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Conference Report to Accompany Food, Agriculture, Conservation, and Trade Act of 1990

H.R. Rep. No. 101-916 (1990)

Part 6 of 14

Title XVII- Food Stamp and Related Provisions (pp. 443-479)

Title XVIII- Credit (pp. 479-501)

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(4) **EXTENSION SERVICE AGENCIES.**—Grants shall be awarded under this subsection directly to State Extension Service agencies to enable them to enter into contracts, on a multiyear basis, with private nonprofit community-based direct service organizations to initiate, expand, or sustain cooperative programs described under paragraphs (2) and (3).

(5) **MINIMUM AMOUNT.**—A grant awarded under this subsection may not be less than \$150,000.

(6) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this subsection—

(A) not less than \$3,000,000 for each of the fiscal years 1991 and 1992; and

(B) not less than \$5,000,000 for each of the fiscal years 1993 through 1996.

(b) **NATIONAL GRANT FOR TECHNICAL ASSISTANCE, TRAINING AND DISSEMINATION.**—

(1) **IN GENERAL.**—The Secretary of Agriculture shall award a competitive grant to a national private nonprofit disability organization to enable such organization to provide technical assistance, training, information dissemination and other activities to support community-based direct service programs of on-site rural rehabilitation and assistive technology for individuals with disabilities, and their families, who are engaged in farming or farm-related occupations.

(2) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$1,000,000 to carry out this subsection for each of the fiscal years 1991 through 1996.

SEC. 1681. RESEARCH ON HONEYBEE DISEASES.

(a) **SENSE OF CONGRESS.**—It is the sense of Congress that—

(1) diseases affecting the entire honeybee population impact on the ability of honeybees to carry out crop pollination and honey production, and therefore impact negatively on beekeepers, producers and consumers; and

(2) certain diseases (such as those caused by tracheal mite, varroa mite, and the Africanized honeybee) pose a threat to the continued well-being of the general honeybee population, and thus merit further study.

(b) **RESEARCH.**—Notwithstanding any other provision of law, the Secretary of Agriculture shall give priority attention to the funding of research regarding the diseases referred to in subsection (a) that are affecting the honeybee population.

TITLE XVII—FOOD STAMP AND RELATED PROVISIONS

SEC. 1701. SHORT TITLE.

This title may be cited as the "Mickey Leland Memorial Domestic Hunger Relief Act".

Subtitle A—Food Stamp Program

SEC. 1711. REFERENCES TO THE FOOD STAMP ACT OF 1977.

Whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), except to the extent otherwise specifically provided.

SEC. 1712. RECIPIENTS OF AGED, BLIND, AND DISABLED BENEFITS IN TERRITORIES.

(a) **DEFINITION OF FOOD.**—Section 3(g) (7 U.S.C. 2012(g)) is amended—

(1) in clause (3), by striking “under title XVI” and inserting “or disability or blindness payments under title I, II, X, XIV, or XVI”; and

(2) in clause (7)—

(A) by striking “title II or title XVI” and inserting “title I, II, X, XIV, or XVI”; and

(B) by inserting after “section 1616(e) of the Social Security Act” the following: “or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section”.

(b) **DEFINITION OF HOUSEHOLD.**—The last sentence of section 3(i) is amended—

(1) by striking “title II or title XVI” and inserting “title I, II, X, XIV, or XVI”; and

(2) by inserting after “section 1616(e) of the Social Security Act” the following: “or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section”.

SEC. 1713. RESTAURANT MEALS AT CONCESSIONAL PRICES FOR THE HOMELESS.

(a) **DEFINITION OF FOOD.**—Section 3(g)(9) (7 U.S.C. 2012(g)(9)) is amended by striking “individuals and by a public” and all that follows through “or shelter)” and inserting “individuals and by private establishments that contract with the appropriate agency of the State to offer meals for such individuals at concessional prices”.

(b) **CONFORMING CHANGE.**—Effective September 29, 1990, section 11002(f)(3) of the Homeless Eligibility Clarification Act (7 U.S.C. 2012 note) is amended by striking “subsection (b)” and inserting “subsections (a) and (b)”.

SEC. 1714. CATEGORICAL ELIGIBILITY FOR RECIPIENTS OF GENERAL ASSISTANCE.

Section 5(a) (7 U.S.C. 2014(a)) is amended by—

(1) by striking “and beginning on the date of the enactment of the Food Security Act of 1985,”; and

(2) by inserting after the second sentence the following new sentence: “Except for sections 6, 16(e)(1), and the third sentence of section 3(i), households in which each member receives benefits under a State or local general assistance program that complies with standards established by the Secretary for ensuring

that the program is appropriate for categorical treatment shall be eligible to participate in the food stamp program."

SEC. 1715. EXCLUSION OF EDUCATIONAL BENEFITS.

(a) **IN GENERAL.**—Section 5(d) (7 U.S.C. 2014(d)) is amended—

(1) in paragraph (3)—

(A) by inserting "(A)" after "the like"; and

(B) by striking "at an institution" and all that follows through "handicapped, and", and inserting the following: "(including the rental or purchase of any equipment, materials, and supplies required to pursue the course of study involved) at a recognized institution of post-secondary education, at a school for the handicapped, in a vocational education program, or in a program that provides for completion of a secondary school diploma or obtaining the equivalent thereof, (B) to the extent that they do not exceed the amount made available as an allowance determined by such school, institution, or program for books, supplies, transportation, and other miscellaneous personal expenses (other than living expenses), of the student incidental to attending such school, institution, or program, and (C)"; and

(2) in the proviso to clause (5)—

(A) by inserting "and" after "1988";

(B) by striking "non-Federal"; and

(C) by striking "and no portion of any Federal" and all that follows through "mandatory school fees,".

(b) **CLARIFYING AND TECHNICAL AMENDMENT.**—The fourth sentence of section 5(e) is amended by inserting after "third party" the following: "; amounts made available and excluded for the expenses under subsection (d)(3)".

SEC. 1716. EXCLUSION OF CLOTHING ALLOWANCES.

Section 5(d)(5) (7 U.S.C. 2014(d)(5)) is amended by inserting after "household" the following: "and any allowance a State agency provides no more frequently than annually to families with children on the occasion of those children's entering or returning to school or child care for the purpose of obtaining school clothes (except that no such allowance shall be excluded if the State agency reduces monthly assistance to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in the month for which the allowance is provided)".

SEC. 1717. EXCESS MEDICAL EXPENSE DEDUCTION.

The last sentence of section 5(e) (7 U.S.C. 2014(e)) is amended by inserting before the period at the end the following: "; shall rely on reasonable estimates of the member's expected medical expenses for the certification period (including changes that can be reasonably anticipated based on available information about the member's medical condition, public or private medical insurance coverage, and the current verified medical expenses incurred by the member), and shall not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period".

SEC. 1718. BUDGETING AND MONTHLY REPORTING.

(a) **IN GENERAL.**—Paragraph (2) of section 5(f) (7 U.S.C. 2014(f)) is amended to read as follows:

“(2)(A) Except as provided in subparagraphs (B), (C), and (D), households shall have their incomes calculated on a prospective basis, as provided in paragraph (3)(A), or, at the option of the State agency, on a retrospective basis, as provided in paragraph (3)(B).”

“(B) In the case of the first month, or at the option of the State, the first and second months, during a continuous period in which a household is certified, the State agency shall determine eligibility and the amount of benefits on the basis of the household's income and other relevant circumstances in such first or second month.”

“(C) Households specified in clauses (i), (ii), (iii), and (iv) of section 6(c)(1)(A) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).”

“(D) Except as provided in subparagraph (B), households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B).”

(b) CALCULATION OF HOUSEHOLD INCOME.—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, during the period beginning October 1, 1988, and ending on the first day of the first month beginning at least 120 days after the date of enactment of this Act, a State agency may elect to implement the amendment to section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) made by section 202(a) of the Hunger Prevention Act of 1988 (Public Law 100-435; 102 Stat. 1656) (with respect to the requirement that income be calculated on a prospective basis in the case of households that are not required to report monthly on their income and household circumstances).

(2) **PAYMENT ERROR RATES.**—Notwithstanding section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)), during the period referred to in paragraph (1), errors resulting solely from implementation by a State agency of the amendment referred to in paragraph (1) shall not be included in payment error rates determined under section 16(c) of such Act.

SEC. 1719. SIMPLIFYING RESOURCE AND ELIGIBILITY DETERMINATIONS.

Section 5 (7 U.S.C. 2014) is amended—

(1) in subsection (g)—

(A) by designating the first through fourth sentences as paragraphs (1) through (4), respectively; and

(B) by adding at the end the following new paragraph:

“(5) The Secretary shall promulgate rules by which State agencies shall develop standards for identifying kinds of resources that, as a practical matter, the household is unlikely to be able to sell for any significant return because the household's interest is relatively slight or because the cost of selling the household's interest would be relatively great. Resources so identified shall be excluded as inaccessible resources.”; and

(2) in subsection (j)—

(A) by striking “a household in which all members of the household receive” and inserting “the resources of a house-

hold member who receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.), aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.) or who receives"; and

(B) by striking "have satisfied the resource limitations prescribed under subsection (g)" and inserting "be exempt for purposes of satisfying the resource limitations prescribed under subsection (g) if the resources are considered exempt for purposes of such title".

SEC. 1720. EMERGENCY FOOD FOR DISASTER VICTIMS.

Section 5(h) (7 U.S.C. 2014(h)) is amended by adding at the end the following new paragraph:

"(3)(A) The Secretary shall provide, by regulation, for emergency allotments to eligible households to replace food destroyed in a disaster. The regulations shall provide for replacement of the value of food actually lost up to a limit approved by the Secretary not greater than the applicable maximum monthly allotment for the household size.

"(B) The Secretary shall adjust reporting and other application requirements to be consistent with what is practicable under actual conditions in the affected area. In making this adjustment, the Secretary shall consider the availability of the State agency's offices and personnel and any damage to or disruption of transportation and communication facilities."

SEC. 1721. TRANSITIONAL HOUSING.

Section 5(k)(2) (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (F) and inserting the following new subparagraph:

"(F) housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless in an amount equal to 50 percent of the maximum shelter allowance provided to families not residing in such transitional housing under the States' plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or".

SEC. 1722. EXCLUSION OF GENERAL ASSISTANCE PAYMENTS.

Section 5(k)(2) (7 U.S.C. 2014(k)(2)) is amended—

(1) by striking "or" at the end of subparagraph (F);

(2) by striking the period at the end of subparagraph (G) and inserting "; or"; and

(3) by adding at the end the following new subparagraph:

"(H) assistance provided to a third party on behalf of a household under a State or local general assistance program, or another local basic assistance program comparable to general assistance (as determined by the Secretary), if, under State law, no assistance under the program may be provided directly to the household in the form of a cash payment."

SEC. 1723. BUDGETING AND MONTHLY REPORTING ON RESERVATIONS.

Section 6(c)(1)(A) (7 U.S.C. 2015(c)(1)(A)) is amended—

(1) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively; and

(2) by inserting after clause (i) the following new clause:

"(ii) households residing on a reservation;"

SEC. 1724. PERIODIC ELIGIBILITY INFORMATION REPORTS.

Section 6(c) (7 U.S.C. 2015(c)) is amended—

- (1) in paragraph (2)(C), by striking “forms approved by the Secretary” and inserting “State agency designed forms”; and
- (2) in the first sentence of paragraph (3), by striking “, in accordance with standards prescribed by the Secretary, they contain sufficient information to enable the State agency to determine household eligibility and allotment levels” and inserting “they contain the information relevant to eligibility and benefit determinations that is specified by the State agency”.

SEC. 1725. SELECTION OF HOUSEHOLD HEAD BY HOUSEHOLD.

Section 6(d)(1) (7 U.S.C. 2015(d)(1)) is amended by inserting after the first sentence the following new sentences: “The State agency shall allow the household to select an adult parent of children in the household as its head where all adult household members making application agree to the selection. The household may designate its head of household under this paragraph each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.”.

SEC. 1726. EXPANSION OF EMPLOYMENT AND TRAINING PROGRAM.

(a) **LITERACY TRAINING.**—Section 6(d)(4)(B)(v) (7 U.S.C. 2015(d)(4)(B)(v)) is amended by inserting “and literacy,” after “basic skills”.

(b) **PROGRAMS THAT FOCUS ON SELF-EMPLOYMENT OPPORTUNITIES.**—

(1) **AUTHORIZATION FOR PROGRAMS.**—Section 6(d)(4)(B) (7 U.S.C. 2015(d)(4)(B)) is amended—

(A) by redesignating clause (vi) as clause (vii); and

(B) by inserting after clause (v) the following new clause:
“(vi) Programs designed to increase the self-sufficiency of recipients through self-employment, including programs that provide instruction for self-employment ventures.”.

(2) **EXEMPTION FOR RESOURCES USED IN PROJECTS.**—Section 5(g)(3) (as designated by section 1719(1) of this Act) is amended by inserting before the period at the end of the paragraph the following: “and nonliquid resources necessary to allow the household to carry out a plan for self-sufficiency approved by the State agency that constitutes adequate participation in an employment and training program under section 6(d)”.

(c) **EXPANDING STATE FLEXIBILITY.**—Section 6(d)(4)(E) (7 U.S.C. 2015(d)(4)(E)) is amended by adding at the end the following new sentence: “Through September 30, 1995, two States may, on application to and after approval by the Secretary, give priority in the provision of services to voluntary participants (including both exempt and non-exempt participants), except that this sentence shall not excuse a State from compliance with the performance standards issued under subparagraphs (K) and (L), and the Secretary may, at the Secretary’s discretion, approve additional States’ requests to give such priority if the Secretary reports to Congress on the number and characteristics of voluntary participants given priority under this

sentence and such other information as the Secretary determines to be appropriate.”.

(d) **STATE IMPLEMENTATION OF PERFORMANCE STANDARDS.**—Section 6(d)(4)(L)(iii) (7 U.S.C. 2015(d)(4)(L)(iii)) is amended by striking “April” and inserting “October”.

SEC. 1727. ELIGIBILITY FOR STUDENTS.

Subsection (e) of section 6 (7 U.S.C. 2015(e)) is amended to read as follows:

“(e) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household if the individual is enrolled at least half-time in an institution of higher education, unless the individual—

“(1) is under age 18 or is age 50 or older;

“(2) is not physically or mentally fit;

“(3) is assigned to or placed in an institution of higher education through or in compliance with the requirements of—

“(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

“(B) an employment and training program under this section;

“(C) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

“(D) another program for the purpose of employment and training operated by a State or local government, as determined to be appropriate by the Secretary;

“(4) is employed a minimum of 20 hours per week or participating in a State or federally financed work study program during the regular school year;

“(5) is—

“(A) a parent with responsibility for the care of a dependent child under age 6; or

“(B) a parent with responsibility for the care of a dependent child above the age of 5 and under the age of 12 for whom adequate child care is not available to enable the individual to attend class and satisfy the requirements of paragraph (4);

“(6) is receiving aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

“(7) is so enrolled as a result of participation in the work incentive program under title IV of the Social Security Act or its successor programs; or

“(8) is enrolled full-time in an institution of higher education, as determined by the institution, and is a single parent with responsibility for the care of a dependent child under age 12.”.

SEC. 1728. STAGGERED ISSUANCES; RESERVATIONS.

Subsection (h) of section 7 (7 U.S.C. 2016(h)) is amended to read as follows:

“(h)(1) The State agency may establish a procedure for staggering the issuance of coupons to eligible households throughout the

month. The State agency shall establish such a procedure for eligible households residing on reservations.

"(2) Any procedure established under paragraph (1) shall not reduce the allotment of any household and shall ensure that no household experiences an interval between issuances of more than 40 days. The procedure may include issuing a household's benefits in more than one issuance."

SEC. 1729. ELECTRONIC BENEFITS ISSUANCE.

(a) *IN GENERAL.*—Section 7 (7 U.S.C. 2016) is amended by adding at the end the following new subsection:

"(1)(A) Any State agency may, with the approval of the Secretary, implement an on-line electronic benefit transfer system in which household benefits determined under section 8(a) are issued from and stored in a central data bank and electronically accessed by household members at the point-of-sale.

"(B) No State agency may implement or expand an electronic benefit transfer system without prior approval from the Secretary.

"(2) The Secretary shall issue final regulations effective no later than April 1, 1992, that establish standards for the approval of such a system. The standards shall include—

"(A) determining the cost-effectiveness of the system to ensure that its operational cost, including the pro rata cost of capital expenditures and other reasonable startup costs, does not exceed, in any 1 year, the operational cost of issuance systems in use prior to the implementation of the on-line electronic benefit transfer system;

"(B) defining the required level of recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

"(C) the terms and conditions of participation by retail food stores, financial institutions, and other appropriate parties;

"(D) system security;

"(E) system transaction interchange, reliability, and processing speeds;

"(F) financial accountability;

"(G) the required testing of system operations prior to implementation; and

"(H) the analysis of the results of system implementation in a limited project area prior to expansion.

"(3) In the case of a system described in paragraph (1) in which participation is not optional for households, the Secretary shall not approve such a system unless—

"(A) a sufficient number of eligible retail food stores, including those stores able to serve minority language populations, have agreed to participate in the system throughout the area in which it will operate to ensure that eligible households will not suffer a significant reduction in their choice of retail food stores or a significant increase in the cost of food or transportation to participating food stores; and

"(B) any special equipment necessary to allow households to purchase food with the benefits issued under this Act is operational—

"(i) in the case of a participating retail food store in which coupons are used to purchase 15 percent or more of the total dollar amount of food sold by the store (as determined by the Secretary), at all registers in the store; and

"(ii) in the case of other participating stores, at a sufficient number of registers to provide service that is comparable to service provided individuals who are not members of food stamp households, as determined by the Secretary.

"(4) Administrative costs incurred in connection with activities under this subsection shall be eligible for reimbursement in accordance with section 16, subject to the limitations in section 16(g).

"(5) The Secretary shall periodically inform State agencies of the advantages of using electronic benefit systems to issue benefits in accordance with this subsection in lieu of issuing coupons to households.

"(6) This subsection shall not diminish the authority of the Secretary to conduct projects to test automated or electronic benefit delivery systems under section 17(f)."

(b) **CONFORMING AND TECHNICAL AMENDMENT.**—Section 17(f) is amended by striking "(f)(1)" and inserting "(f)".

SEC. 1730. MINIMUM BENEFIT.

Section 8(a) (7 U.S.C. 2017(a)) is amended by inserting before the final period ", and shall be adjusted on each October 1 to reflect the percentage change in the cost of the thrifty food plan without regard to the special adjustments under section 3(o) for the 12-month period ending the preceding June, with the result rounded to the nearest \$5".

SEC. 1731. ISSUANCE OF AGGREGATE ALLOTMENTS.

Section 17(a) (7 U.S.C. 2026(a)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end the following new paragraph:

"(2) The Secretary may, on application, permit not more than two State agencies to establish procedures that allow households whose monthly food stamp benefits do not exceed \$20, at their option, to receive, in lieu of their food stamp benefits for the initial period under section 8 and their regular allotment in following months, and at intervals of up to 3 months thereafter, aggregate allotments not to exceed \$60 and covering not more than 3 months' benefits. The allotments shall be provided in accordance with paragraphs (3) and (9) of section 11(e) (except that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 11(e)(3)) and (with respect to the first aggregate allotment so issued) within 40 days of the last coupon issuance."

SEC. 1732. STATE FLEXIBILITY IN ASSISTING HOUSEHOLDS.

Paragraph (3) of section 8(c) (7 U.S.C. 2017(c)(3)) is amended to read as follows:

"(3) A State agency—

"(A) in the case of a household that is not entitled in the month in which it applies to expedited service under section 11(e)(9), may provide that an eligible household applying after the 15th day of the month shall receive, in lieu of its initial al-

lotment and its regular allotment for the following month, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with paragraph (3) of section 11(e); and

“(B) in the case of a household that is entitled in the month in which it applies to expedited service under section 11(e)(9), shall provide that an eligible household applying after the 15th day of the month shall receive, in lieu of its initial allotment and its regular allotment for the following month, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with paragraphs (3) and (9) of section 11(e).”.

SEC. 1733. PERIODIC REAUTHORIZATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(a) (7 U.S.C. 2018(a)) is amended—

(1) by inserting “(1)” after the subsection designation; and

(2) by adding at the end the following new paragraph:

“(2) The Secretary is authorized to issue regulations providing for a periodic reauthorization of retail food stores and wholesale food concerns.”.

SEC. 1734. AUTHORIZATION OF WHOLESALE FOOD CONCERNS.

Section 9(b)(1) (7 U.S.C. 2018(b)(1)) is amended by inserting after the first sentence the following new sentence: “No co-located wholesale-retail food concern may be authorized to accept and redeem coupons as a retail food store, unless (A) the concern does a substantial level of retail food business, or (B) the Secretary determines that failure to authorize such a food concern as a retail food store would cause hardship to food stamp households.”.

SEC. 1735. REQUIRED SUBMISSION OF CERTAIN IDENTIFYING INFORMATION BY RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

(a) **IN GENERAL.**—Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended—

(1) by redesignating clauses (ii), (iii), and (iv) as clauses (iv), (v), and (vi), respectively;

(2) by redesignating subclauses (I) and (II) of clause (i) as clauses (i) and (ii), respectively; and

(3) by inserting after clause (ii) (as redesignated) the following new clause:

“(iii) In the administration of section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018) involving the determination of the qualifications of applicants under such Act, the Secretary of Agriculture may require each applicant retail store or wholesale food concern to furnish to the Secretary of Agriculture the social security account number of each individual who is an officer of the store or concern and, in the case of a privately owned applicant, furnish the social security account numbers of the owners of such applicant. No officer or employee of the Department of Agriculture shall have access to any such number for any purpose other than the establishment and maintenance of a list of the names and social security account numbers of such individuals for use in determining those applicants who have been previously sanctioned or convicted under section 12 or 15 of such Act (7 U.S.C. 2021 or 2024). The Secretary of Agriculture shall restrict, to the satisfaction of the Secretary of Health and

Human Services, access to social security account numbers obtained pursuant to this clause only to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of the Food Stamp Act of 1977. The Secretary of Agriculture shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers."

(b) CONFIDENTIALITY OF SOCIAL SECURITY ACCOUNT NUMBERS.—Section 205(c)(2)(C) of such Act (as amended by subsection (a) of this section) is further amended by adding at the end the following new clause:

"(vii)(I) Social security account numbers and related records that are obtained or maintained by authorized persons pursuant to any provision of law enacted on or after October 1, 1990, shall be confidential, and no authorized person shall disclose any such social security account number or related record.

"(II) Paragraphs (1), (2), and (3) of section 7213(a) of the Internal Revenue Code of 1986 shall apply with respect to the unauthorized willful disclosure to any person of social security account numbers and related records obtained or maintained by an authorized person pursuant to a provision of law enacted on or after October 1, 1990, in the same manner and to the same extent as such paragraphs apply with respect to unauthorized disclosures of return and return information described in such paragraphs. Paragraph (4) of section 7213(a) of such Code shall apply with respect to the willful offer of any item of material value in exchange for any such social security account number or related record in the same manner and to the same extent as such paragraph applies with respect to offers (in exchange for any return or return information) described in such paragraph.

"(III) For purposes of this clause, the term 'authorized person' means an officer or employee of the United States, an officer or employee of any State, political subdivision of a State, or agency of a State or political subdivision of a State, and any other person (or officer or employee thereof), who has or had access to social security account numbers or related records pursuant to any provision of law enacted on or after October 1, 1990. For purposes of this subclause, the term 'officer or employee' includes a former officer or employee.

"(IV) For purposes of this clause, the term 'related record' means any record, list, or compilation that indicates, directly or indirectly, the identity of any individual with respect to whom a request for a social security account number is maintained pursuant to this clause."

(c) REQUIRED SUBMISSION OF EMPLOYER IDENTIFICATION NUMBERS.—Section 6109 of the Internal Revenue Code of 1986 (relating to identifying numbers) is amended by adding at the end the following new subsection:

"(f) ACCESS TO EMPLOYER IDENTIFICATION NUMBERS BY SECRETARY OF AGRICULTURE FOR PURPOSES OF FOOD STAMP ACT OF 1977.—

"(1) IN GENERAL.—In the administration of section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018) involving the determination of the qualifications of applicants under such Act, the

Secretary of Agriculture may, subject to this subsection, require each applicant retail store or wholesale food concern to furnish to the Secretary of Agriculture the employer identification number assigned to the store or concern pursuant to this section. The Secretary of Agriculture shall not have access to any such number for any purpose other than the establishment and maintenance of a list of the names and employer identification numbers of the stores and concerns for use in determining those applicants who have been previously sanctioned or convicted under section 12 or 15 of such Act (7 U.S.C. 2021 or 2024).

"(2) **SAFEGUARDS.**—The Secretary of Agriculture shall restrict, to the satisfaction of the Secretary of the Treasury, access to employer identification numbers obtained pursuant to paragraph (1) only to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of the Food Stamp Act of 1977. The Secretary of Agriculture shall provide such other safeguards as the Secretary of the Treasury determines to be necessary or appropriate to protect the confidentiality of the employer identification numbers.

"(3) **CONFIDENTIALITY AND NONDISCLOSURE RULES.**—Employer identification numbers that are obtained or maintained by the Secretary of Agriculture pursuant to this subsection shall be confidential, and no officer or employee of the United States who has or had access to the social security account numbers shall disclose any such employer identification number obtained thereby in any manner. For purposes of this paragraph, the term 'officer or employee' includes a former officer or employee.

"(4) **SANCTIONS.**—Paragraphs (1), (2), and (3) of section 7213(a) shall apply with respect to the unauthorized willful disclosure to any person of employer identification numbers maintained by the Secretary of Agriculture pursuant to this subsection in the same manner and to the same extent as such paragraphs apply with respect to unauthorized disclosures of return and return information described in such paragraphs. Paragraph (4) of section 7213(a) shall apply with respect to the willful offer of any item of material value in exchange for any such employer identification number in the same manner and to the same extent as such paragraph applies with respect to offers (in exchange for any return or return information) described in such paragraph."

SEC. 1736. SIMPLIFIED APPLICATION REQUIREMENTS.

Section 11(e)(2) (7 U.S.C. 2020(e)(2)) is amended—

(1) in the third sentence, by striking "instructions" and inserting "(on or near its front cover) explanations"; and

(2) by striking the sentence beginning "One adult member" and inserting the following new sentences: "The State agency shall require that an adult representative of each household that is applying for food stamp benefits shall certify in writing, under penalty of perjury, that the information contained in the application is true and that all members of the household are either citizens or are aliens eligible to receive food stamps under

section 6(f). The signature of the adult under this section shall be deemed sufficient to comply with any provision of Federal law requiring household members to sign the application or statements in connection with the application process."

SEC. 1737. ESTIMATES IN LIEU OF VERIFICATION FOR HOMELESS HOUSEHOLDS WITH SHELTER COSTS.

Section 11(e)(3)(E) (7 U.S.C. 2020(e)(3)(E)) is amended by inserting before the final semicolon a period and the following: "Under rules prescribed by the Secretary, a State agency shall develop standard estimates of the shelter expenses that may reasonably be expected to be incurred by households in which all members are homeless but that are not receiving free shelter throughout the month. The Secretary may issue regulations to preclude the use of the estimates for households with extremely low shelter costs for whom the following sentence shall not apply. A State agency shall use the estimates in determining the allotments of the households, unless a household verifies higher expenses".

SEC. 1738. RURAL ISSUANCE PROCEDURES.

Section 11(e) (7 U.S.C. 2020(e)) is amended—

- (1) by striking "and" at the end of paragraph (21);
- (2) by striking the period at the end of paragraph (22) and inserting a semicolon;
- (3) by striking "and" at the end of paragraph (23);
- (4) by striking the period at the end of paragraph (24) and inserting "; and"; and
- (5) by adding at the end the following new paragraph:
 "(25) a procedure for designating project areas or parts of project areas that are rural and in which low-income persons face substantial difficulties in obtaining transportation. The State agency shall designate the areas according to procedures approved by the Secretary. In each area so designated, the State agency shall provide for the issuance of coupons by mail to all eligible households in the area, except that any household with mail losses exceeding levels established by the Secretary shall not be entitled to such a mailing and the State agency shall not be required to issue coupons by mail in those localities within such area where the mail loss rates exceed standards set by the Secretary."

SEC. 1739. NUTRITION EDUCATION.

Section 11(f) (7 U.S.C. 2020(f)) is amended by striking the first sentence and inserting the following new sentence: "To encourage the purchase, preparation, and consumption of nutritious foods, the Secretary is authorized to assign responsibility for the nutrition education of individuals eligible for food stamps, or the program for the distribution of commodities on reservations, to the Cooperative Extension Service, in cooperation with the Food and Nutrition Service."

SEC. 1740. FOOD STAMP APPLICATION FOR GENERAL ASSISTANCE HOUSEHOLDS.

Section 11(i)(3) (7 U.S.C. 2020(i)(3)) is amended—

(1) by inserting after "State or local general assistance grant" the following: "in a State that has a single State-wide general assistance application form"; and

(2) by inserting before the semicolon at the end the following: ", and households applying for a local general assistance grant in a local jurisdiction in which the agency administering the general assistance program also administers the food stamp program shall be provided an application for participation in the food stamp program at the time of their application for general assistance, along with information concerning how to apply for the food stamp program".

SEC. 1741. APPLICANTS FOR SUPPLEMENTAL SECURITY INCOME.

Section 11(j)(1) (7 U.S.C. 2020(j)(1)) is amended by inserting "supplemental security income or" after "recipient of".

SEC. 1742. AUDIT OF SIMPLIFIED FOOD STAMP APPLICATIONS AT SOCIAL SECURITY ADMINISTRATION OFFICES.

(a) *IN GENERAL.*—The Comptroller General of the United States shall conduct an audit of the programs established under subsections (i) and (j) of section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) under which an applicant for or recipient of social security benefits may make or be provided a simple application to participate in the food stamp program at social security offices, including an examination of whether—

(1) the programs are operating effectively; and

(2)(A) the program for recipients of supplemental security income established under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) should be expanded to include all applicants for and recipients of social security benefits; or

(B) a joint application is feasible for benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) and supplemental security income benefits.

(b) *REPORT.*—Not later than December 31, 1991, the Comptroller General shall deliver a report on the results of the study required by this section to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Special Committee on Aging of the Senate.

SEC. 1743. PERMANENT DISQUALIFICATION.

Section 12(b)(3) (7 U.S.C. 2021(b)(3)) is amended—

(1) by striking "or" at the end of subparagraph (A);

(2) in subparagraph (B)—

(A) by inserting after "\$20,000" the following: "for each violation (except that the amount of civil money penalties imposed during a 2-year period may not exceed \$40,000)";

(B) by inserting after "substantial evidence" the following: "(including evidence that neither the ownership nor management of the store or food concern was aware of, approved, benefited from, or was involved in the conduct or approval of the violation)"; and

(C) by striking the period at the end of the subparagraph and inserting "; or"; and

(3) by adding at the end the following new subparagraph:

"(C) a finding of the sale of firearms, ammunition, explosives, or controlled substances (as the term is defined in sec-

tion 802 of title 21, United States Code) for coupons, except that the Secretary shall have the discretion to impose a civil money penalty of up to \$20,000 for each violation (except that the amount of civil money penalties imposed during a 2-year period may not exceed \$40,000) in lieu of disqualification under this subparagraph if the Secretary determines that there is substantial evidence (including evidence that neither the ownership nor management of the store or food concern was aware of, approved, benefited from, or was involved in the conduct or approval of the violation) that the store or food concern had an effective policy and program in effect to prevent violations of this Act."

SEC. 1744. FINES FOR ACCEPTANCE OF LOOSE COUPONS.

Section 12(e) (7 U.S.C. 2021(e)) is amended by adding at the end the following new paragraph:

"(3) The Secretary may impose a fine against any retail food store or wholesale food concern that accepts food coupons that are not accompanied by the corresponding book cover, other than the denomination of coupons used for making change as specified in regulations issued under this Act. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations issued under this Act separately or in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the store or concern to collect the fine."

SEC. 1745. FINES FOR UNAUTHORIZED THIRD PARTIES THAT ACCEPT FOOD STAMPS.

Section 12 (7 U.S.C. 2021) is amended by adding at the end the following new subsection:

"(f) The Secretary may impose a fine against any person not approved by the Secretary to accept and redeem food coupons who violates any provision of this Act or a regulation issued under this Act, including violations concerning the acceptance of food coupons. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations issued under this Act separately or in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the person to collect the fine."

SEC. 1746. FRAUD CLAIMS REPAYMENT.

The last sentence of section 13(b)(1)(A) (7 U.S.C. 2022(b)(1)(A)) is amended by striking "within thirty days" and inserting "on the date of receipt (or, if the date of receipt is not a business day, on the next business day)".

SEC. 1747. COMPUTER FRAUD PENALTIES.

(a) **USE OF AN ACCESS DEVICE.**—The first sentence of section 15(b)(1) (7 U.S.C. 2024(b)(1)) is amended—

(1) by striking "or authorization cards in any manner not authorized by" and inserting ", authorization cards, or access devices in any manner contrary to";

(2) by inserting after "a value of \$100 or more," the following: "or if the item used, transferred, acquired, altered, or possessed is an access device that has a value of \$100 or more,"; and

(3) by inserting after "a value of less than \$100," the following: "or if the item used, transferred, acquired, altered, or processed is an access device that has a value of less than \$100,".

(b) **DEFINITION.**—Section 3 (7 U.S.C. 2012) is amended by adding at the end the following new subsection:

"(u) 'Access device' means any card, plate, code, account number, or other means of access that can be used, alone or in conjunction with another access device, to obtain payments, allotments, benefits, money, goods, or other things of value, or that can be used to initiate a transfer of funds under this Act."

(c) **CONFORMING CHANGE.**—The first sentence of section 15(g) (7 U.S.C. 2024(g)) is amended by striking "or authorization cards in any manner not authorized by" and inserting ", authorization cards or access devices, or anything of value obtained by use of an access device, in any manner contrary to".

SEC. 1748. UNLAWFUL USE OF COUPONS IN LAUNDERING MONETARY INSTRUMENTS.

The first sentence of section 15(b)(1) (7 U.S.C. 2024(b)(1)) (as amended by section 1747) is further amended—

(1) by inserting after "Act shall," the following: "if such coupons, authorization cards, or access devices are of a value of \$5,000 or more, be guilty of a felony and shall be fined not more than \$250,000 or imprisoned for not more than twenty years, or both, and shall,"; and

(2) by inserting after "\$100 or more," each place that such appears the following: "but less than \$5,000,".

SEC. 1749. COUPON TRAFFICKING.

Section 15(c) (7 U.S.C. 2024(c)) is amended by striking "\$10,000" each place it appears and inserting "\$20,000".

SEC. 1750. RETENTION OF FUNDS OR ALLOTMENTS RECOVERED OR COLLECTED BY STATES.

The proviso of the first sentence of section 16(a) (7 U.S.C. 2025(a)) is amended—

(1) by striking "50 per centum" and inserting "25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter"; and

(2) by striking "25 per centum" and inserting "10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter".

SEC. 1751. QUALITY CONTROL SANCTIONS.

(a) **IN GENERAL.**—No disallowance or other similar action shall be applied to or collected from any State for any of the fiscal years 1983, 1984, or 1985 under section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) or any predecessor statutory or regulatory provision relating to disallowances or other similar actions for erroneous issuances made in carrying out a State plan under such Act, except for amounts to be paid or collected after the date of enactment of this Act pursuant to settlement agreements which do not provide for payment adjustments based on future changes in law.

(b) **APPLICATION.**—Subsection (a) shall also apply to disallowances described in subsection (a) with respect to which an administrative or judicial appeal is pending on the date of enactment of this Act, including any such disallowance that has been collected before such date.

SEC. 1752. FEDERAL MATCH FOR AUTOMATION.

(a) **IN GENERAL.**—Section 16(g) (7 U.S.C. 2025(g)) is amended—

(1) by striking “Effective October 1, 1980, the” and inserting “The”; and

(2) by striking “75 per centum” and inserting “63 percent effective on October 1, 1991”.

(b) **APPLICATION.**—The amendment made by subsection (a)(2) shall not apply to proposals for automatic data processing and information retrieval systems under section 16(g) of the Food Stamp Act of 1977 that were approved by the Secretary of Agriculture prior to the date of enactment of this Act.

SEC. 1753. EMPLOYMENT AND TRAINING ALLOCATIONS.

Paragraph (1) of section 16(h) (7 U.S.C. 2025(h)(1)) is amended to read as follows:

“(1)(A) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for the fiscal year under section 18(a)(1), the amount of \$75,000,000 for each of the fiscal years 1991 through 1995 to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during the fiscal year.

“(B) In making the allocation required by subparagraph (A) for each of the fiscal years 1992 through 1995, the Secretary shall allocate \$15,000,000 among the States based on State agency performance under section 6(d)(4), as determined by the Secretary.

“(C) In making the allocation required by subparagraph (A) for fiscal year 1992, the Secretary shall allocate nonperformance funding of \$60,000,000 among the States in a manner such that each State is allocated funds equal to—

“(i) a funding level determined under the nonperformance funding allocation formula used for fiscal year 1991;

“(ii) increased by one-half of the difference between such funding level and an amount, if larger, based on the State's proportion of the number of individuals registered for work under section 6(d)(4); or

“(iii) decreased by one-half of the difference between such funding level and such amount, if such amount is smaller.

“(D) In making the allocation required by subparagraph (A) for each of the fiscal years 1993 through 1995, the Secretary shall allocate nonperformance funding of \$60,000,000 among the States based on each State's proportion of the number of individuals registered for work under section 6(d)(4).

“(E) Notwithstanding subparagraphs (C) and (D), the Secretary shall—

“(i) for fiscal year 1992, ensure that each State is allocated at least \$50,000 by reducing, to the extent necessary, the funds allocated to States (other than States allocated less than \$50,000) whose funding level has been increased under subparagraph (C); and

"(ii) for each of the fiscal years 1993 through 1995, ensure that each State is allocated at least \$50,000 by reducing, to the extent necessary, the funds allocated to those States allocated more than \$50,000.

"(F) Each such State's share of such reduction under subparagraph (E) shall represent its proportion of individuals registered for work under section 6(d)(4) in all States subject to the reduction."

SEC. 1754. EXTENSION OF PILOT PROJECTS.

The last sentence of section 17(b)(1) (7 U.S.C. 2026(b)(1)) is amended by striking "1990" and inserting "1995".

SEC. 1755. SALES TAXES IN CASH-OUT DEMONSTRATION PROJECTS.

Section 17(b)(1) (7 U.S.C. 2026(b)(1)) is amended—

- (1) by inserting "(A)" after the paragraph designation; and
- (2) by adding at the end the following new subparagraph:

"(B)(i) No waiver or demonstration program shall be approved under this Act after the date of enactment of this subparagraph unless—

"(I) any household whose food assistance is issued in a form other than coupons has its allotment increased to the extent necessary to compensate for any State or local sales tax that may be collected in all or part of the area covered by the demonstration project, the tax on purchases of food by any such household is waived, or the Secretary determines on the basis of information provided by the State agency that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

"(II) the State agency conducting the demonstration project pays the cost of any increased allotments.

"(ii) Clause (i) shall not apply if a waiver or demonstration project already provides a household with assistance that exceeds that which the household would otherwise be eligible to receive by more than the estimated amount of any sales tax on the purchases of food that would be collected from the household in the project area in which the household resides."

SEC. 1756. ENHANCED WAIVER AUTHORITY FOR DEMONSTRATION PROJECTS.

Section 17(b) (7 U.S.C. 2026(b)) is amended—

- (1) in the second sentence of paragraph (1)(A) (as amended by section 1755(1) of this Act), by inserting after "eligible households" the following: "or a project conducted under paragraph (3)"; and

- (2) by adding at the end the following new paragraph:

"(3)(A) The Secretary may conduct demonstration projects to test improved consistency or coordination between the food stamp employment and training program and the Job Opportunities and Basic Skills program under title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(B) Notwithstanding paragraph (1), the Secretary may, as part of a project authorized under this paragraph, waive requirements under section 6(d) to permit a State to operate an employment and training program for food stamp recipients on the same terms and conditions under which the State operates its Job Opportunities and Basic Skills program for recipients of aid to families with depend-

ent children under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.). Any work experience program conducted as part of the project shall be conducted in conformity with section 482(f) of such Act (42 U.S.C. 682(f)).

"(C) A State seeking such a waiver shall provide assurances that the resulting employment and training program shall meet the requirements of subsections (a)(19) and (g) of section 402 of such Act (42 U.S.C. 602) (but not including the provision of transitional benefits under clauses (ii) through (vii) of section 402(g)(1)(A) and sections 481 through 487 of such Act (42 U.S.C. 681 through 687). Each reference to 'aid to families with dependent children' in such sections shall be deemed to be a reference to food stamps for purposes of the demonstration project.

"(D) Notwithstanding the other provisions of this paragraph, participation in an employment and training activity in which food stamp benefits are converted to cash shall occur only with the consent of the participant.

"(E) For the purposes of any project conducted under this paragraph, the provisions of this Act affecting the rights of recipients may be waived to the extent necessary to conform to the provisions of section 402, and sections 481 through 487, of the Social Security Act.

"(F) At least 60 days prior to granting final approval of a project under this paragraph, the Secretary shall publish the terms and conditions for any demonstration project conducted under the paragraph for public comment in the Federal Register and shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(G) Waivers may be granted under this paragraph to conduct projects at any one time in a total of up to 60 project areas (or parts of project areas), as such areas are defined in regulations in effect on January 1, 1990.

"(H) A waiver for a change in program rules may be granted under this paragraph only for a demonstration project that has been approved by the Secretary, that will be evaluated according to criteria prescribed by the Secretary, and that will be in operation for no more than 4 years."

SEC. 1757. DEMONSTRATION PROJECTS FOR VEHICLE EXCLUSION LIMIT.

Section 17 (7 U.S.C. 2026) is amended by adding at the end the following new subsection:

"(h) The Secretary shall conduct a sufficient number of demonstration projects to evaluate the effects, in both rural and urban areas, of including in financial resources under section 5(g) the fair market value of licensed vehicles to the extent the value of each vehicle exceeds \$4,500, but excluding the value of—

"(1) any licensed vehicle that is used to produce earned income, necessary for transportation of an elderly or physically disabled household member, or used as the household's home; and

"(2) one licensed vehicle used to obtain, continue, or seek employment (including travel to and from work), used to pursue

employment-related education or training, or used to secure food or the benefits of the food stamp program.”.

SEC. 1758. DEMONSTRATION PROJECTS FOR AFDC/FOOD STAMP SIMPLIFICATION.

Section 17 (7 U.S.C. 2026) (as amended by section 1757 of this Act) is further amended by adding at the end the following new subsection:

“(i)(1) The Secretary may conduct four demonstration projects, in both urban and rural areas, under which households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (hereafter in this subsection referred to as an ‘eligible household’) shall be issued monthly allotments following the rules and procedures of programs under part A of title IV of the Social Security Act, and without regard to the eligibility, benefit, and administrative rules established under this Act other than those terms and conditions specified under this subsection or established by the Secretary to ensure program integrity.

“(2) In carrying out the demonstration projects, the Secretary shall ensure the following:

“(A) The third sentence of section 3(i), subsections (b) and (d)(2) of section 6, the first sentence of section 6(c), paragraphs (1)(B), (3), (4), and (9) of section 11(e), and all applicable provisions of this Act dealing with the treatment of homeless individuals and migrant and seasonal farm worker households shall apply.

“(B) Assistance under the food stamp program shall be furnished to all eligible households who make application for assistance by providing any information that is needed by the State agency to determine the correct monthly allotment and that has not been provided as part of the household’s application for assistance under part A of title IV of the Social Security Act.

“(C) Eligible households’ monthly allotments shall be calculated under section 8(a), except that a household’s income shall be determined in accordance with subparagraphs (D) and (E). The allotments shall be provided retroactive to the date of application.

“(D) For purposes of determining monthly allotments under this subsection, household income shall be the benefit provided under part A of title IV of the Social Security Act and the amount used to determine the household’s benefit under such part (not including any amount disregarded for dependent care expenses), except that the amount shall be calculated without regard to section 402(a)(7)(C) of such Act (42 U.S.C. 602(a)(7)(C)) and shall not include nonrecurring lump-sum income and income deemed or allocated to the household under such part.

“(E) In computing household income for purposes of determining monthly allotments, all eligible households shall be allowed the standard, earned income, excess shelter, and medical expense deductions provided under section 5(e) in lieu of any earned income disregards provided under section 402(a)(8) of the Social Security Act (42 U.S.C. 602(a)(8)). Alternatively, the Sec-

retary may approve demonstration projects under which households without earned income are allowed such standard, excess shelter, and medical expense deductions, and household income for households with earned income is computed using such deductions and the earned income disregards provided under section 402(a)(8) of the Social Security Act to the extent that the Secretary determines they are consistent with the purposes of the demonstration projects required under this subsection.

"(F) Uninterrupted food stamp assistance shall be provided to households who become ineligible to receive the assistance under this subsection but are determined otherwise eligible for food stamp assistance and to households receiving food stamp assistance other than under this subsection who are determined eligible under this subsection.

"(G) Any other requirements and administrative procedures equivalent to those applicable under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may be used in implementing the demonstration projects required under this subsection, if the Secretary determines that the requirements or procedures further the purposes of this subsection and do not undermine program integrity.

"(3) In establishing the projects, the Secretary shall solicit proposals from, and consult with, interested State and local agencies and shall consult with the Secretary of Health and Human Services on waivers of Federal rules under part A of title IV of the Social Security Act that would assist in carrying out the projects required under this subsection.

"(4) Not later than six months after termination of any project, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate evaluating the results of the demonstration projects established under this subsection, including evaluations of the effects on recipients and administrators."

SEC. 1759. GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.

Section 17 (7 U.S.C. 2026) (as amended by section 1758 of this Act) is further amended by adding at the end the following new subsection:

"(j)(1)(A) Subject to the availability of funds specifically appropriated to carry out this subsection and subject to the other provisions of this subsection, during each of fiscal years 1992 through 1995, the Secretary shall make grants competitively awarded to public or private nonprofit organizations to fund food stamp outreach demonstration projects (hereinafter in this subsection referred to as the 'projects') and related evaluations in areas of the United States to increase participation by eligible low-income households in the food stamp program. The total amount of grants provided during a fiscal year may not exceed \$5,000,000. Funds appropriated to carry out this subsection shall be used in the year during which the funds are appropriated. Not more than 20 percent of the funds appropriated to carry out this subsection shall be used for evaluations.

"(B) The Secretary shall make a grant under this paragraph only to an entity that demonstrates to the Secretary that the entity is able to conduct the outreach functions described in this subsection.

"(2) Outreach projects under this subsection shall be targeted toward members of rural, elderly, and homeless populations, low-income working families with children, and non-English speaking minorities (hereinafter in this subsection collectively referred to as 'target populations').

"(3)(A) The Secretary shall appoint an advisory panel (hereinafter in this subsection referred to as the 'panel') composed of representatives of the target populations as well as individuals with expertise in the area of program evaluation. The panel shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App. 2).

"(B) The Secretary shall select recipients for grants, taking into consideration any recommendations from the panel concerning criteria that should be used in selecting recipients, to carry out projects under this subsection based on the appropriateness of the methods proposed for the projects to reach target populations. Appropriate methods shall include—

"(i) the production of electronic media campaigns (with the total amount allocated for the campaigns in the aggregate not to exceed 15 percent of the total amount of funds specified in paragraph (1)(A));

"(ii) utilization of local outreach workers and volunteers;

"(iii) development of solutions to transportation and access problems;

"(iv) in-service training for those capable of referring households to the program;

"(v) community presentations and education;

"(vi) pre-screening assistance for program eligibility;

"(vii) individualized client assistance;

"(viii) consultation and referral for benefit appeals; and

"(ix) recruitment of authorized representatives for applicants unable to appear for certification or at authorized food stores.

"(C) In selecting grant recipients, the Secretary shall take into consideration the ability of the applicants to produce useful data for evaluation purposes.

"(D) In selecting grant recipients from among applicant public agencies, preference shall be given to those applicants that propose to involve nonprofit organizations in projects to be carried out with the grants.

"(E) The Secretary shall provide at least one grant equal to 50 percent of the cost of the development of outreach materials aimed at the general food stamp eligible population as well as the specific target populations, including written materials and public service announcements, so that the materials may be used or adopted by other grant recipients, as appropriate. To be eligible to receive any such grant, a recipient shall provide matching funds equal to 50 percent of the cost of the development of materials described in the preceding sentence. In carrying out this subparagraph, the Secretary shall give preference to applicants that demonstrate the ability to disseminate the materials through other public and private nonprofit organizations. Not to exceed \$500,000 of the funds provided under this subsection for any fiscal year shall be used for the grant.

"(4)(A) The Secretary shall evaluate a sufficient number of projects to be able to determine the effectiveness of the projects and the techniques employed by the projects with respect to—

- "(i) success in reducing barriers to participation;
- "(ii) increasing overall program participation including participation among target populations;
- "(iii) administrative effectiveness;
- "(iv) program efficiency; and
- "(v) adequacy of administrative resource levels to conduct the activities effectively.

"(B) The Secretary shall provide an interim report on the results of the evaluation carried out under subparagraph (A) not later than 1 year after a sufficient number of projects have begun and a final report not later than 3 years after a sufficient number of projects have begun to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(C) The Secretary shall also examine and report on previous research regarding reasons for nonparticipation and effective methods to conduct outreach and to reduce barriers to participation.

"(5) The Secretary shall—

"(A) within 180 days after funds are appropriated, publish such notice as may be necessary to implement this subsection;

"(B) accept proposals from organizations for projects under this subsection for 90 days following the date the notice is published; and

"(C) begin to award grants under this subsection beginning no later than 180 days following the date the notice is published."

SEC. 1760. REAUTHORIZATION OF FOOD STAMP PROGRAM.

Section 18 (7 U.S.C. 2027) is amended—

(1) in subsection (a)(1)—

(A) by striking the first two sentences and inserting the following new sentence: "To carry out this Act, there are authorized to be appropriated such sums as are necessary for each of the fiscal years 1991 through 1995."; and

(B) in the last sentence, by striking "reductions in the value of allotments issued to households certified to participate in the food stamp program will be necessary under subsection (b) of this section" and inserting "supplemental appropriations will be needed to support the operation of the program through the end of the fiscal year"; and

(2) in subsection (b), by striking "amount authorized in subsection (a)(1)".

SEC. 1761. NUTRITION EDUCATION IMPROVEMENTS.

Section 18(a) (7 U.S.C. 2027(a)) (as amended by section 1760 of this Act) is amended—

(1) in the second sentence of subsection (a)(1), by inserting before the period at the end the following: ", subject to paragraph (3)"; and

(2) by adding at the end the following new paragraph:

"(3)(A) Of the amounts made available under the second sentence of paragraph (1), not more than \$2,000,000 in any fiscal year may be used by the Secretary to make 2-year competitive grants that will—

"(i) enhance interagency cooperation in nutrition education activities; and

"(ii) develop cost effective ways to inform people eligible for food stamps about nutrition, resource management, and community nutrition education programs, such as the expanded food and nutrition education program.

"(B) The Secretary shall make awards under this paragraph to one or more State cooperative extension services (as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5))) who shall administer the grants in coordination with other State or local agencies serving low-income people.

"(C) Each project shall include an evaluation component and shall develop an implementation plan for replication in other States.

"(D) The Secretary shall report to the appropriate committees of Congress on the results of the projects and shall disseminate the results through the cooperative extension service system and to State human services and health department offices, local food stamp program offices, and other entities serving low-income households."

SEC. 1762. NUTRITION ASSISTANCE PROGRAM IN PUERTO RICO.

(a) **POLICY OF CONGRESS.**—It is the policy of Congress that citizens of the United States who reside in the Commonwealth of Puerto Rico should be safeguarded against hunger and treated on an equitable and fair basis with other citizens under Federal nutritional programs.

(b) **FUNDING LEVELS.**—Subparagraph (A) of section 19(a)(1) (7 U.S.C. 2028(a)(1)(A)) is amended to read as follows:

"(A) From the sums appropriated under this Act, the Secretary shall, subject to the provisions of this section, pay to the Commonwealth of Puerto Rico \$974,000,000 for fiscal year 1991, \$1,013,000,000 for fiscal year 1992, \$1,051,000,000 for fiscal year 1993, \$1,091,000,000 for fiscal year 1994, and \$1,133,000,000 for fiscal year 1995, to finance 100 percent of the expenditures for food assistance provided to needy persons and 50 percent of the administrative expenses related to the provision of the assistance."

(c) **STUDY OF NUTRITIONAL NEEDS OF PUERTO RICANS.**—The Comptroller General of the United States shall conduct a study of—

(1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, including—

(A) the adequacy of the nutritional level of the diets of members of households receiving assistance under the nutrition assistance program and other households not currently receiving the assistance;

(B) the incidence of inadequate nutrition among children and the elderly residing in the Commonwealth;

(C) the nutritional impact of restoring the level of nutritional assistance provided to households in the Commonwealth to the level of the assistance provided to other households in the United States; and

(D) such other factors as the Comptroller General considers appropriate; and

(2) the potential alternative means of providing nutritional assistance in the Commonwealth of Puerto Rico, including—

(A) the impact of restoring the Commonwealth to the food stamp program;

(B) increasing the benefits provided under the nutrition assistance program to the aggregate value of food stamp coupons that would be distributed to households in the Commonwealth if the Commonwealth were to participate in the food stamp program; and

(C) the usefulness of adjustments to standards of eligibility and other factors appropriate to the circumstances of the Commonwealth comparable to those adjustments made under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) for Alaska, Hawaii, Guam, and the Virgin Islands of the United States.

(d) **REPORT OF FINDINGS.**—Not later than August 1, 1992, the Comptroller General shall submit a final report on the findings of the study required under subsection (c) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 1763. AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS.

(a) **IN GENERAL.**—The Act (7 U.S.C. 2011 et seq.) is amended by adding at the end the following new section:

"SEC. 23. AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS.

"(a) STANDARDS AND PROCEDURES FOR REVIEWS.—

"(1) INITIAL REVIEWS.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall complete a review of regulations and standards (in effect on the date of enactment of this section) for the approval of an automated data processing and information retrieval system maintained by a State (hereinafter in this section referred to as a "system") to determine the extent to which the regulations and standards contribute to a more effective and efficient program.

"(B) REVISION OF REGULATIONS.—The Secretary shall revise regulations (in effect on the date of enactment of this Act) to take into account the findings of the review conducted under subparagraph (A).

"(C) INCORPORATION OF EXISTING SYSTEMS.—The regulations shall require States to incorporate all or part of systems in use elsewhere, unless a State documents that the design and operation of an alternative system would be less costly. The Secretary shall establish standards to define the extent of modification of the systems for which payments will be made under either section 16(a) or 16(g).

"(D) IMPLEMENTATION.—Proposed systems shall meet standards established by the Secretary for timely implementation of proper changes.

"(E) COST EFFECTIVENESS.—Criteria for the approval of a system under section 16(g) shall include the cost effectiveness of the proposed system. On implementation of the ap-

proved system, a State shall document the actual cost and benefits of the system.

"(2) OPERATIONAL REVIEWS.—The Secretary shall conduct such reviews as are necessary to ensure that systems—

"(A) comply with conditions of initial funding approvals; and

"(B) adequately support program delivery in compliance with this Act and regulations issued under this Act.

"(b) STANDARDS FOR APPROVAL OF SYSTEMS.—

"(1) IN GENERAL.—After conducting the review required under subsection (a), the Secretary shall establish standards for approval of systems.

"(2) IMPLEMENTATION.—A State shall implement the standards established by the Secretary within a reasonable period of time, as determined by the Secretary.

"(3) PERIODIC COMPLIANCE REVIEWS.—The Secretary shall conduct appropriate periodic reviews of systems to ensure compliance with the standards established by the Secretary.

"(c) REPORT.—Not later than October 1, 1993, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which State agencies have developed and are operating effective systems that support food stamp program delivery in compliance with this Act and regulations issued under this Act."

(b) CONFORMING AMENDMENT.—The first sentence of section 11(g) (7 U.S.C. 2020(g)) is amended by inserting after "section 16(b)(1)" the following: "or the requirements established pursuant to section 23".

Subtitle B—Commodity Distribution Programs

SEC. 1771. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAMS.

(a) REAUTHORIZATION.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by striking "1986, 1987, 1988, 1989, and 1990" and inserting "1991 through 1995".

(b) INFANTS AND CHILDREN.—

(1) IN GENERAL.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by inserting after "distribution to institutions" the following: "(including hospitals and facilities caring for needy infants and children)".

(2) CONFORMING AMENDMENT.—Section 416(a)(3) of the Agricultural Act of 1949 (7 U.S.C. 1431(a)(3)) is amended by striking "hospitals, to the extent that needy persons are served" and inserting "hospitals and facilities, to the extent that they serve needy persons (including infants and children)".

(c) ELDERLY.—The Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended—

(1) in section 4(a), by striking "supplemental feeding programs" and inserting "supplemental feeding programs serving women, infants, and children or elderly persons, or both,"; and

(2) in section 5(f), by inserting after "additional sites for the program" the following: "including sites that serve only elderly persons,".

(d) **ADMINISTRATIVE FUNDING.**—Section 5(a)(2) of such Act (7 U.S.C. 612c note) is amended—

(1) by striking "1986 through 1990" and inserting "1991 through 1995"; and

(2) by striking "15 per centum" and all that follows through the end of the subsection and inserting "20 percent of the amount appropriated for the commodity supplemental food program,".

(e) **REFERRALS TO OTHER PROGRAMS.**—Section 5 of such Act (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsections:

"(h) Each State agency administering a commodity supplemental food program serving women, infants, and children shall—

"(1) ensure that written information concerning food stamps, the program for aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), and the child support enforcement program under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) is provided on at least one occasion to each adult who applies for or participates in the commodity supplemental food program;

"(2) provide each local agency with materials showing the maximum income limits, according to family size, applicable to pregnant women, infants, and children up to age 6 under the medical assistance program established under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (hereinafter referred to in this section as the 'medicaid program') which materials may be identical to those provided under section 17(e)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)(3)); and

"(3) ensure that local agencies provide to pregnant, breast feeding and post partum women, and adults applying on behalf of infants or children, who apply to the commodity supplemental food program, or who reapply to such program, written information about the medicaid program and referral to the program or to agencies authorized to determine presumptive eligibility for the medicaid program, if the individuals are not participating in the medicaid program.

"(i) Each State agency administering a commodity supplemental food program serving elderly persons shall ensure that written information is provided on at least one occasion to each elderly participant in or applicant for the commodity supplemental food program for the elderly concerning—

"(1) food stamps provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

"(2) the supplemental security income benefits provided under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.); and

"(3) medical assistance provided under title XIX of such Act (42 U.S.C. 1396 et seq.) (including medical assistance provided to a qualified medicare beneficiary (as defined in section 1905(p) of such Act (42 U.S.C. 1396d(5)))."

(f) **ADVANCE WARNING FOR DECLINE IN NUMBER OF PERSONS SERVED UNDER PROGRAM.**—Section 5 of such Act (7 U.S.C. 612c

note) (as amended by subsection (e) of this section) is further amended by adding at the end the following new subsection:

"(j)(1) If the Secretary must pay a significantly higher than expected price for one or more types of commodities purchased under the commodity supplemental food program, the Secretary shall promptly determine whether the price is likely to cause the number of persons that can be served in the program in a fiscal year to decline.

"(2) If the Secretary determines that such a decline would occur, the Secretary shall promptly notify the State agencies charged with operating the program of the decline and shall ensure that a State agency notify all local agencies operating the program in the State of the decline."

SEC. 1772. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) **SHORT TITLE.**—The Temporary Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended—

(1) by striking the title and inserting the following new title:

"TITLE II—EMERGENCY FOOD ASSISTANCE ACT OF 1983";
and

(2) in section 201, by striking "Temporary".

(b) **AVAILABILITY OF CCC COMMODITIES.**—Section 202 of such Act (7 U.S.C. 612c note) is amended by adding at the end the following new subsection:

"(g)(1) Whenever commodities acquired by the Commodity Credit Corporation are made available for donation to domestic food programs in quantities that exceed Federal obligations, the Secretary shall give equal consideration to making donations of such commodities to emergency feeding organizations participating in the program authorized by this Act as is given to other commodity recipient agencies, taking into account the types and amounts of commodities available and appropriate for distribution to these organizations.

"(2) In determining the commodities that will be made available to emergency feeding organizations under this Act, the Secretary may distribute commodities that become available on a seasonal or irregular basis."

(c) **REAUTHORIZATION.**—Section 204 of such Act (7 U.S.C. 612c note) is amended—

(1) by striking subsections (a) and (b);

(2) by redesignating subsections (c) and (d) as subsections (a) and (b), respectively; and

(3) in subsection (a)(1) (as so redesignated), by striking "ending September 30, 1986, through September 30, 1990," and inserting "1991 through 1995".

(d) **HANDLING COSTS.**—The second sentence of section 204(a)(2) of such Act (7 U.S.C. 612c note) (as redesignated by subsection (c)(2) of this section) is amended by inserting after "handling," the following: "repackaging, processing,".

(e) **ESTIMATES OF TYPES AND QUANTITIES OF AVAILABLE COMMODITIES.**—Section 210 of such Act (7 U.S.C. 612c note) by striking subsection (c) and inserting the following new subsection:

"(c)(1) The Secretary shall as early as feasible but not later than the beginning of each fiscal year, publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under the commodity distribution program under this Act during the fiscal year.

"(2) The actual types and quantities of commodities made available by the Secretary under this Act may differ from the estimates made under paragraph (1)."

(f) **PROGRAM TERMINATION.**—Section 212 of such Act (7 U.S.C. 612c note) is amended by striking "1990" and inserting "1995".

(g) **ADDITIONAL COMMODITIES.**—Section 214 of such Act (7 U.S.C. 612c note) is amended—

(1) in subsection (a), by striking "fiscal years 1989 and 1990" and inserting "fiscal years 1991 through 1995"; and

(2) by striking subsection (e) and inserting the following new subsection:

"(e) **AMOUNTS.**—To carry out this section there are authorized to be appropriated \$175,000,000 for fiscal year 1991, \$190,000,000 for fiscal year 1992, and \$220,000,000 for each of the fiscal years 1993 through 1995 to purchase, process, and distribute additional commodities under this section. Any amounts provided for fiscal years 1991 through 1995 shall be available only to the extent and in such amounts as are provided in advance in appropriations acts."

(h) **CONFORMING AMENDMENTS.**—

(1) Section 214 of such Act (7 U.S.C. 612c note) is amended by striking out subsection (k).

(2) Section 4(c) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by striking "(7 U.S.C. 1446a-1) Temporary or the" and inserting "(7 U.S.C. 1446a-1), or the".

(3) Section 3(a)(2)(F) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) is amended by striking clause (i) and inserting the following new clause:

"(i) the emergency food assistance program established under the Emergency Food Assistance Act of 1983 (Public Law 100-237; 7 U.S.C. 612c note); and"

(4) Section 13(3)(E) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) is amended by striking "Temporary".

(5) Section 220(a) of the Hunger Relief Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note) is amended by striking "Temporary" each place it appears.

(6) Section 675(c)(5) of the Community Services Block Grant Act (42 U.S.C. 9904(c)(5)) is amended by striking "Temporary".

SEC. 1773. COMMODITY DISTRIBUTION REFORM.

(a) **CLARIFYING AMENDMENT.**—Section 3(a)(3)(A)(i) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) is amended by inserting after "recipient agencies" the following: ", including food banks".

(b) **ADVANCE FUNDING FOR STATE OPTION CONTRACTS (SOCs).**—Such Act (7 U.S.C. 612c note) is amended by inserting after section 3 the following new section:

"SEC. 3A. ADVANCE FUNDING FOR STATE OPTION CONTRACTS.

"(a) IN GENERAL.—The Secretary may use the funds of the Commodity Credit Corporation and funds made available to carry out section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) to pay for all or a portion of the cost, as agreed on with the State distribution agency, of food or the processing or packaging of food on behalf of a State distribution agency.

"(b) REIMBURSEMENT.—In such cases, the State distribution agency shall reimburse the Secretary for the agreed on cost. Any funds received by the Secretary as reimbursement shall be deposited to the credit of the Commodity Credit Corporation or section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), as appropriate. If the State distribution agency fails, within 150 days of delivery, to make the required reimbursement in full, the Secretary shall, within 30 days, offset any outstanding amount against the appropriate account."

(c) **COMMERCIAL WAREHOUSING AND DISTRIBUTION.**—Section 3(d) of such Act (7 U.S.C. 612c note) is amended—

(1) by striking "Before the expiration of the 270-day period beginning on the date of the enactment of this Act," and inserting the following: "On or before July 1, 1992,"; and

(2) by striking paragraphs (1), (2), and (3) and inserting the following new paragraphs:

"(1) evaluate its system for warehousing and distributing donated commodities to recipient agencies designated in subparagraphs (A) and (B) of section 13(3) (hereafter referred to in this Act as 'child and elderly nutrition program recipient agencies');

"(2) in the case of State distribution agencies that require payment of fees by child and elderly nutrition program recipient agencies for any aspect of warehousing or distribution, implement the warehousing and distribution system that provides donated commodities to such recipient agencies in the most efficient manner, at the lowest cost to such recipient agencies, and at a level that is not less than a basic level of services determined by the Secretary;

"(3) in determining the most efficient and lowest cost system, use commercial facilities for providing warehousing and distribution services to such recipient agencies, unless the State applies to the Secretary for approval to use other facilities demonstrating that, when both direct and indirect costs incurred by such recipient agencies are considered, such other facilities are more efficient and provide services at a lower total cost to such recipient agencies;"

(d) **COMMODITY ACCEPTABILITY INFORMATION.**—Section 3(f)(2) of such Act (7 U.S.C. 612c note) is amended by striking "semiannually" and inserting "annually".

(e) **FOOD BANK PROJECTS.**—Section 4 of such Act (7 U.S.C. 612c note) is amended—

(1) in the section heading, by striking "**DEMONSTRATION**";

(2) in subsection (a), by striking "DEMONSTRATION PROJECT" and inserting "COMMUNITY FOOD BANKS";

(3) in subsection (d), by striking "and ending on December 31, 1990"; and

(4) by striking paragraph (e).

(f) **REPORT ON ENTITLEMENT COMMODITY PROCESSING.**—

(1) **IN GENERAL.**—Not later than January 1, 1992, the Comptroller General of the United States shall submit a report regarding processing of entitlement commodities used in child nutrition programs to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(2) **CONSULTATION.**—The Comptroller General shall consult with representatives of State and Federal commodity distribution authorities, local elected school authorities, local school food service authorities, and food processors with experience providing service to child nutrition programs regarding the scope and design of the report.

(3) **EVALUATION.**—The report shall evaluate the extent to which—

(A) processing of entitlement commodities occurs in the States;

(B) governmental requirements for participation in the processing vary among States; and

(C) entitlement commodity recipients are satisfied with access to and services provided through entitlement commodity processing.

SEC. 1774. HUNGER PREVENTION PROGRAMS.

(a) **SOUP KITCHENS AND FOOD BANKS.**—Section 110 of the Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note) is amended—

(1) in subsection (a), by striking "1991" and inserting "1995"; and

(2) in subsection (b)—

(A) by redesignating paragraphs (4) through (8) as paragraphs (5) through (9), respectively; and

(B) by inserting after paragraph (3) the following new paragraph:

"(4) **FOOD PANTRY.**—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.";

(3) by striking subsection (c) and inserting the following new subsection:

"(c) **AMOUNTS.**—

"(1) **1991 FISCAL YEAR.**—During fiscal year 1991, the Secretary shall spend \$32,000,000, to purchase, process, and distribute additional commodities to States for distribution to soup kitchens and food banks within a given State that provide nutrition assistance to relieve situations of emergency and distress through the provision of food and meals to needy persons.

"(2) 1992 THROUGH 1995 FISCAL YEARS.—There are authorized to be appropriated \$40,000,000 for each of the fiscal years 1992 through 1995 fiscal years to purchase, process, and distribute additional commodities to States for distribution to soup kitchens and food banks within a given State that provide nutrition assistance to relieve situations of emergency and distress through the provision of food and meals to needy persons. Any amounts provided for fiscal years 1992 through 1995 shall be available only to the extent and in such amounts as are provided in advance in appropriations Acts.

"(3) FOOD PANTRIES.—In instances in which food banks do not operate within a given State, the State may distribute commodities to food pantries."; and

(4) by striking subsection (j).

(b) GLEANING ASSISTANCE.—Section 111 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note) is amended to read as follows:

"SEC. 111. GLEANING CLEARINGHOUSES.

"(a) DEFINITION OF GLEANING.—For purposes of this section, the term 'to glean' means to collect unharvested crops from the fields of farmers, or to obtain agricultural products from farmers, processors, or retailers, in order to distribute the products to needy individuals, including unemployed and low-income individuals, and the term includes only those situations in which agricultural products and access to fields and facilities are made available without charge.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary of Agriculture (hereafter in this section referred to as the 'Secretary') is authorized to assist States and private nonprofit organizations in establishing Gleaning Clearinghouses (hereafter in this section referred to as a 'Clearinghouse').

"(2) ASSISTANCE.—The Secretary is authorized to provide technical information and other assistance considered appropriate by the Secretary to encourage public and nonprofit private organizations to—

"(A) initiate and carry out gleaning activities, and to assist other organizations and individuals to do so, through lectures, correspondence, consultation, or such other measures as the Secretary may consider appropriate;

"(B) collect from public and private sources (including farmers, processors, and retailers) information relating to the kinds, quantities, and geographical locations of agricultural products not completely harvested;

"(C) gather, compile, and make available to public and nonprofit private organizations and to the public the statistics and other information collected under this paragraph, at reasonable intervals;

"(D) establish and operate a toll-free telephone line by which—

"(i) farmers, processors, and retailers may report to a Clearinghouse for dissemination information regarding unharvested crops and agricultural products available for gleaning, and may also report how they may be contacted;

"(ii) public and nonprofit organizations that wish to glean or to assist others to glean, may report to a Clearinghouse the kinds and amounts of products that are wanted for gleaning, and may also report how they may be contacted;

"(iii) persons who can transport crops or products may report the availability of free transportation for gleaned crops or products; and

"(iv) information about gleaning can be provided without charge by a Clearinghouse to the persons and organizations described in clauses (i), (ii), and (iii);

"(E) prepare, publish, and make available to the public, at cost and on a continuing basis, a handbook on gleaning that includes such information and advice as may be useful in operating efficient gleaning activities and projects, including information regarding how to—

"(i) organize groups to engage in gleaning; and

"(ii) distribute to needy individuals, including low-income and unemployed individuals, food and other agricultural products that have been gleaned; or

"(F) advertise in print, on radio, television, or through other media, as the Secretary considers to be appropriate, the services offered by a Clearinghouse under this section."

(c) CHEESE AND NONFAT DRY MILK.—

(1) **CONFORMING AMENDMENT.**—Subsection (d) of section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by inserting "(1)" after the subsection designation.

(2) **TRANSFER.**—Section 130 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note) is amended—

(A) by redesignating such section as paragraph (2) of section 5(d) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note);

(B) by transferring and inserting such section immediately after paragraph (1) of section 5(d) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note); and

(C) to read as follows:

"(2) Notwithstanding any other provision of law, the Commodity Credit Corporation shall, to the extent that the Commodity Credit Corporation inventory levels permit, provide not less than 9,000,000 pounds of cheese and not less than 4,000,000 pounds of nonfat dry milk in each of the fiscal years 1991 through 1995 to the Secretary of Agriculture. The Secretary shall use such amounts of cheese and nonfat dry milk to carry out the commodity supplemental food program before the end of each fiscal year."

SEC. 1775. REPROCESSING AGREEMENTS WITH PRIVATE COMPANIES.

(a) **REAUTHORIZATION.**—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking "1990" and inserting "1995".

(b) **PROCESSED END PRODUCTS.**—Section 1114(a)(2) of such Act is amended by adding at the the following new subparagraphs:

"(C) Whenever commodities are made available to agencies pursuant to section 311(a)(4) of the Older Americans Act of 1965 (42

U.S.C. 3030a(a)(4)), the Secretary shall encourage access to processed end products containing the commodities when in the Secretary's judgment it is cost effective. The requirements of this subparagraph shall be met in the most efficient and effective way possible. The Secretary may, among other alternatives, use direct purchase, state option contracts authorized under section 3A of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note), State processing programs, and (beginning in fiscal year 1994) agreements with private companies operated as a part of the national commodity processing program.

"(D) In each of fiscal years 1992 and 1993, the Secretary shall conduct a pilot project in not more than three States under which any commodity made available to agencies pursuant to section 311(a)(4) of the Older Americans Act of 1965 (42 U.S.C. 3030a(a)(4)) that the Secretary determines to be appropriate for reprocessing is made available to the agencies as reprocessed end products. The reprocessing shall be performed pursuant to agreements with private companies, at the expense of the agencies, and operated as part of the national commodity processing program established under subparagraph (A). In determining the appropriateness of the commodities to be reprocessed under the pilot project, the Secretary shall consider the common needs of the agencies and the availability of processors."

SEC. 1776. NUTRITION EDUCATION REAUTHORIZATION.

(a) **NUTRITION EDUCATION PROGRAM.**—Section 1588(a) of the Food Security Act of 1985 (7 U.S.C. 3175e(a)) is amended by striking "\$5,000,000" and all that follows through the end of the subsection and inserting "\$8,000,000 for each of the fiscal years 1991 through 1995."

(b) **EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM.**—Section 1425(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(c)) is amended by adding at the end the following new paragraph:

"(3) There is authorized to be appropriated to carry out the expanded food and nutrition education program established under section 3(d) of the Act of May 8, 1914 (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)) and this section \$63,000,000 for fiscal year 1991, \$68,000,000 for fiscal year 1992, \$73,000,000 for fiscal year 1993, \$78,000,000 for fiscal year 1994, and \$83,000,000 for fiscal year 1995."

SEC. 1777. NOTIFYING SHELTERS OF CHARITABLE INSTITUTIONS PROGRAM.

At least once in fiscal year 1991, when commodities are provided to a State by the Secretary of Agriculture for donations to charitable institutions the Secretary of Agriculture shall require the appropriate State agency to undertake efforts to inform shelters for the homeless and for battered women and children of—

- (1) the availability of commodity donations to charitable institutions;
- (2) the criteria for qualifying to receive the donations; and
- (3) how application can be made to receive the donations.

SEC. 1778. WELFARE SIMPLIFICATION AND COORDINATION ADVISORY COMMITTEE.

(a) **APPOINTMENT AND MEMBERSHIP.**—

(1) **ESTABLISHMENT.**—There is established an Advisory Committee on Welfare Simplification and Coordination (hereafter in this section referred to as the "Committee") consisting of not fewer than 7, nor more than 11, members appointed by the Secretary of Agriculture (hereafter in this section referred to as the "Secretary"), after consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, and with the advice of State and local officials responsible for administering the food stamp program, cash and medical assistance programs for low-income families and individuals under the Social Security Act, and programs providing housing assistance to needy families and individuals, and representatives of recipients and recipient advocacy organizations associated with such programs.

(2) **QUALIFICATIONS.**—The members of the Committee shall be individuals who are familiar with the rules, goals, and limitations of Federal food stamp, cash, medical, and housing assistance programs for low-income families and individuals, and may include individuals who have demonstrated expertise in evaluating the operations of and interaction among such programs as they affect administrators and recipients, persons who have experience in administering such programs at the Federal, State, or local level, and representatives of administrators and recipients affected by such programs.

(b) **PURPOSE.**—It shall be the purpose of the Committee, in consultation, where appropriate, with program administrators and representatives of recipients—

(1) to identify the significant policies implemented in the food stamp program, cash and medical assistance programs under the Social Security Act, and housing assistance programs (whether resulting from law, regulations, or administrative practice) that, because they differ substantially, make it difficult for those eligible to apply for and obtain benefits from more than one program and restrict the ability of administrators of such programs to provide efficient, timely, and appropriate benefits to those eligible for more than one type of assistance, drawing, where appropriate, on previous efforts to coordinate and simplify such programs and policies;

(2) to examine the major reasons for such different programs and policies;

(3) to evaluate how and the extent to which such different programs and policies hinder, to a significant degree, the receipt of benefits from more than one program and substantially restrict administrators' ability to provide efficient, timely, and appropriate benefits;

(4) to recommend common or simplified programs and policies (including recommendations for changes in law, regulations, and administrative practice and for policies that do not currently exist in such programs) that would substantially reduce difficulties in applying for and obtaining benefits from more than one program and significantly increase the ability of administrators of such programs to efficiently provide timely and appropriate assistance to those eligible for more than one type of assistance; and

(5) to describe the major effects of such common or simplified programs and policies (including how such common or simplified programs and policies would enhance or conflict with the purposes of such programs, how they would ease burdens on administrators and recipients, how they would affect program costs and participation, and the degree to which they would change the relationships between the Federal Government and the States in such programs) and the reasons for recommending such programs and policies (including reasons, if any, that might be sufficient to override special rules derived from the purposes of individual programs).

(c) **ADMINISTRATIVE SUPPORT.**—The Secretary shall provide the Committee with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions.

(d) **REIMBURSEMENT.**—Members of the Committee shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by such members in the performance of the duties of the Committee.

(e) **REPORTS.**—Not later than July 1, 1993, the Committee shall prepare and submit, to the appropriate committees of Congress, the Secretary of Agriculture, the Secretary of Health and Human Services, and the Secretary of Housing and Urban Development a final report, including recommendations for common or simplified programs and policies and the effects of and reasons for such programs and policies and may submit interim reports, including reports on common or simplified programs and policies covering less than the complete range of programs and policies under review, to the committees and such Secretaries as deemed appropriate by the Committee.

SEC. 1779. SCHOOL LUNCH STUDIES.

(a) **IN GENERAL.**—The Secretary of Agriculture shall determine—

(1) the quantity of bonus commodities lost, by State, since the 1987–88 school year;

(2) what school food service authorities charge students for non-free or reduced price meals; and

(3) trends in school participation and student participation, by State and for the United States.

(b) **ADDITIONAL STUDY.**—

(1) **IN GENERAL.**—The Secretary shall determine—

(A) the cost to produce school lunches and breakfasts, including indirect and local administrative costs;

(B) the reasons why schools choose not to participate in the National school lunch program;

(C) the State costs incurred to administer the school programs;

(D) why children eligible for free or reduced price meals do not apply for benefits or participate; and

(E) other information considered necessary by the Secretary.

(2) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this subsection, \$1,000,000 for each of the fiscal years 1991 through 1993.

(c) REPORTS.—*The Secretary shall submit to Congress—*

- (1) an interim report on the study required by subsection (a) not later than October 1, 1991;*
- (2) an interim report on the study required by subsection (b) not later than October 1, 1992; and*
- (3) a final report on the studies required by subsections (a) and (b) not later than October 1, 1993.*

Subtitle C—Effective Dates

SEC. 1781. EFFECTIVE DATES.

(a) IN GENERAL.—*Except as otherwise provided in subsection (b) and other provisions of this title, this title and the amendments made by this title shall become effective and implemented the 1st day of the month beginning 120 days after the publication of implementing regulations. Such regulations shall be promulgated not later than October 1, 1991.*

(b) SPECIAL EFFECTIVE DATES.—

(1) OCTOBER 1, 1990.—*The amendments made by sections 1721, 1730, 1750, 1754, 1760(1)(A), 1761, 1762, 1771(a), 1771(d), 1772(c), 1772(f), 1772(g), and 1776 shall be effective on October 1, 1990.*

(2) DATE OF ENACTMENT.—*The amendments made by sections 1718, 1729, 1731, 1739, 1742, 1746, 1747, 1748, 1749, 1751, 1753, 1755, 1756, 1757, 1758, 1759, 1760 (1)(B) and (2), 1763, 1771(b), 1771(c), 1772(a), 1772(b), 1772(d), 1772(h), 1773, 1774(a)(1), 1774(b), 1774(c), 1775(a), 1775(b), 1777, 1778, and 1779 shall become effective on the date of enactment of this Act.*

(3) APRIL 1, 1991.—*The amendments made by sections 1716, 1722, and 1736(2) shall become effective and implemented the 1st day of the month beginning 120 days after the promulgation of implementing regulations. Such regulations shall be promulgated not later than April 1, 1991.*

(4) CATEGORICAL ELIGIBILITY.—*The amendment made by section 1714(2) shall become effective and implemented the 1st day of the month beginning 120 days after the promulgation of implementing regulations. Such regulations shall be promulgated—*

(A) in the case of a State general assistance program, not later than October 1, 1991; and

(B) in the case of a local general assistance program, not later than April 1, 1992.

TITLE XVIII—CREDIT

Subtitle A—Farmers Home Administration Loans

SEC. 1801. REFERENCES TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

Wherever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other

provision of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), except to the extent otherwise specifically provided.

SEC. 1802. SOIL AND WATER LOANS.

(a) *IN GENERAL.*—Section 304 (7 U.S.C. 1924) is amended by adding at the end the following new subsection:

“(d)(1) Loans may also be made or insured under this subtitle for soil and water conservation and protection. Such loans may be made to farm owners or tenants who are eligible borrowers under this subtitle for—

“(A) the installation of conservation structures, including terraces, sod waterways, permanently vegetated stream borders and filter strips, windbreaks (tree or grass), shelterbelts, and living snow fences;

“(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelterbelt purposes;

“(C) the establishment or improvement of permanent pasture;

“(D) the conversion to and maintenance of sustainable agricultural production systems, as described by Department technical guides and handbooks;

“(E) the payment of costs of complying with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812); and

“(F) other purposes consistent with plans for soil and water conservation, integrated farm management, water quality protection and enhancement, and wildlife habitat improvement.

“(2) In making or insuring loans under this subsection, the Secretary shall give priority to producers who use such loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812).

“(3) The Secretary shall not make or insure a loan under this section that exceeds the lesser of—

“(A) the value of the farm or other security for such loan; or

“(B) \$50,000.”

(b) *LIMITED RESOURCE AUTHORIZATION.*—Section 310D(a) (7 U.S.C. 1934(a)) is amended—

(1) by striking “clauses (1) through (5) of section 303(a) of this title” and inserting “paragraphs (1) through (5) of section 303(a), or subparagraphs (A) through (E) of section 304(d)(1),”

(2) in paragraph (2), by striking “clauses” and inserting “paragraphs”;

(3) in paragraph (3), by striking “of this title”; and

(4) in the second sentence, by striking “clauses” and inserting “paragraphs”.

SEC. 1803. INTEREST RATE ON FARM OWNERSHIP LOANS AND OPERATING LOANS MADE TO LIMITED RESOURCE BORROWERS.

(a) *FARM OWNERSHIP LOANS.*—Subparagraph (B) of section 307(a)(3) (7 U.S.C. 1927(a)(3)(B)) is amended to read as follows:

“(B) Except as provided in paragraph (6), the interest rate on loans (other than guaranteed loans) under section 310D shall not be—

“(i) greater than the sum of—

"(I) an amount that does not exceed one-half of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years; and

"(II) an amount not exceeding 1 percent per year, as the Secretary determines is appropriate; or

"(ii) less than 5 percent per year."

(b) **OPERATING LOANS.**—Paragraph (2) of section 316(a) (7 U.S.C. 1946(a)(2)) is amended to read as follows:

"(2) The interest rate on any loan (other than a guaranteed loan) to a low income, limited resource borrower under this subtitle shall not be—

"(A) greater than the sum of—

"(i) an amount that does not exceed one-half of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years; and

"(ii) an amount not exceeding 1 percent per year, as the Secretary determines is appropriate; or

"(B) less than 5 percent per year."

SEC. 1804. GUARANTEE OF PAYMENT BY DEPARTMENT OF HAWAIIAN HOME LANDS.

Section 310C(b) (7 U.S.C. 1933(b)) is amended by striking ", as amended" and inserting "or this title".

SEC. 1805. DEBT SETTLEMENT.

(a) **IN GENERAL.**—Section 331 (7 U.S.C. 1981) is amended—

(1) in subsection (d)—

(A) by striking "under any of its programs, as circumstances may require, to carry out" and inserting ", except for activities under the Housing Act of 1949"; and

(B) by striking "incurred under this title" and inserting ", except for debt incurred under the Housing Act of 1949"; and

(C) in paragraph (1), by inserting "with respect to farmer program loans," before "on terms"; and

(2) in subsection (e)—

(A) by inserting "except for activities conducted under the Housing Act of 1949," after "(e)";

(B) by striking "arising or";

(C) by striking "under this title" and inserting "by the Farmers Home Administration"; and

(D) by striking "pursuant to this title" and inserting "by the Farmers Home Administration".

(b) **PAYMENT OF ACCRUED INTEREST.**—Section 331 (7 U.S.C. 1981) is amended by striking subsection (h).

(c) **TECHNICAL AND CONFORMING AMENDMENTS.**—Section 331 (7 U.S.C. 1981) is amended—

(1) by indenting the margin of subsections (f), (g), and (i) so as to align with the margin of subsection (e);

(2) in subsection (f), by striking "Release" and inserting "release";

(3) in subsection (g), by striking "Obtain" and inserting "obtain";

(4) in subsection (i), by striking "Consent" and inserting "consent"; and

(5) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively.

SEC. 1806. DOCUMENTATION FOR APPROVAL OF SECURITY TRANSFER

Section 331(h)(2) (as amended and so redesignated by section 1805 of this Act) is amended by inserting before the semicolon at the end the following: ", and shall document the consent of the Secretary for the transfer of the property of a borrower in the file of the borrower".

SEC. 1807. NOTICE OF LOAN SERVICE PROGRAMS.

Section 331D (7 U.S.C. 1981d) is amended—

- (1) in subsection (b)(1), by inserting "debt settlement programs," after "preservation loan service programs,"; and
- (2) in subsection (e), by striking "45" and inserting "60".

SEC. 1808. UNDERWRITING FORMS AND STANDARDS.

(a) **IN GENERAL.**—The Act is amended by inserting after section 331E (7 U.S.C. 1981e) the following new section:

"SEC. 331F. UNDERWRITING FORMS AND STANDARDS.

"In the administration of this title, the Secretary shall, to the extent practicable, use underwriting forms, standards, practices, and terminology similar to the forms, standards, practices, and terminology used by lenders in the private sector."

(b) **REGULATIONS.**—The Secretary of Agriculture shall not issue final regulations providing for the use of ratios and standards for determining the degree of potential loan risk under section 331F of the Consolidated Farm and Rural Development Act (as added by subsection (a) of this section), prior to the submission of the study and report on the effects of the regulations required by section 621 of the Agricultural Credit Act of 1987 (7 U.S.C. 1989 note).

SEC. 1809. COUNTY COMMITTEES.

(a) **FMHA-ELIGIBLE BORROWERS.**—Section 332(a)(4) (7 U.S.C. 1982(a)(4)) is amended by inserting "be elected to" before "serve".

(b) **MAILING BALLOTS.**—Section 332(a) is amended by adding at the end the following new paragraph:

"(6) The Secretary shall provide for the mailing of ballots to persons eligible to vote for the election of county committee members only if the mailing of the ballots coincides with the mailing of ballots under other programs administered by the Secretary."

(c) **TRAINING.**—Section 332 is amended by adding at the end the following new subsection:

"(d)(1) The Secretary shall provide annual training of county committee members on the job responsibilities of the members under this title.

"(2) The Secretary shall develop and provide a county committee training manual to all county committee members and shall update the manual in a timely manner to reflect changes in law or regulations."

SEC. 1810. CERTIFICATION OF LOAN ELIGIBILITY.

Section 333(b) (7 U.S.C. 1983(b)) is amended to read as follows:

"(b)(1)(A) for loans (other than under sections 306, 310B, 314, and 321(a)(2)), the county committee to certify in writing that the applicant meets the eligibility requirements for the loan,

and has the character, industry, and ability to carry out the proposed operations, and will in the opinion of the county committee honestly endeavor to carry out the applicant's undertakings and obligations;

"(B) for loans under sections 306, 310B, 314, and 321(a)(2), the recommendation of the county committee as to the making or insuring of the loan; and

"(C) for all loans, the certification of eligibility under this subsection shall continue in effect for a period of not to exceed 2 years as the committee may determine appropriate; and

"(2) the Secretary may provide a procedure for appeal and review of any determination relating to a certification or recommendation required to be made by the county committee, and for reversal or modification thereof should the facts warrant such action;"

SEC. 1811. BUSINESS AND INDUSTRY AND COMMUNITY FACILITY LOANS.

Section 333A(a) (7 U.S.C. 1983a(a)) is amended by adding at the end the following new paragraph:

"(4)(A) Notwithstanding paragraph (1), each application for a loan or loan guarantee under section 310B(a), or for a loan under section 306(a), that is to be disapproved by the Secretary solely because the Secretary lacks the necessary amount of funds to make the loan or guarantee shall not be disapproved but shall be placed in pending status.

"(B) The Secretary shall retain the pending application and reconsider the application beginning on the date that sufficient funds become available.

"(C) Not later than 60 days after funds become available regarding each pending application, the Secretary shall notify the applicant of the approval or disapproval of funding for the application."

SEC. 1812. APPEALS.

Section 333B(e) (7 U.S.C. 1983b(e)) is amended by adding at the end the following new paragraph:

"(4) Except as provided in paragraph (3) and in the regulations of the Secretary governing the right of the Secretary to seek review of appeal decisions under this title, a county committee or employee of the Farmers Home Administration shall, on having a case returned pursuant to the decision of a hearing officer, State director, or the director of the national appeals division, implement the decision within a reasonable period of time."

SEC. 1813. DISPOSITION OF SUITABLE PROPERTY.

(a) **HOLDING PERIOD.**—The fourth sentence of section 335(c)(1) (7 U.S.C. 1985(c)(1)) is amended by striking "three years from the date of acquisition" and inserting "12 months from the date first published under paragraph (2)(D)".

(b) **RANDOM SELECTION AMONG EQUALLY QUALIFIED APPLICANTS.**—Section 335 (7 U.S.C. 1985) is amended—

(1) in subsection (c)(2)(C), by inserting before the semicolon the following: ", except that if the committee determines that two or more applicants meet the loan eligibility criteria, the committee shall select between the qualified applicants on a random basis"; and

(2) in subsection (e)(4)(C)—

(A) by striking "shall, by majority vote," and inserting "shall randomly"; and

(B) by inserting before the period at the end the following: "; in accordance with subsection (c)(2)(B)(iii)".

(c) **PROPERTY SUBJECT TO BORROWER PURCHASE OR LEASE OPTION.**—Section 335(e)(1)(A)(i) (7 U.S.C. 1985(e)(1)(A)(i)) is amended by striking "real property" and inserting "real farm or ranch property (including the principal residence of the borrower)".

(d) **RIGHT OF FIRST REFUSAL.**—Section 335(e)(1)(A) (7 U.S.C. 1985(e)(1)(A)) is amended by adding at the end the following new clause:

"(iv) In the case of real property described in clause (i) that was acquired by the Secretary before January 6, 1988, that is (or has been at any time during the 12-month period preceding the date of enactment of this clause) under lease to a person described in subparagraph (C), and that has not been conveyed (or contracted to be conveyed) by the Secretary prior to the date of enactment of this clause, the Secretary shall, during the 30-day period following the date of enactment of this clause, make the person an offer, to be held open for a period of 90 days, to purchase the property on the same terms and conditions that such offers are made in the case of property coming into inventory on or after the date of enactment of this clause."

(e) **QUALIFIED BEGINNING FARMERS OR RANCHERS.**—

(1) **SUITABLE FARMLAND.**—Section 335(c)(2) (7 U.S.C. 1985(c)(2)) is amended—

(A) by redesignating subparagraphs (A), (B), (C), and (D) as clauses (i), (ii), (iii), and (iv), respectively; and

(B) by striking all that precedes clause (i) (as so redesignated by subparagraph (A) of this paragraph) and inserting the following:

"(2)(A) Notwithstanding any other provision of law, the Secretary shall sell suitable farmland administered under this title to persons in the following order:

"(i) Qualified beginning farmers or ranchers (as defined pursuant to section 343(a)(8)), as of the time immediately after such contract for sale or lease is entered into, as determined by the county committee.

"(ii) Operators, as of the time immediately after such contract for sale or lease is entered into, of not larger than family sized farms, as determined by the county committee.

"(B) In selling such land, the county committee shall—"

(2) **OTHER PROPERTY.**—Section 335(e)(1)(C) (7 U.S.C. 1985(e)(1)(C)) is amended—

(A) by redesignating clause (iv) as clause (v); and

(B) by inserting after clause (iii) the following new clause:

"(iv) Qualified beginning farmers or ranchers (as defined pursuant to section 343(a)(8)) as of the time immediately after such contract for sale or lease is entered into, of not larger than family-sized farm or ranching operations."

(f) **INDIAN LAND IN INVENTORY.**—Section 335(e)(1)(D) (7 U.S.C. 1985(e)(1)(D)) is amended by adding at the end the following new clause:

"(x) This subparagraph shall apply to all lands in the land inventory established under this title (as of the date of enactment of this clause) that were (immediately prior to such date) owned by an Indian borrower-owner described in clause (i) and that are situated within an Indian reservation (as defined in clause (ii)), regardless of the date of foreclosure or acquisition by the Secretary. The Secretary shall afford an opportunity to a tribal member, an Indian corporate entity, or the tribe to purchase or lease the real property as provided in clause (iii). If the right is not exercised or no expression of intent to exercise such right is received within 180 days after the date of enactment of this clause, the Secretary shall transfer the real property to the Secretary of the Interior as provided in clause (v)."

(g) OFFERING PRICE.—

(1) **IN GENERAL.**—Section 335(c)(2)(B)(ii) (7 U.S.C. 1985(c)(2)(B)(ii)), as amended by subsection (e)(1) of this section, is amended to read as follows:

"(ii) offer such land—

"(I) for sales pursuant to subsection (e)(1)(C), at a price not greater than that which reflects the appraised market value of such farmland; and

"(II) for all other sales, at a price not greater than that which reflects the fair market value of such land as determined by bids after advertising or by negotiated sale;"

(2) **CONFORMING AMENDMENTS.**—Section 335(e)(4) (7 U.S.C. 1985(e)(4)) is amended—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraph (C) as (B).

(h) CONSERVATION EASEMENTS ON WETLANDS ON FMHA INVENTORY PROPERTY.—

(1) **IN GENERAL.**—Section 335 (7 U.S.C. 1985) is amended by adding at the end the following new subsection:

"(g)(1) Subject to paragraphs (2) through (5), in the disposal of real property under this section, the Secretary shall establish perpetual wetland conservation easements to protect and restore wetlands or converted wetlands that exist on inventoried property, as determined by the Secretary in accordance with title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

"(2) In establishing the wetland conservation easements on land that is considered to be cropland as of the date of enactment of this subsection, the Secretary shall avoid, to the extent practicable, an adverse impact on the productivity of the croplands, as provided in this subsection.

"(3) In order to avoid the adverse impact, the Secretary shall—

"(A) not establish the wetland conservation easements with respect to wetlands that were converted prior to December 23, 1985, and that have been in cropland use, as determined by the Secretary, in excess of 10 percent of the existing cropland available for production of agricultural commodities on the particular parcel of inventoried property;

"(B) not establish the wetland conservation easements with respect to wetlands that have been frequently planted to agricultural commodities and wetlands described in subparagraph (A), in excess of 20 percent of the existing cropland available for

production of agricultural commodities on the particular parcel of inventoried property;

"(C) ensure that the buffer area adjacent to the wetland is generally not more than 100 feet in average width; and

"(D) ensure that access to other portions of the property for farming and other uses is provided.

"(4) The wetland conservation easements shall be placed on wetlands that have a history of haying and grazing, as determined by the Secretary, except that in no case shall the quantity of the wetland subject to the easements exceed 50 percent of the existing forage lands on the parcel of inventoried property. All haying and grazing practices on the wetlands (including the timing and intensity of haying and grazing) shall conform to forage management standards designed to protect wetlands.

"(5) If, despite the limitations contained in paragraph (3), wetland conservation easements established under paragraph (1) would prevent a particular parcel of inventoried property that is to be sold or leased to a borrower described in clause (i), (ii), or (iii) of subsection (e)(1)(C), or to a borrower who is a beginning farmer or rancher, from being a marketable agricultural production unit that is comparable to the parcel as acquired, the Secretary may—

"(A) establish wetland conservation easements on wetland that was converted prior to December 23, 1985, in a quantity that is less than 10 percent of the existing croplands available for production of agricultural commodities on the particular parcel; and

"(B) if the reduction provided in subparagraph (A) is not applicable, or is not sufficient to ensure that the particular parcel would be a marketable agricultural production unit, amend the wetland conservation easements established on the wetlands that have been frequently planted to agricultural commodities to permit the production of agricultural commodities (consistent with title XII of the Food Security Act of 1985) on the wetlands, to the extent necessary to maintain the parcel as a marketable agricultural production unit.

"(6) The Secretary shall provide prior written notification to a borrower considering preservation loan servicing that a wetlands conservation easement may be placed on land for which the borrower is negotiating a lease option.

"(7) The appraised value of the farm shall reflect the value of the land due to the placement of wetland conservation easements.

"(8) Notwithstanding the limitations described under paragraphs (3) and (4), the limitations may be voluntarily, knowingly waived by any person with respect to real property described in paragraph (3) or (4)."

(2) Study and report on appropriate ceilings on the establishment of wetland conservation easements on existing cropland.—

(A) STUDY.—Not later than January 31, 1991, the Administrator of the Farmers Home Administration shall study the appropriateness of the maximum percentages, in subparagraphs (A) and (B) of section 335(g)(3) of the Consolidated Farm and Rural Development Act, of the existing cropland available for production of agricultural commodities with respect to which perpetual wetland conservation

easements are to be established under such section, taking into account—

(i) the amount of land in the inventory of the Farmers Home Administration that may become subject to such an easement; and

(ii) the costs and benefits associated with the making of such inventory land subject to such an easement.

(B) **REPORT.**—Not later than January 31, 1991, the Administrator of the Farmers Home Administration shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the recommendations of the Administrator as to the appropriate maximum percentages referred to in subparagraph (A) of this paragraph.

SEC. 1814. DEFINITIONS.

Section 343(a) (7 U.S.C. 1991(a)) is amended—

(1) by striking “and” at the end of paragraph (6); and

(2) by inserting before the period at the end the following: “, (8) the term ‘beginning farmer or rancher’ means such term as defined by the Secretary, (9) the term ‘direct loan’ means a loan made or insured from funds in the account created by section 309, and (10) the term ‘farmer program loan’ means a farm ownership loan (FO) under section 303, operating loan (OL) under section 312, soil and water loan (SW) under section 304, recreation loan (RL) under section 304, emergency loan (EM) under section 321, economic emergency loan (EE) under section 202 of the Emergency Agricultural Credit Adjustment Act (title II of Public Law 95-334), economic opportunity loan (EO) under the Economic Opportunity Act of 1961 (42 U.S.C. 2942), softwood timber loan (ST) under section 1254 of the Food Security Act of 1985, or rural housing loan for farm service buildings (RHF) under section 502 of the Housing Act of 1949”.

SEC. 1815. EXTENSION OF ELIGIBILITY FOR CONSERVATION EASEMENTS; ASSISTANCE TO BORROWERS.

Section 349 (7 U.S.C. 1997) is amended—

(1) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking “such property”;

(B) in paragraph (1), by inserting “such property” before “is”;

(C) in paragraph (2), by inserting “such property” before “is”;

(D) in paragraph (3)(A)(i), by inserting “such property” before “secures”;

(E) by amending clause (ii) of paragraph (3)(A) to read as follows:

“(ii) such easement better enables a qualified borrower to repay the loan in a timely manner, as determined by the Secretary; or”;

(F) in paragraph (3)(B), by inserting “such property” before “is”; and

(G) in paragraph (4), by inserting "such property" before "was"; and

(2) by amending subsection (e) to read as follows:

"(e)(1) Subject to paragraph (2), the Secretary may purchase any such easement from the borrower—

"(A) in the case of a borrower to whom the Secretary has made one or more outstanding loans under laws administered by the Farmers Home Administration, by canceling that part of the aggregate amount of such outstanding loans that bears the same ratio to such aggregate amount as the number of acres of the real property of the borrower that are subject to the easement bears to the aggregate number of acres securing such loans; or

"(B) in any other case, by treating as prepaid that part of the principal amount of a new loan to the borrower issued and held by the Secretary under a law administered by the Farmers Home Administration that bears the same ratio to such principal amount as the number of acres of the real property of the borrower that are subject to the easement bears to the aggregate number of acres securing the new loan.

"(2) The amount so canceled or treated as prepaid pursuant to paragraph (1) shall not exceed—

"(A) in the case of a delinquent loan, the value of the land on which the easement is acquired or the difference between the amount of the outstanding loan secured by the land and the value of the land, whichever is greater; or

"(B) in the case of a nondelinquent loan, 33 percent of the amount of the loan secured by the land."; and

(9) by striking subsection (h).

SEC. 1816. DEBT RESTRUCTURING AND LOAN SERVICING.

(a) **ELIGIBILITY FOR RESTRUCTURING.**—Section 353(b)(1) (7 U.S.C. 2001(b)(1)) is amended by inserting before the semicolon the following: ", except that the regulations shall require that, if the value of the assets calculated under subsection (c)(2)(A)(ii) that may be realized through liquidation or other methods would produce enough income to make the delinquent loan current, the borrower shall not be eligible for assistance under subsection (a)".

(b) **CHANGES IN NET RECOVERY VALUE CALCULATION.**—

(1) **INCLUSION OF CERTAIN NONESSENTIAL UNSECURED ASSETS OF THE BORROWER IN THE RECOVERY VALUE.**—Section 353(c)(2)(A) (7 U.S.C. 2001(c)(2)(A)) is amended to read as follows:

"(A)(i) the amount of the current appraised value of the interests of the borrower in the property securing the loan; plus

"(ii) the value of the interests of the borrower in all other assets that are—

"(I) not essential for necessary family living expenses;

"(II) not essential to the operation of the farm; and

"(III) not exempt from judgment creditors or in a bankruptcy action under Federal or State law; less".

(2) **INCLUSION OF SECURITY PROPERTY NOT POSSESSED BY THE BORROWER IN THE RECOVERY VALUE.**—Section 353(c)(2) (7 U.S.C. 2001(c)(2)) is amended—

(A) in subparagraph (B)(iv), by striking “costs.” and inserting “costs; plus”; and

(B) by adding at the end the following new subparagraph:

“(C) the value, as determined by the Secretary, of any property not included in subparagraph (A)(i) if the property is specified in any security agreement with respect to such loan and the Secretary determines that the value of such property should be included for purposes of this section.”.

(c) **DEBT SERVICE MARGIN.**—Section 353(c)(3) (7 U.S.C. 2001(c)(3)) is amended by adding at the end the following new subparagraph:

“(C) **DEBT SERVICE MARGIN.**—

“(i) **ASSUMPTION.**—For the purpose of assessing under subparagraph (A) the ability of a borrower to meet debt obligations and continue farming operations, the Secretary shall assume that the borrower needs up to 105 percent of the amount indicated for payment of debt obligations.

“(ii) **AVAILABLE INCOME.**—If an amount up to 105 percent of the debt payments of the borrower has been earmarked for such payments, the Secretary shall consider the income of the borrower to be adequate to meet the debt obligations of the borrower.”.

(d) **DEADLINE FOR RESTRUCTURING CALCULATIONS.**—Section 353(c)(4) (7 U.S.C. 2001(c)(4)) is amended by striking “60” and inserting “90”.

(e) **GOOD FAITH REQUIREMENT FOR LEASEBACK/BUYBACK ELIGIBILITY.**—Section 335(e)(1) (7 U.S.C. 1985(e)(1)) is amended—

(1) in subparagraph (A)(i), by inserting “, if such borrower-owner has acted in good faith with the Secretary, as defined in regulations issued by the Secretary, in connection with such loan” before the period at the end; and

(2) in subparagraph (C)(i), by inserting “, if such borrower-owner has acted in good faith with the Secretary, as defined in regulations issued by the Secretary, in connection with the loan of such borrower-owner for which such property served as security” before the period at the end.

(f) **TERMINATION OF LOAN OBLIGATIONS.**—Paragraph (6) of section 353(c) (7 U.S.C. 2001(c)(6)) is amended to read as follows:

“(6) **TERMINATION OF LOAN OBLIGATIONS.**—

“(A) **REQUIRED CONDITIONS.**—

“(i) **IN GENERAL.**—Except as provided in subparagraph (B), the obligations of a borrower to the Secretary under a restructured loan shall terminate if—

“(I) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection (b);

“(II) the value of the restructured loan is less than the recovery value; and

“(III) within 90 days after receipt of the notification described in paragraph (4)(B), the borrower

pays (or obtains third-party financing to pay) the Secretary an amount equal to the recovery value.

"(ii) **LIMITED APPLICABILITY OF GOOD FAITH REQUIREMENT.**—Clause (i)(I) shall not apply to any offer of net recovery buyout made by the Secretary under this section before the date of enactment of this paragraph, unless the Secretary, before such date, determined that the borrower involved did not act in good faith with respect to the loan.

"(B) **RECAPTURE.**—

"(i) **AUTHORITY TO REQUIRE BORROWER TO ENTER INTO AGREEMENT BEFORE TERMINATING LOAN OBLIGATIONS.**—

"(I) **IN GENERAL.**—The Secretary may require, as a condition of the termination of loan obligations under this paragraph, that the borrower enter into an agreement with the Secretary providing that if the borrower sells or otherwise conveys the real property used to secure such loan within 10 years after the date of such agreement, and realizes a gain on such sale or conveyance over the amount of the recovery value of the loan, then the Secretary may recapture part or all of the difference between the recovery value of the loan and the fair market value (on the date of such sale or conveyance) of the property securing the loan.

"(II) **LIMITATION ON RECAPTURE AMOUNT.**—The agreement described in subclause (I) shall not provide for recapture of an amount that exceeds the difference between such recovery value and the outstanding balance of principal and interest owed on the loan immediately prior to the termination of any loan obligations under this paragraph.

"(ii) **TREATMENT OF INTRAFAMILY TRANSFERS.**—For purposes of clause (i)(I), transfer of title to a property, on the death or retirement of the borrower, to a spouse or child of the borrower who is actively engaged in farming on the property shall not be treated as a sale or conveyance."

(g) **APPRAISALS.**—Section 353(c) (7 U.S.C. 2001(c)) is amended by adding at the end the following new paragraph:

"(7) **NEGOTIATION OF APPRAISAL.**—

"(A) **IN GENERAL.**—In making a determination concerning restructuring under this subsection, the Secretary, at the request of the borrower, shall enter into negotiations concerning appraisals required under this subsection with the borrower.

"(B) **INDEPENDENT APPRAISAL.**—If the borrower, based on a separate current appraisal, objects to the decision of the Secretary regarding an appraisal, the borrower and the Secretary shall mutually agree, to the extent practicable, on an independent appraiser who shall conduct another appraisal of the borrower's property. The average of the two appraisals that are closest in value shall become the final appraisal.

al under this paragraph. The borrower and the Secretary shall each pay one-half of the cost of the independent appraisal."

(h) **ADDITIONAL PROVISIONS.**—Section 353 is amended by adding at the end the following new subsections:

"(l) **PARTIAL LIQUIDATIONS.**—If partial liquidations are performed (with the prior consent of the Secretary) as part of loan servicing by a guaranteed lender under this title, the Secretary shall not require full liquidation of a delinquent loan in order for the lender to be eligible to receive payment on losses.

"(m) **DISPOSITION OF NORMAL INCOME SECURITY.**—For purposes of subsection (b)(2) of this section, and subparagraphs (A)(i) and (C)(i) of section 335(e)(1)(A), if a borrower—

"(1) disposed of normal income security prior to October 14, 1988, without the consent of the Secretary; and

"(2) demonstrates that—

"(A) the proceeds were utilized to pay essential household and farm operating expenses; and

"(B) the borrower would have been entitled to a release of income proceeds by the Secretary if the regulations in effect on the date of enactment of this subsection had been in effect at the time of the disposition,

the Secretary shall not consider the borrower to have acted without good faith to the extent of the disposition.

"(n) **ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-OUT PER BORROWER FOR A LOAN MADE AFTER JANUARY 6, 1988.**—

"(1) **IN GENERAL.**—The Secretary may provide for any one borrower not more than 1 write-down or net recovery buy-out under this section with respect to all loans made to the borrower after January 6, 1988.

"(2) **Special rule.**—For purposes of paragraph (1), the Secretary shall treat any loan made on or before January 6, 1988, with respect to which a restructuring, write-down, or net recovery buy-out is provided under this section after such date, as a loan made after such date.

"(o) **LIQUIDATION OF ASSETS.**—The Secretary may not use the authority provided by this section to reduce or terminate any portion of the debt of the borrower that the borrower could pay through the liquidation of assets (or through the payment of the loan value of the assets, if the loan value is greater than the liquidation value) described in subsection (c)(2)(A)(ii).

"(p) **LIFETIME LIMITATION ON DEBT FORGIVENESS PER BORROWER.**—The Secretary may provide not more than \$300,000 in principal and interest forgiveness under this section per borrower."

SEC. 1817. DISTRIBUTION OF FUNDS ON INDIAN RESERVATIONS.

Section 355(b) (7 U.S.C. 355(b)) is amended by adding at the end the following new paragraph:

"(3) **INDIAN RESERVATIONS.**—In distributing loan funds in counties within the boundaries of an Indian reservation, the Secretary shall allocate the funds on a reservation-wide basis."

SEC. 1818. BORROWER TRAINING.

(a) **IN GENERAL.**—Subtitle D (7 U.S.C. 1981 et seq.) is amended by adding at the end the following new section:

"SEC. 359. BORROWER TRAINING.

"(a) IN GENERAL.—The Secretary shall enter into contracts to provide educational training to all borrowers of farmer program direct and guaranteed loans made under this title in financial and farm management concepts associated with commercial farming.

"(b) CONTRACT.—

"(1) IN GENERAL.—The Secretary may contract with State or private providers of farm management and credit counseling services (including a community college, the extension service of a State, a State department of agriculture, or a nonprofit organization) to carry out this section.

"(2) CONSULTATION.—The Secretary may consult with the chief executive officer of a State concerning the identity of the contracting organization and the process for contracting.

"(c) ELIGIBILITY FOR LOANS.—

"(1) IN GENERAL.—Subject to paragraph (2), to be eligible to obtain a direct or guaranteed loan under this title, a borrower must obtain management assistance under this section, appropriate to the management ability of the borrower (as determined by the appropriate county committee established pursuant to section 332, during the determination of eligibility for the loan).

"(2) LOAN CONDITIONS.—The need of a borrower who satisfies the criteria set out in section 302(a)(2) or 311(a)(2) for management assistance under this section shall not be cause for denial of eligibility of the borrower for a direct or guaranteed loan under this title.

"(d) GUIDELINES AND CURRICULUM.—The Secretary shall issue regulations establishing guidelines and curriculum for the borrower training program established under this section.

"(e) PAYMENT.—A borrower shall pay for training received under this section, and may use funds from operating loans made under subtitle B to pay for the training.

"(f) WAIVERS.—The Secretary may waive the requirements of this section for an individual borrower on a determination by the county committee that the borrower demonstrates adequate knowledge in areas described in this section."

(b) OPERATING LOAN PURPOSES.—Section 312(a) (7 U.S.C. 1942(a)) is amended—

(1) by striking "and" at the end of paragraph (11); and

(2) by inserting before the period at the end the following: ", and (13) borrower training under section 359".

SEC. 1819. LOAN ASSESSMENTS.

Subtitle D (7 U.S.C. 1981 et seq.) is amended by adding after the section added by section 1818(a) of this Act the following new section:

"SEC. 360. LOAN ASSESSMENTS.

"(a) IN GENERAL.—After an applicant is determined eligible for assistance under this title by the appropriate county committee established pursuant to section 332, the Secretary shall evaluate, in accordance with regulations issued by the Secretary, the farming plan and financial situation of each qualified farmer or rancher applicant.

"(b) DETERMINATIONS.—In evaluating the farming plan and financial situation of an applicant under this section, the Secretary shall determine—

"(1) the amount that the applicant will need to borrow to carry out the proposed farming plan;

"(2) the rate of interest that the applicant would need to be able to cover expenses and build an adequate equity base;

"(3) the goals of the proposed farming plan of the applicant;

"(4) the financial viability of the plan and any changes that are necessary to make the plan viable; and

"(5) whether assistance is necessary under this title and, if so, the amount of the assistance.

"(c) CONTRACT.—The Secretary may contract with a third party (including those entities eligible to provide borrower training under section 359(b)) to conduct loan assessments under this section.

"(d) REVIEW OF LOANS.—

"(1) **IN GENERAL.**—Loan assessments conducted under this section shall include biannual review of direct loans, and periodic review (as determined necessary by the Secretary) of guaranteed loans, made under this title to assess the progress of a borrower in meeting the goals for the farm or ranch operation.

"(2) **CONTRACTS.**—The Secretary may contract with an entity that is eligible to provide borrower training under section 359(b) to conduct loan reviews under paragraph (1).

"(3) **PROBLEM ASSESSMENTS.**—If a borrower is delinquent in payments on a direct or guaranteed loan made under this title, the Secretary or the contracting entity shall determine the cause of, and action necessary to correct, the delinquency.

"(e) GUIDELINES.—The Secretary shall issue regulations providing guidelines for loan assessments conducted under this section."

SEC. 1820. SUPERVISED CREDIT.

Subtitle D (7 U.S.C. 1981 et seq.) is amended by adding after the sections added by sections 1818(a) and 1819 of this Act the following new section:

"SEC. 361. SUPERVISED CREDIT.

"The Secretary shall provide adequate training to employees of the Farmers Home Administration on credit analysis and financial and farm management to—

"(1) better acquaint the employees with what constitutes adequate financial data on which to base a direct or guaranteed loan approval decision; and

"(2) ensure proper supervision of farmer program loans."

SEC. 1821. MARKET PLACEMENT.

Subtitle D (7 U.S.C. 1981 et seq.) is amended by adding after the sections added by sections 1818(a), 1819, and 1820 of this Act the following new section:

"SEC. 362. MARKET PLACEMENT.

"The Secretary shall establish a market placement program for qualified beginning farmers and ranchers and other borrowers of farmer program loans that the Secretary believes have a reasonable chance of qualifying for commercial credit with a guarantee provided under this title."

SEC. 1822. SENSE OF CONGRESS REGARDING ASSISTANCE FOR QUALIFIED BEGINNING FARMERS OR RANCHERS.

It is the sense of Congress that, in carrying out the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Secretary of Agriculture should—

(1) establish innovative programs of finance and assistance for land transfer between generations and for establishment of new farm and ranch units;

(2) expand the use of the credit sale and land contract method for the sale of suitable property acquired under such Act; and

(3) maintain statistics on the number of loans made, insured, or guaranteed, and inventory farmland sold or leased, to qualified beginning farmers or ranchers under such Act.

SEC. 1823. SENSE OF CONGRESS REGARDING FmHA LOAN APPLICATION REVIEW AND LOAN SERVICING.

(a) **FINDINGS.**—Congress finds that reports issued by the Inspector General of the Department of Agriculture and the Comptroller General of the United States found problems with the system of loan application review, and monitoring of loan servicing of guaranteed loans, used under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) **SENSE OF CONGRESS.**—It is the sense of Congress that the Secretary of Agriculture should quickly take all actions necessary to correct the problems identified by the reports and report to Congress on the actions taken.

SEC. 1824. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.

Subtitle D of the Consolidated Farm and Rural Development Act is amended by adding after the sections added by sections 1818(a), 1819, 1820, and 1821 of this Act the following new section:

“SEC. 363. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.

“The Secretary shall not approve any loan under this title to drain, dredge, fill, level, or otherwise manipulate a wetland (as defined in section 1201(a)(16) of the Food Security Act of 1985 (16 U.S.C. 3801(a)(16)), or to engage in any activity that results in impairing or reducing the flow, circulation, or reach of water, except in the case of activity related to the maintenance of previously converted wetlands, or in the case of such activity that is already commenced prior to the date of enactment of this section.”.

Subtitle B—Farm Credit System

SEC. 1831. REFERENCES TO THE FARM CREDIT ACT OF 1971.

Wherever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.), except to the extent otherwise specifically provided.

SEC. 1832. FINANCING FOR BASIC PROCESSING AND MARKETING OPERATIONS OWNED BY BONA FIDE PRODUCERS.

(a) **FARM CREDIT BANKS.**—Section 1.11(a) (12 U.S.C. 2019(a)) is amended—

(1) by striking "(a) Agricultural or Aquatic Purposes.—Loans made by a Farm Credit Bank" and inserting the following:

"(a) Agricultural or Aquatic Purposes.—

"(1) In general.—Loans made by a Farm Credit Bank";

(2) by striking "at least 20 percent," and all that follows through "Farm Credit Administration," and inserting "some portion"; and

(3) by adding after and below the end the following new paragraph:

"(2) Limitation on loans for basic processing and marketing operations.—The aggregate of the financing provided by any Farm Credit Bank for basic processing and marketing directly related to the operations of farmers, ranchers, and producers or harvesters of aquatic products, if the operations of the applicant supply less than 20 percent of the total processing or marketing for which financing is extended, shall not exceed 15 percent of the total of all outstanding loans of such bank."

(b) PRODUCTION CREDIT ASSOCIATIONS.—Section 2.4(a)(1) (12 U.S.C. 2075(a)(1)) is amended by striking "at least 20 percent," and all that follows through the end of the paragraph and inserting "some portion of the total processing or marketing for which financing is extended, except that the aggregate of the financing provided by any association for basic processing and marketing directly related to the operations of farmers, ranchers, and producers or harvesters of aquatic products, if the operations of the applicant supply less than 20 percent of the total processing or marketing for which financing is extended, shall not exceed 15 percent of the total of all outstanding loans of all associations in the district at the end of its preceding fiscal year;"

SEC. 1833. RESTORATION OF FIRST LIEN ON STOCK.

Subtitle A of title II is amended—

(1) by redesignating section 2.6 (12 U.S.C. 2077) as section 2.7; and

(2) by inserting after section 2.5 (12 U.S.C. 2076) the following new section:

"SEC. 2.6. LIENS ON STOCK.

"Except with regard to stock or participation certificates held by other Farm Credit System institutions, each production credit association shall have a first lien on stock and participation certificates the association issues, on allocated surplus, and on investments in equity reserve, for any indebtedness of the holder of the capital investments and, in the case of equity reserves, for charges for association losses in excess of reserves and surpluses."

SEC. 1834. INSURANCE SERVICES.

Section 4.29 (12 U.S.C. 2218) is amended—

(1) in subsection (a)(2)—

(A) in the first sentence, by inserting before the period at the end the following: "if more than two insurers for each type of insurance have proposed programs to a bank that will, in all likelihood, have long-term viability and meet the requirements of subsection (b)(2)(D)"; and

(B) in the third sentence, by inserting before the period at the end the following: “, if at least two insurers have been approved in accordance with this paragraph”; and

(2) in subsection (b)(2)(E), by inserting before the semicolon at the end the following: “, if at least two insurers have been approved in accordance with subsection (a)(2)”.

SEC. 1835. CLARIFICATION OF CONTENTS OF CERTIFIED STATEMENTS.

Subsection (a) of section 5.56 (12 U.S.C. 2277a-5(a)) is amended to read as follows:

“(a) **FILING CERTIFIED STATEMENT.**—Annually, on a date to be determined in the sole discretion of the Board of Directors, each insured System bank that became insured before the beginning of the year shall file with the Corporation a certified statement showing—

“(1) the annual average principal outstanding on loans made by the bank that are in accrual status, including the nonguaranteed portions of government-guaranteed loans;

“(2) the annual average principal outstanding on the guaranteed portion of Federal Government-guaranteed loans (as defined in section 5.55(a)(2)) that are in accrual status;

“(3) the annual average principal outstanding on State government-guaranteed loans (as defined in section 5.55(a)(2)) that are in accrual status;

“(4) the annual average principal outstanding on loans that are in nonaccrual status; and

“(5) the amount of the premium due the Corporation from the bank for the year.”.

SEC. 1836. TERMINATION DATE FOR FARM CREDIT SYSTEM ASSISTANCE BOARD.

(a) **USE OF INSURANCE FUND.**—Section 5.60(c) (12 U.S.C. 2277a-9(c)) is amended—

(1) in paragraph (1), by striking “5 years after the date of the enactment of this part” and inserting “January 1, 1993”; and

(2) in paragraph (2), by striking “5 years after the date of enactment of this part” and inserting “January 1, 1993”.

(b) **POWERS OF CORPORATION WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.**—Section 5.61(f) (12 U.S.C. 2277a-10(f)) is amended by striking “beginning on the date of the enactment of this part” and inserting “prior to January 1, 1993”.

SEC. 1837. EMPLOYMENT OF CERTAIN PERSONS BY FARM CREDIT SYSTEM INSTITUTIONS.

Section 5.65(d) (12 U.S.C. 2277a-14(d)) is amended—

(1) in paragraph (1), by striking “insured System bank” and inserting “insured System institution”; and

(2) in paragraph (2), by striking “bank” and inserting “institution”.

SEC. 1838. TERMINATION OF SYSTEM INSTITUTION STATUS OF CALIFORNIA LIVESTOCK PRODUCTION CREDIT ASSOCIATION.

(a) **AUTHORITY TO TERMINATE.**—Notwithstanding any other provision of law, effective on the date of enactment of this Act, the California Livestock Production Credit Association may terminate the status of the Association as a Farm Credit System institution.

(b) **REQUIREMENTS.**—Notwithstanding section 7.10(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2279(a)(4)), the California Livestock Production Credit Association shall not (on termination) be—

- (1) required to pay any part of the last \$1,000,000 of its capital; or
- (2) restricted from transferring any part of the \$1,000,000 to its successor institution.

SEC. 1839. SECONDARY MARKET FOR GUARANTEED FARMER PROGRAM LOANS.

(a) **DEFINITION OF CERTIFIED FACILITY.**—Paragraph (3) of section 8.0 (12 U.S.C. 2279aa(3)) is amended to read as follows:

“(3) **CERTIFIED FACILITY.**—The term ‘certified facility’ means—

“(A) a secondary marketing agricultural loan facility that is certified under section 8.5; or

“(B) the Corporation and any affiliate thereof, but only with respect to qualified loans described in paragraph (9)(B).”

(b) **DEFINITION OF QUALIFIED LOAN.**—Paragraph (9) of section 8.0 (12 U.S.C. 2279aa(9)) is amended to read as follows:

“(9) **QUALIFIED LOAN.**—The term ‘qualified loan’ means an obligation—

“(A)(i) that is secured by a fee-simple or leasehold mortgage with status as a first lien, on agricultural real estate located in the United States that is not subject to any legal or equitable claims deriving from a preceding fee-simple or leasehold mortgage;

“(ii) of—

“(I) a citizen or national of the United States or an alien lawfully admitted for permanent residence in the United States; or

“(II) a private corporation or partnership whose members, stockholders, or partners holding a majority interest in the corporation or partnership are individuals described in subclause (I); and

“(iii) of a person, corporation, or partnership that has training or farming experience that, under criteria established by the Corporation, is sufficient to ensure a reasonable likelihood that the loan will be repaid according to its terms; or

“(B) that is the portion of a loan guaranteed by the Secretary of Agriculture pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), except that—

“(i) subsections (b) through (f) of section 8.6, and sections 8.7, 8.8, and 8.9, shall not apply to the portion of a loan guaranteed by the Secretary or to an obligation, pool, or security representing an interest in or obligation backed by a pool of obligations relating to the portion of a loan guaranteed by the Secretary; and

“(ii) the portion of a loan guaranteed by the Secretary shall be considered to meet all standards for qualified loans for all purposes under this Act.”

SEC. 1840. AUTHORITY OF FARM CREDIT ADMINISTRATION TO REGULATE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.11 (12 U.S.C. 2279aa-11) is amended—

(1) in subsection (a), by amending paragraph (1) to read as follows:

“(1) **AUTHORITY.**—Notwithstanding any other provision of this Act, the Farm Credit Administration shall have the authority to—

“(A) provide for the examination of the condition of the Corporation and its affiliates; and

“(B) provide for the general supervision of the safe and sound performance of the powers, functions, and duties vested in the Corporation and its affiliates by this title, including through the use of the enforcement powers of the Farm Credit Administration under part C of title V.”; and

(2) by adding at the end the following new subsection:

“(e) **DEFINITION OF AFFILIATE.**—As used in this title, the term ‘affiliate’ shall mean an entity effectively controlled or owned by the Corporation, except that such term shall not include a certified facility or an originator (as defined in paragraphs (3) and (7), respectively, of section 8.0).”.

SEC. 1841. EXCLUSION OF FARM CREDIT ADMINISTRATION FROM SENIOR EXECUTIVE SERVICE.

Section 3132(a)(1)(D) of title 5, United States Code, is amended by inserting “the Farm Credit Administration,” after “Corporation,”.

SEC. 1842. GAO STUDY OF RURAL CREDIT COST AND AVAILABILITY.

(a) **STUDY.**—The Comptroller General of the United States shall conduct a study of certain matters related to the cost and availability of credit in rural America, including a study of—

(1) the relationship of the role and lending volume of the Farm Credit System to the ability of the System to repay the assistance provided under the Agricultural Credit Act of 1987 (Public Law 100-233) and amendments made by such Act;

(2) the ability of Farm Credit System institutions to be competitive taking into consideration the costs of rebuilding capital, repaying assistance, and capitalizing the Farm Credit Insurance Fund established under section 5.60 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-9);

(3) the rates Farm Credit Banks charge for credit and the rates prevailing in the market for credit of comparable risk and maturity;

(4) the potential for credit pricing practices of rural lending institutions to adversely affect the financial soundness of other lending institutions that provide agricultural credit;

(5) the pricing practices of commercial lending and insurance institutions and whether the practices adequately address the level of risk in agricultural lending;

(6) whether the assistance authorized under the Agricultural Credit Act of 1987 and the amendments made by such Act, is being utilized in accordance with the purposes intended by Congress;

(7) the availability and adequacy of credit in rural America for the purpose of financing agricultural production, infrastruc-

ture development (including development of roads, bridges, and water systems), and rural development;

(8) the prudence and desirability for commercial lenders and Farm Credit System institutions who serve primarily agriculture to broaden lending activity to provide diversity in their portfolios;

(9) the level of competitiveness among the major sector lenders in agriculture, whether competition among such lenders has increased or decreased in the last 5 years, and whether American producers have benefited from the competitive situation; and

(10) the level of farm lending activity, in relation to the total asset level, of agricultural lending institutions in rural America and the level of investment by the institutions outside of the rural community or area in which the lending institutions are located.

(b) **REPORT.**—Not later than 2 years after the date of enactment of this Act, the Comptroller General shall submit a report on the study conducted under subsection (a) (including any related recommendations) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 1843. SALARIES AND COMPENSATION PAID BY SYSTEM INSTITUTIONS.

(a) **REPEAL OF AUTHORITY OF FARM CREDIT ADMINISTRATION TO APPROVE SALARIES AND COMPENSATION PAID BY SYSTEM INSTITUTIONS.**—

(1) **IN GENERAL.**—Section 5.17(a) (12 U.S.C. 2252(a)) is amended by striking paragraph (13).

(2) **CONFORMING AMENDMENT.**—Section 6.6(a)(8)(B) (12 U.S.C. 2278a-6(a)(8)(B)) is amended by striking “notwithstanding the authority of the Farm Credit Administration to approve such matters”.

(b) **INCLUSION OF COMPENSATION ANALYSIS IN BANK EXAMINATION.**—Section 5.19(a) (12 U.S.C. 2254(a)) is amended by inserting after the third sentence the following: “Examination of banks shall include an analysis of the compensation paid to the chief executive officer and the salary scales of the employees of the bank.”

Subtitle C—Miscellaneous

SEC. 1851. ECONOMIC EMERGENCY LOAN PROGRAM.

The Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note) is hereby repealed.

SEC. 1852. AUTHORIZATION OF APPROPRIATIONS FOR FARM OWNERSHIP OUTREACH PROGRAM TO SOCIALLY DISADVANTAGED INDIVIDUALS.

Section 623 of the Agricultural Credit Act of 1987 (7 U.S.C. 1985 note) is amended—

(1) by inserting “(a) **IN GENERAL.**—” before “The Secretary”; and

(2) by adding at the end the following new subsection:

"(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section \$2,500,000 for each of the fiscal years 1991 through 1995."

SEC. 1853. STATE MEDIATION PROGRAMS.

Section 506 of the Agricultural Credit Act of 1987 (7 U.S.C. 5106) is amended by striking "1991" and inserting "1995".

SEC. 1854. INDIAN LAND ACQUISITION PROGRAM.

(a) **LIMITED RESOURCE INTEREST RATE.**—Section 5 of Public Law 91-229 (25 U.S.C. 492) is amended by striking "section 307(a)" and inserting "section 307(a)(3)(B)".

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Public Law 91-229 (25 U.S.C. 488 et seq.) is amended by adding at the end the following new section:

"SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this Act \$8,000,000 for each of the fiscal years 1991 through 1995."

Subtitle D—Effective Dates

SEC. 1861. EFFECTIVE DATES.

(a) **IN GENERAL.**—Except as otherwise provided in this title, this title and the amendments made by this title shall become effective on the date of enactment of this Act.

(b) **NOTICE OF DEBT SETTLEMENT PROGRAMS.**—The amendment made by section 1807(1) of this Act shall become effective 120 days after the date of enactment of this Act.

(c) **DEBT RESTRUCTURING AND LOAN SERVICING.**—

(1) **IN GENERAL.**—Except as provided in section 353(c)(6)(A)(ii) of the Consolidated Farm and Rural Development Act (as added by section 1816(f) of this Act) and in paragraph (3) of this subsection, section 1816 of this Act and the amendments made by such section 1816 shall apply to new applications submitted under section 353 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001) on or after the date of enactment of this Act.

(2) **DEFINITION OF NEW APPLICATION.**—As used in paragraph (1), the term "new application" means an application submitted by a borrower to initiate a debt restructuring consideration and not an application reconsidered after an appeal or revision of the original application.

(3) **LIQUIDATION OF ASSETS.**—Section 353(o) of the Consolidated Farm and Rural Development Act (as added by section 1816(h) of this Act) shall not apply until the Secretary of Agriculture has issued final regulations to carry out such section 353(o).

(d) **RESTORATION OF FIRST LIEN ON STOCK.**—The amendment made by section 1833 of this Act shall be effective as of January 7, 1988.

(e) **REGULATIONS.**—As soon as practicable after the date of enactment of this Act—

(1) the Secretary of Agriculture shall issue such regulations as are necessary to carry out subtitles A and C of this Act and the amendments made by such subtitles; and

(2) the Farm Credit Administration shall issue such regulations as are necessary to carry out subtitle B of this Act and the amendments made by such subtitle.

TITLE XIX—AGRICULTURAL PROMOTION

SEC. 1901. SHORT TITLE.

This Act may be cited as the "Agricultural Promotion Programs Act of 1990".

Subtitle A—Pecans

SEC. 1905. SHORT TITLE.

This subtitle may be cited as the "Pecan Promotion and Research Act of 1990".

SEC. 1906. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) pecans are a native American nut that is an important food, and is a valuable part of the human diet;

(2) the production of pecans plays a significant role in the economy of the United States in that pecans are produced by thousands of pecan producers, shelled and processed by numerous shellers and processors, and pecans produced in the United States are consumed by millions of people throughout the United States and foreign countries;

(3) pecans must be high quality, readily available, handled properly, and marketed efficiently to ensure that consumers have an adequate supply of pecans;

(4) the maintenance and expansion of existing markets and development of new markets for pecans are vital to the welfare of pecan producers and those concerned with marketing, using, and producing pecans, as well as to the general economy of the United States, and necessary to ensure the ready availability and efficient marketing of pecans;

(5) there exist established State organizations conducting pecan promotion, research, and industry and consumer education programs that are invaluable to the efforts of promoting the consumption of pecans;

(6) the cooperative development, financing, and implementation of a coordinated national program of pecan promotion, research, industry information, and consumer information are necessary to maintain and expand existing markets and develop new markets for pecans; and

(7) pecans move in interstate and foreign commerce, and pecans that do not move in such channels of commerce directly burden or affect interstate commerce in pecans.

(b) POLICY.—It is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this subtitle, of an orderly procedure