study of the use of fuel containing lead additives in certain gasoline engines. (Sec. 1881.)

The *Senate* amendment contains a similar provision but requires the Administrator of the Environmental Protection Agency and the Secretary of Agriculture to jointly study the use of fuel containing alternative lubricating additives, in addition to lead additives, in certain gasoline engines. (Sec. 1935.)

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

(b) The *House* bill provides that for purposes of the study, the appropriate lead agency designated by the President is authorized to enter into such contracts under applicable law and other arrangements as may be appropriate to obtain the necessary technical and other information. (Sec. 1881.)

The *Senate* amendment contains a similar provision but authorizes both the Administrator of the Environmental Protection Agency and the Secretary of Agriculture to enter into such contracts and arrangements. (Sec. 1935.)

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

(c) The *House* bill provides that the results of the study would be published in the Federal Register not later than January 1, 1987 for written comments, and would be submitted to Congress within 90 days after such publication. The report would contain the results of the study, together with a summary of any public comments received, and recommendations on the need for lead additives in gasoline to be used by agricultural machinery. The report would be submitted only while both Houses of Congress are in session. (Sec. 1881.)

The *Senate* amendment provides that not later than January 1, 1987 (A) the Administrator of the Environmental Protection

Agency and the Secretary of Agriculture must publish the results of the study; and (B) the Administrator must publish in the Federal Register notice of the publication of the study and a summary. After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator must make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes. The Administrator must submit to the President and Congress a report containing (A) the study; (B) a summary of the comments received during the public hearing (including the comments of the Secretary); and (C) the findings and recommendations of the Administrator. (Sec. 1935.)

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

(d) The *House* bill requires that any regulation issued under any provision of law before or after the date of enactment of this provision regarding the control or prohibition of lead additives in gasoline would be amended to provide that the average lead content per gallon of gasoline distributed and sold for use on a farm for farming purposes would not be less than 0.5 gram per gallon. The *House* bill states that the purpose of the amendment is to ensure that adequate supplies of gasoline containing sufficient lead additives to protect and maintain farm machinery will be available in all States for use on farms for farming purposes. Nothing in these provisions would affect the control of lead or lead additives in gasoline distributed and sold for other uses.

The *House* bill defines the term "gasoline used on a farm for farming purposes" to be the same meaning as when used in section 6420 of the Internal Revenue Code of 1954. (Sec. 1881.)

The *Senate* amendment provides that until January 1, 1988, no regulation of the Administrator of the Environmental Protection Agency issued under section 211 of the Clean Air Act regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon. (Sec. 1935.)

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

(e) The *House* bill provides that, effective not earlier than 4 months after the date on which the report is submitted to Congress the regulations which, beginning on January 1, 1986, are generally applicable to control the level of lead additives in gasoline, would apply to gasoline used on farms for farming purposes whenever the Administrator of the Environmental Protection Agency publishes a notice thereof unless it is determined by the Administrator on the basis of the study conducted that a level of 0.5 grams per gallon (or some other level) is appropriate in the case of gasoline used on a farm for farming purposes to protect and maintain agricultural machinery specified by the Secretary of Agriculture. (Sec. 1881.)

The *Senate* amendment contains no comparable provision.

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

(f) The *Senate* amendment requires that—

(1) between January 1, 1986, and December 31, 1987, the Administrator must monitor the actual lead content of leaded gasoline sold in the United States;

(2) the Administrator must determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987;

(3) if the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator must (A) report to Congress; and (B) publish a notice thereof in the Federal Register. (Sec. 1935.)

The *House* bill contains no comparable provision.

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

(g) The *House* bill authorizes to be appropriated such sums as may be necessary to carry out the required study and provides that such sums would remain available for such purposes until expended. In order not to delay the study, the Department of Agriculture and the Environmental Protection Agency should take immediate action with available funds to initiate the study. (Sec. 1881.)

The *Senate* amendment authorizes to be appropriated \$1,000,000, to be available without fiscal year limitation. (Sec. 1935.)

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

(5) *Potato Advisory Commission*

The *House* bill provides that it is the sense of Congress that (A) the Secretary of Agriculture should take actions based on the recommendations of the potato advisory committee established by the Secretary on an ad hoc basis; (b) such actions should address industry concerns including trade, quality inspections, and pesticide use; (C) such committee should meet biannually; and (D) the recommendations and actions of such committee should be reported to the Chairmen of the House and Senate agriculture committees, and to the public. (Sec. 1883.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment declaring the sense of Congress that the Secretary should consider the recommendations of the potato advisory panel established by the Secretary on an ad hoc basis; that the advisory panel should address industry concerns, to the extent practicable, including trade, quality inspections, and pesticide use; the panel should meet periodically; and the recommendations of the panel may be reported, to the Chairman of the Senate and House agriculture committees, and to the public.

(6) *Viruses, serums, toxins, and analogous products*

(a) The *Senate* amendment amends the Virus-Serum-Toxin Act to make it unlawful for any person, firm, or corporation to ship or deliver for shipment in intrastate, as well as interstate, commerce any worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous product intended for use in the treatment of domestic animals. The *Senate* amendment also expands the authority of the Secretary of Agriculture to make and promulgate rules and regulations to carry out this Act. (Sec. 1121.)

The *House* bill contains no comparable provision.

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

(b) The *Senate* amendment provides the Secretary authority, in order to meet an emergency condition, limited market or local situation, or other special circumstance (including production solely for

intrastate use under a State-operated program) to issue a special license (to prepare a virus, serum, toxin analogous product) under expedited procedures on such conditions as are necessary to assure purity, safety, and a reasonable expectation of efficacy. The Secretary must exempt by regulation from the requirement of preparation pursuant to an unsuspended and unrevoked license any virus, serum, toxin, or analogous product prepared by any person, firm, or corporation (1) solely for administration to animals of such person, firm, or corporation; (2) solely for administration to animals under a veterinarian-client-patient relationship in the course of the State licensed professional practice of veterinary medicine by such person, firm, or corporation; or (3) solely for distribution within the State of production pursuant to a license granted by such State under a program determined by the Secretary to meet criteria under which the State (A) may license virus, serum, toxin, and analogous products and establishments that produce such products; (B) may review the purity, safety, potency, and efficacy of such products prior to licensure; (C) may review product test results to assure compliance with applicable standards or purity, safety, and potency, prior to release to the market; (D) may deal effectively with violations of State law regulating virus, serum, toxin, and analogous products; and (E) exercises the authority referred to in clauses (A) through (D) consistent with the intent of the Virus, Serum, Toxin Act of prohibiting the preparation, sale, barter, exchange, or shipment of worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous products. (Sec. 1923.)

The *House* bill contains no comparable provision.

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

(c) The *Senate* amendment authorizes employees of the Department of Agriculture to enter and inspect any establishment where any virus, serum, toxin, or analogous product is prepared (instead of only licensed establishments as under the Act).

The procedures of sections 402, 403, and 404 of the Federal Meat Inspection Act (relating to detentions, seizures, and injunctions) would apply to the enforcement of the Virus, Serum, Toxin Act with respect to any product, prepared, sold, bartered, exchanged, or shipped in violation of such Act or a regulation promulgated under such Act. The provisions (including penalties) of section 405 of the Federal Meat Inspection Act (relating to assaulting or interfering with officials carrying out the Act) would also apply to the performance of official duties under the Virus, Serum, Toxin Act. (Sec. 1923.)

The *House* bill contains no comparable provision.

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

(d) The *Senate* amendment includes findings of Congress to the effect that the products and activities that are regulated under the Virus, Serum, Toxin Act are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof and regulation of the products and activities as provided in such Act is necessary to prevent and eliminate burdens on such commerce and to effectively regulate such commerce. (Sec. 1923.)

The *House* bill contains no comparable provision.

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

(e) The *Senate* amendment provides that subject to the provisions outlined below, the case of person, firm, or corporation preparing, selling, bartering, exchanging, or shipping a virus, serum, toxin or analogous product during the 12-month period ending on the date of enactment of the bill solely for intrastate commerce, or for exportation, such product would not after the date of enactment, as a result of its not having been licensed or produced in a licensed establishment, be considered in violation of the Virus-Serum-Toxin Act until the first day of the 49th month following the date of enactment.

The exemption granted above may be extended by the Secretary for a period up to 12 months in an individual case on a showing by a person, firm, or corporation of good cause and a good faith effort to comply with the Act with due diligence.

However, the exemption granted in this paragraph must be claimed by the person, firm, or corporation preparing such product by the first day of the 13th month following the date of enactment, in the form and manner prescribed by the Secretary, unless the Secretary grants an extension of the time to claim such exemption in an individual case for good cause shown.

On the issuance by the Secretary of a license to such person, firm, or corporation for such product prior to the first day of the 49th month following the date of enactment of the bill, or the end of an extension of the exemption granted by the Secretary, the exemption granted in this paragraph would terminate with respect to such product. (Sec. 1923.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provisions. The conference expect the Department of Agriculture to exercise its authority under these amendments to assure the continued availability of veterinary biologics manufactured in the United States and sold exclusively to foreign countries in which they are approved for use in the treatment or prevention of animal diseases.

In order to assist existing intrastate producers in making the transition to Federal licensing, and to offer new companies ready opportunities for Federal licensing, the Conferees expect the Department of Agriculture to establish a program under which companies can be licensed as an establishment and to produce autogenous bacterins without the necessity of previously obtaining a license for some other product.

(7) *Authorization for appropriations for Federal Insecticide, Fungicide and Rodenticide Act*

The *Senate* amendment amends the Federal Insecticide, Fungicide, and Rodenticide Act to authorize appropriations of \$57,067,300 to carry out such Act for the period beginning October 1, 1985, and ending September 30, 1986. (Sec. 1920.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to authorize appropriations of \$68,604,200 of which not more than \$11,993,100 would be for research.

(8) User fees for reports, publications and software

The *Senate* amendment amends section 1121 of the Agriculture and Food Act of 1981 to authorize the Secretary of Agriculture to furnish, on request, copies of software programs, pamphlets, reports, or other publications, regardless of their form, including electronic publications, prepared in the Department of Agriculture in carrying out any of its missions or programs, and to charge such fees therefor as the Secretary determines are reasonable. The imposition of such charges must be consistent with section 9701 of title 31, United States Code. All moneys received in payment for work or services performed, or for software programs, pamphlets, reports, or other publications provided, would be available until expended to pay directly the costs of such work, services, software programs, pamphlets, reports, or publications, and may be credited to appropriations or funds that incur such costs. (Sec. 1922.)

The *House* bill contains no comparable provision.

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

(9) Confidentiality of information

Both the *House* bill and the *Senate* amendment provide for maintaining the confidentiality of information submitted under certain statutes. The *House* bill includes among the specified statutes section 2 of the joint resolution entitled "Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent", approved June 16, 1976 (15 U.S.C. 1516a). (Sec. 1030.)

The *Senate* amendment includes among the specified statutes (1) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of peanuts by the Department of Agriculture", approved June 24, 1936 (7 U.S.C. 951); and (2) section 4 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1516). (Sec. 1925.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to include the statute (contained in the *House* provision) entitled "Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent", approved June 16, 1976.

(10) Land conveyance to Irwin County, Georgia

The *Senate* amendment authorizes and directs the Secretary of Agriculture to execute and deliver to the Board of Education of Irwin County, Georgia a quitclaim deed conveying and releasing all right, title, and interest of the United States of America in and to a 0.303 acre tract of land, together with improvements, located in Irwin County, Georgia. (Sec. 1937.)

The *House* bill contains no comparable provision.

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

(11) National Tree Seed Laboratory

The *Senate* amendment provides that fees received by the National Tree Seed Laboratory, administered by the Forest Service,

for tree seed testing services would be retained and used as a reimbursement to current appropriations to cover the costs of providing such services. (Sec. 1938).

The *House* bill contains no comparable provision.

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

(12) *Control of grasshoppers and Mormon Crickets on public lands*

The *Senate* amendment requires the Secretary of Agriculture to carry out a program to control grasshoppers and Mormon Crickets on all Federal lands. Under the program, the Secretary of Agriculture would expend or transfer, and the Secretary of Interior would also transfer to the Secretary of Agriculture, funds for the prevention, suppression, control, or eradication of actual or potential grasshopper and Mormon Cricket outbreaks on lands under the jurisdiction of the Federal Government.

The Secretary of Agriculture would pay out of appropriated funds made available to the Secretary of Agriculture or transferred to the Secretary of Agriculture by the Secretary of the Interior, (A) 100 percent of the cost of grasshopper or Mormon Cricket control on Federal lands; (B) 50 percent of the cost of such control on State lands; and (C) 33.3 percent of the cost of such control on private lands. (Sec. 1947.)

The *House* bill contains no comparable provision.

The *Conference substitute* adopts the *Senate* provision with an amendment to (1) delete reference to the eradication of grasshoppers and Mormon Cricket outbreaks; (2) delete reference to the number of grasshoppers per square yard in connection with infestation levels; and (3) limits the use of funds transferred from the Department of the Interior solely to public lands under the jurisdiction of the Department of the Interior.

(13) *Ethanol and Strategic Ethanol Reserve*

The *House* bill requires the Secretary of Agriculture to establish, maintain, and utilize a Strategic Ethanol Reserve. Within 180 days after the date of enactment of this provision, the Secretary must prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which details the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve. The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the Nation.

Under the *House* bill the Plan shall include (A) a comprehensive environmental assessment; (B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve; (C) an estimate of the volumes of ethanol proposed to be stored in such storage facility; (D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels); (E) an estimate of the direct cost of the Reserve, including certain specified costs; (F) a distribution plan setting forth the

method and manner of drawdown and distribution to be utilized with respect to the Reserve.

To the extent necessary or appropriate to implement the Plan, the Secretary is required by the *House* bill to prescribe regulations and subject to the availability of funding in the account (A) acquire by purchase, condemnation, or otherwise, land and interests in land, and improvements thereon for the location of storage and related facilities; (B) construct, purchase, lease, or otherwise acquire storage and related facilities; (C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this provision; (D) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve; (E) execute any contracts necessary to carry out the provisions of such Plan; (F) maintain, operate, test, protect, and conserve the Reserve; and (G) bring an action, whenever the Secretary deems it necessary to implement the Plan to acquire by condemnation any real or personal property, including facilities, temporary use of facilities or other interests in land, together with any personal property located thereon or used therewith.

Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation. The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at certain minimum required fill rates in fiscal years 1986, 1987, 1988, and at least 10,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve.

In the fiscal year 1986, the Secretary, without additional appropriations, shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

The Secretary may withdraw and distribute ethanol from the Reserve only as a result of a declaration made by the President to meet U.S. energy needs or for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent test drawdown has been replaced. The Secretary may (A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve; (B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and (C) require the allocation of products refined from ethanol withdrawn from the Reserve. Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

The *House* bill establishes an account designated as the "Strategic Ethanol Reserve Account". Revenues from the sale or other disposal of ethanol from the Reserve and such sums as may be appropriated would be credited to the account. Funds credited to such account shall as provided for in appropriations be utilized by the Secretary for (A) the procurement of ethanol for the Reserve; (B) the construction and operation of facilities associated with the Reserve; (C) the drawdown and distribution of the Reserve; and (D) the maintenance and operation of the Reserve.

The *House* bill provides that the Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this provision including certain specified items. (Sec. 1885.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision with an amendment requiring the Secretary of Agriculture to conduct a study of the cost effectiveness, the economic benefits, and the feasibility of establishing, maintaining, and utilizing a Strategic Ethanol Reserve relative to the existing Strategic Petroleum Reserve.

The study will be completed within one year after the enactment of the bill and will include, among other considerations—(1) the benefits and losses related to the U.S. economy, farm income, employment, government commodity programs, and the trade deficit of utilizing a Strategic Ethanol Reserve, as opposed to the Strategic Petroleum Reserve; and (2) the savings from storing ethanol as opposed to storing the amount of CCC-held grain necessary to produce the ethanol.

If the study shows that the Strategic Ethanol Reserve is cost effective, beneficial to the U.S. economy, and feasible in comparison with the Strategic Petroleum Reserve, the Secretary of Agriculture may establish, maintain, and utilize a Strategic Ethanol Reserve.

(14) *Department of Defense land*

The *House* bill requires that, notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture. (Sec. 1880.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision. The conferees expect that the Department of Agriculture will not, directly or indirectly, make payments, or extend loans, to lessees of land leased from the Department of Defense (DOD) for the production of agricultural commodities. The conferees expect that the Secretary of Agriculture will work with the Secretary of Defense to terminate at an early date the eligibility of property under the ownership or control of Department of Defense for participation in farm commodity programs administered by the Secretary of Agriculture and to submit a report to Congress as soon as practicable addressing the matter.

(15) Control of agricultural losses caused by depredating animals

The *Senate* amendment provides that the authority of the Secretary of Agriculture to control agricultural losses from depredating animals would not be limited by Reorganization Plan II of 1939, nor by any other executive action taken pursuant to the Reorganization Act of 1939 (or any successor statute to the Act of 1939). (Sec. 1939.)

The *House* bill contains no comparable provision.

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

(16) Transfer of agricultural products stored in warehouses

The *Senate* amendment provides that if a warehouseman lacks sufficient space to store the agricultural products of all depositors in a licensed warehouse, the warehouseman may, in accordance with regulations issued by the Secretary of Agriculture, and subject to such terms and conditions as the Secretary may prescribe, transfer stored agricultural products for which receipts have not been issued out of the warehouse to another licensed warehouse for continued storage.

The warehouseman of a licensed warehouse to which agricultural products have been transferred would deliver to the rightful owner of products, on request, at the licensed warehouse where first deposited, the products in the amount, and of the kind, quality, and grade, called for by the receipts or other evidence of storage of such owner. (Sec. 1928.)

The *House* bill contains no comparable provision.

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

(17) Exclusion of liquidation proceeds from family contribution computation

The *Senate* amendment requires the Secretary of Education, within 30 days after the date of enactment of the bill, to promulgate special regulations to permit, in the computation of family contributions in connection with determining a student's need for financial assistance for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if the sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy. (Sec. 1933.)

The *House* bill contains no comparable provision.

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

(18) National Advisory Commission on Rural America

(a) Findings and purposes

The *Senate* amendment declares the findings of Congress to the effect that the farm crisis, including the decline in farm income, farm property values, and available credit, is having serious adverse effects on rural enterprises dependent on the farm industry; rural enterprises and the farm industry are the mainstay of the rural tax base; the farm crisis foreshadows a crisis of governance in rural America; rural communities throughout the United States dependent on a single form of economic activity—agriculture, forestry, mining, manufacturing or tourism—are part of this emerg-

ing crisis of governance which, if unabated, will undermine the fiscal capacity of rural government and the ability to provide basic public services including education, health, housing, police, and other emergency services; the relationship between the declining rural economy and the provision of basic public services in rural communities is not well understood or documented; and an independent analysis of the relationship is necessary to determine the appropriate roles and responsibilities of all levels of government in responding to this emerging problem.

The purpose of this subtitle is to create a National Advisory Commission on Rural America to conduct a study and report to the President and Congress on conditions in rural America and relate those trends and problems to the provision of public services by Federal, State, and local governments. (Sec. 1971.)

(b) Establishment of Commission

The *Senate* amendment would establish a National Advisory Commission on Rural America composed of twenty-one members to study conditions in rural areas of the United States. Fifteen members would be appointed by the President, three by the President pro tempore of the Senate, and three by the Speaker of the House of Representatives as follows: The President would be required to appoint three Federal officials and twelve private citizens or elected officials or employees of State or local governments. All of the persons appointed by the President would be required to possess expertise in conditions in rural areas of the United States. The three Federal officials appointed would include the Secretary of Agriculture, the Assistant to the President for Intergovernmental Affairs, and one other individual representing a Federal entity. Economic, agricultural, small business, and employee interests would be represented by one member each. Rural service delivery interests, State governments, local and regional governments, and a State-recognized consortia of local governments would be represented by two members each. The President pro tempore of the Senate and Speaker of the House of Representatives would be required to appoint three members each from the Senate and the House of Representatives, respectively, who are members of committees with jurisdiction over, or special concern for, conditions in rural areas of the United States and intergovernmental relations. No more than two appointees to the Commission from either body could be members of the same political party. Vacancies on the Commission would be filled in the same manner as the original appointment. The Commission would elect a Chairman from among its members, and would meet at the call of the Chairman or of a majority of the members of the Commission. (Sec. 1972.)

(c) Study

The *Senate* amendment requires the Commission to study conditions in rural areas of the United States and the relationship of such conditions to the provision of public services by Federal, State, and local governments. The study would be required to include an analysis of—

(1) social and economic indicators which reflect the declining rural economy, including economic and demographic trends and rural and agricultural income and debt;

(2) trends and fiscal conditions of rural local governments;

(3) trends and patterns in the delivery of rural public services;

(4) the impact on the rural economy and delivery of public services in rural areas of deregulation of transportation, telecommunications, and banking; and

(5) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States. (Sec. 1973.)

(d) Administration

The *Senate* amendment authorizes the Commission to hold hearings, administer oaths, issue subpoenas, and receive testimony and other evidence. Members of the Commission would serve without compensation except that members on the Commission who are private citizens would be allowed travel expenses, including per diem. Subject to advance appropriation of funds and Commission rules, but without regard to Federal classification or pay restrictions, the Chairman of the Commission could appoint a director and such additional staff as the Commission deems necessary. The Secretary of Agriculture would be required, and other executive agencies and the General Accounting Office would be authorized, to furnish personnel and support services without reimbursement by the Commission. The Commission would be required to keep records of its activities and disposition of funds for audit by the Comptroller General. The Commission would be exempt from Federal performance appraisal requirements and from provisions of the Federal Advisory Committee Act which govern the duration of such committees and impose upon advisory committees staff salary guidelines promulgated by the General Services Administration, and the requirement that such committees meet only with advance approval, and in the presence, of a designated Federal official who has authority to adjourn any meeting. (Sec. 1974.)

(e) Report

The *Senate* amendment requires the Commission, not later than one year after its establishment, to submit to the President and Congress its findings and recommendations including:

(1) how changes in the rural economy affect rural local governments;

(2) measures of rural distress resulting from changes in the rural economy;

(3) the extent to which distress in rural communities affects their ability to raise revenues, sustain employment, maintain infrastructure, and deliver adequate public services;

(4) a description of the programs and policy instruments available to Federal, State, and local governments to address distress in rural communities;

(5) the development of a framework within which to analyze such policy instruments;

(6) a comparative analysis of each of the instruments using this framework;

(7) how Federal and State governments can mitigate the decline in economic conditions in rural America; and

(8) the appropriate role of Federal, State, and local governments in assuring continued provision of basic public services, including education, health, housing, police, and other emergency service.

The Commission would be prohibited from commenting on legislation pending before Congress except upon request of a Committee Chairman. (Sec. 1975.)

(f) Authorization of appropriations

The *Senate* amendment authorizes appropriations of \$800,000 to carry out this subtitle. To the maximum extent practicable, the subtitle would be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees. (Sec. 1976.)

(g) Termination

The *Senate* amendment provides that the authority under this subtitle and the Commission would terminate 60 days after the submission of the Commission's report. (Sec. 1977.)

The *House* bill contains no comparable provision.

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

From the Committee on Agriculture:

E DE LA GARZA,
THOMAS S. FOLEY,
ED JONES,
CHARLES ROSE,
BERKLEY BEDELL

(on all matters except title VIII of the House bill and modifications thereof committed to conference),

LEON E. PANETTA,
JERRY HUCKABY,
CHARLES WHITLEY

(on all matters except subtitle A of title X, section 1022, section 1314, and subtitle C of title XVIII of the House bill and modifications thereof committed to conference, and section 1947 and title XX of the Senate amendment),

TONY COELHO,
EDWARD R. MADIGAN,
JAMES M. JEFFORDS,

E. THOMAS COLEMAN

(on all matters except titles II, IV, V, IX, XVI, and XVII, and section 1862 of the House bill and modifications thereof committed to conference),

RON MARLENEE,**LARRY J. HOPKINS,****ARLAN STANGELAND,****CHARLES HATCHER**

(in lieu of Mr. Bedell, solely for consideration of title VIII of the House bill and modifications thereof committed to conference),

CHARLES W. STENHOLM

(in lieu of Mr. Whitley, solely for consideration of subtitle A of title X of the House bill and section 1314 and modifications committed to conference; and additional conferee solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),

TERRY L. BRUCE

(in lieu of Mr. Whitley, solely for consideration of section 1022 of the House bill and modifications thereof committed to conference),

HAROLD L. VOLKMER

(in lieu of Mr. Whitley, solely for consideration of subtitle C of title XVIII of the House bill and modifications thereof committed to conference),

RICHARD H. STALLINGS

(in lieu of Mr. Whitley, solely for consideration of section 1947 of the Senate amendment),

GEORGE E. BROWN, JR.

(in lieu of Mr. Whitley, solely for consideration of title XX of the Senate amendment),

BILL EMERSON

(in lieu of Mr. Coleman of Missouri, solely for consideration of titles IX, XV, XVI, and XVII of the House bill and modifications thereof committed to conference),

STEVE GUNDERSON

(in lieu of Mr. Coleman of Missouri, solely for consideration of title II of the House bill and modifications thereof committed to conference),

SID MORRISON

(in lieu of Mr. Coleman of Missouri, solely for consideration of section 1862 of the House bill and modifications thereof committed to conference),

BOB SMITH

(in lieu of Mr. Coleman of Missouri, solely for consideration of titles IV and V of the House bill and modifications thereof committed to conference),

PAT ROBERTS

(additional conferee, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),

From the Committee on Merchant Marine and Fisheries:

(Additional conferees, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference):

WALTER B. JONES

(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201-1203 of the House bill and modifications committed to conference),

MARIO BIAGGI,

GLENN M. ANDERSON,

JAMES L. OBERSTAR,

WILLIAM J. HUGHES,

MIKE LOWRY,

NORMAN F. LENT

(and additional conferee,
solely for consideration of
title XX, section 1434, and
sections 1201-1203 of the
House bill and modifica-
tions committed to confer-
ence),

GENE SNYDER,

DON YOUNG

(and additional conferee,
solely for consideration of
title XX, section 1434, and
sections 1201-1203 of the
House bill and modifica-
tions committed to confer-
ence),

ROBERT W. DAVIS,

(Additional conferees, solely for consideration of title XX, section 1434, and sections 1201-1203 of the House bill and modifications committed to conference):

JOHN BREAUX,

GERRY E. STUDDS,

JACK FIELDS,

From the Committee on Foreign Affairs:

(Additional conferees, solely for consideration of title XI, sections 1025, 1421, 1423, and 1431 of the House bill, title I, sections 903, 1932, 1943, 1949, and 1952 of the Senate amendment, and modifications committed to conference):

DANTE B. FASCELL,

LEE H. HAMILTON,

DON BONKER,

SAM GEJDENSON,

PETER H. KOSTMAYER

(except subtitle D of title XI
of the House bill and
modifications committed
to conference),

BUDDY MACKAY

(except subtitle D of title XI
of the House bill and
modifications committed
to conference),

WM. BROOMFIELD,

BENJAMIN A. GILMAN

(except subtitle D of title XI
of the House bill and
modifications committed
to conference),

TOBY ROTH,

DOUG BEREUTER,

From the Committee on Ways and Means:

(Additional conferees, solely for the consideration of sections 107(d), 108(b), 113, 1002, 1929, 1952, 1953, and 1955 of the Senate amendment and modifications committed to conference):

SAM GIBBONS,

ED JENKINS,

Managers on the Part of the House.

JESSE HELMS,

ROBERT DOLE,

RICHARD G. LUGAR,

THAD COCHRAN,

RUDY BOSCHWITZ,

EDWARD ZORINSKY,

PATRICK J. LEAHY,

JOHN MELCHER,

DAVID PRYOR,

Managers on the Part of the Senate.

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