

authorization level increases from \$270 million in fiscal year 1986, to \$310 million in fiscal year 1990. Extension program funding continues through fiscal year 1990, increasing from \$370 million in fiscal year 1986 to \$420 million in fiscal year 1990.

The 1985 Act also authorizes funds for Federal agricultural research facilities for fiscal years 1988-90 for planning, constructing, and repairing buildings and for buying or leasing land by ARS, with planning limited to \$500,000 and total cost limited to \$5 million. The Secretary must submit to Congress a report on construction activity by location within 60 days of the end of each fiscal year.

#### **Soybean Research Advisory Institute**

The 1985 Act repeals authorization for this institute.

#### **Smith-Lever Act**

The Smith-Lever Act provides that Cooperative Extension work consists of developing practical applications of research and of providing instruction and practical demonstrations of existing or new technologies or practices in agriculture, including the use of solar energy, home economics, and rural energy. The Secretary may conduct educational, instructional, demonstration, and publications distribution programs. Such programs will be on a matching basis between the Extension Service and private industry or individual funds (no more than 0.5 percent of the funds appropriated to the Extension Service may be used to match funds for this provision). A report due to Congress on December 23, 1987, will show progress of these programs and make recommendations regarding how similar private sector initiatives could be used by the Extension Service.

#### **Market Expansion Research**

The Secretary, using available funds, must increase USDA research programs that are directed at developing technology to overcome barriers to expand sales of U.S. agricultural commodities and products in domestic and foreign markets. Research programs for developing procedures to meet plant quarantine requirements and to improve the transporting and handling of perishable agricultural commodities must also be expanded. The Secretary must also conduct research on formulating new uses for farm and forest products, particularly industrial and value-added products. The Federal share must not exceed 50 percent of the cost of each project and may not be less than \$10 million annually.

#### **Pesticide Resistance Study**

The Secretary should study the detection and management of pesticide resistance. The study should review existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests which are becoming resistant to pesticides. The study must review existing efforts to monitor current and historical patterns of pesticide resistance and develop a strategy for establishing a national pesticide resistance monitoring program, involving Federal, State, and local agencies, and the private sector. The study is due to the President and Congress by December 23, 1986.

#### **Critical Agricultural Materials**

The 1985 Act amends the Critical Agricultural Materials Act to require the Secretary to carry out demonstration projects to promote the development or commercialization of native agricultural crops that could supply critical agricultural materials for

strategic and industrial purposes. The Secretary may use grants, contracts, or cooperative agreements with any person or institution, and make available commodities from CCC stocks on a reimbursable basis to carry out this project.

#### **Expansion of Education Study**

The 1985 Act authorizes the Secretaries of the Departments of Agriculture and Education to expand the Study of Agricultural Education on the Secondary Level currently being conducted by the National Academy of Sciences. The expanded study would include the potential use of modern technology in teaching agricultural programs at the secondary school level and the recommendations of the National Academy of Sciences on how the technology can be most effectively used in teaching agricultural programs.

#### **Grants for Financially Stressed and Dislocated Farmers**

The Secretary must provide special grants to education and counseling programs that develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis or displaced from farming. These programs will consist of education and counseling services that assess human and nonhuman resources; assess income alternatives; identify opportunities available for farmers in the local community, county, and State; implement financial planning and management strategies; and match such farmers with specific opportunities, such as new businesses, other off-farm jobs, job search programs, and retraining skills. The Secretary may also provide support to mental health officials in developing outreach programs in rural areas. The grants must be issued between December 23, 1985, and December 23, 1988.

#### **Annual Report on Family Farms**

The Secretary's annual report to Congress on the status of the family farm is expanded to include several new topic areas:

- o Information on how existing agricultural and agriculture-related programs are being administered to strengthen the family farm in the United States.
- o An assessment of how current and proposed credit laws and Federal income, excise, estate, and other tax laws affect the structure of, returns to, and investment opportunities of farm owners, both foreign and domestic.
- o Identification and analysis of new food and agricultural production and processing developments, especially in the area of biotechnology. The analysis must evaluate the potential effect of such technological developments on the economic structure of the family farm system, the competitive status of domestically produced agricultural commodities and foods in foreign markets, and the achievement of Federal agricultural program objectives.
- o An assessment of the credit needs of family farms and the extent to which those needs are being met.
- o An assessment of how economic and trade policies of the United States affect the financial operation of, and prospects for, family farm operations.

- o An assessment of the effect of Federal farm programs on farmers who derive most of their income from nonfarm sources and farmers who derive most of their income from farm sources.
- o Other information that would aid Congress in preserving and strengthening the family farm system of U.S. agriculture.

#### **Human Nutrition Research**

The Secretary must submit to Congress, by December 23, 1986, a comprehensive plan for implementing a national food and human nutrition research program, including recommendations relating to research directions, educational activities, and funding levels necessary to carry out the plan. The Secretary must also submit a report on USDA's human nutrition research not later than 1 year after the plan is received, and annually thereafter.

The 1985 Act also requires the Secretaries of the Departments of Agriculture and Health and Human Services to jointly assess existing scientific literature and research on the relationship between dietary and blood cholesterol and human health and nutrition and the role of dietary calcium and its importance in human health and nutrition. Both Secretaries must report their assessments and recommendations for further research (including budget estimates) to Congress by December 23, 1986.

#### **Agricultural Productivity Research**

Title XIV authorizes a new agricultural productivity research program. One purpose of the program is to facilitate and promote scientific investigation to improve productivity, maintain soil fertility, reduce soil erosion, and conserve energy and natural resources. Another purpose of the program is to facilitate research of agricultural production systems that are located in areas possessing various soil, climatic, and physical characteristics; that have been managed using farm production practices that rely on purchased items or on conservation practices; and that can shift from purchased inputs to natural production practices.

To carry out these objectives, the Secretary must identify and classify existing information and research reports on agricultural productivity, including information related to legume-crop rotation; the use of green manure, animal manures, and municipal wastes in agricultural production; soil acidity; liming; intercropping; the role of organic matter in soil productivity and erosion control; the effect of topsoil loss on soil productivity; and biological methods of weed, disease, and insect control. The Secretary must then identify which reports provide useful information and make these available to farmers and ranchers through the Extension Service. The Secretary must also identify gaps in the information and carry out research to fill them.

The Secretary, in cooperation with Federal and State research agencies and agricultural producers, will conduct research projects that are broadly representative of U.S. agricultural production, including small farms. These projects may involve crops, soils, production methods, weeds, insects, and diseases. Projects that emphasize planting a sequence of crops must last 5-15 years. USDA must ensure that farmers and ranchers are aware of projects being conducted and that the projects are open for public observation.

The Secretary must submit a report to Congress not later than June 21, 1986, describing the design of the research projects; not later than March 23, 1987, describing the results of the literature search; and not later than April 1, 1987,

and each April 1 thereafter, describing progress of projects conducted under this program. The annual reports must summarize and analyze data collected and recommend new research. Information from these research projects will be made available to the public through Federal and State Extension Services.

**TITLE XV: FOOD STAMP AND RELATED PROGRAMS**

Title XV is divided into three subtitles: food stamp provisions, commodity distribution provisions, and nutrition and miscellaneous provisions. The first subtitle continues the Food Stamp Program (FSP) through September 30, 1990, with major changes as summarized below. The second subtitle extends the Temporary Emergency Food Assistance Program (TEFAP) through September 30, 1987. The third subtitle authorizes expanded food, nutrition, and consumer education programs and expands nutrition monitoring of the needy.

**Food Stamp Eligibility and Benefits**

The 1985 Act amends several provisions of the Food Stamp Act of 1977 relating to eligibility requirements and benefits of the FSP. Figure 7 illustrates the use of the Food Stamp Program, by State, for fiscal year 1984.

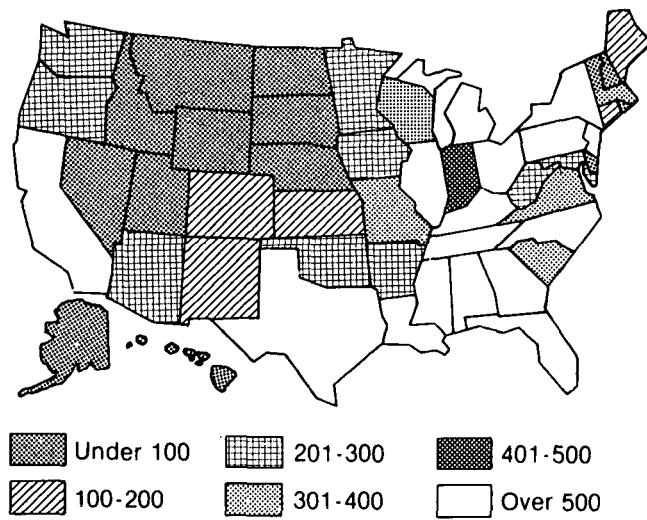
Residents of publicly operated community mental health centers were eligible to participate in the FSP during fiscal years 1984-85; the 1985 Act makes the eligibility permanent. Only narcotic addicts or alcoholics who lived under the supervision of a private nonprofit institution for participation in a drug or alcoholic treatment program had been eligible for food stamps before the legislated changes. The 1985 Act also authorizes these centers to accept food stamps.

The 1985 Act expands the definition of disabled persons. Households with disabled members are permitted a medical care deduction and an unlimited excess shelter cost deduction. Gross income less deductions equals net income, which is used in determining eligibility and benefit levels. The expanded definition of disabled will include the following:

- o Recipients of State-financed Supplemental Security Income (SSI) benefits who do not receive Federal SSI benefits. The State SSI benefits must be based on SSI disability criteria or criteria used under pre-SSI programs for aid to the permanently and totally disabled and blind.
- o Recipients of public disability retirement pensions who have a permanent disability based on special Social Security Administration rules.
- o Veterans receiving pensions for nonservice-connected disabilities.
- o Recipients of railroad retirement disability annuities who must meet

Figure 7  
**Average Monthly Participation in the Food Stamp Program, by State, 1984**

Thousand participants



Social Security Administration disability criteria to receive their annuity or qualify for Medicare.

Households in which all members receive payments under either the Aid to Families with Dependent Children (AFDC) Program or the SSI Program will be automatically eligible to receive food stamps through September 30, 1989. These households will not have to meet the income standards or asset standards that other households must meet to qualify for food stamps. These households will not be terminated from the FSP solely on the basis of termination from the AFDC or SSI programs. The Secretary must report to Congress by December 23, 1987, on the effect of categorical eligibility on program administration, error rates, eligibility levels, and benefit costs.

The portion of an educational grant, loan, or other educational assistance that is used to pay tuition and mandatory fees for postsecondary education will be excluded from household income for the purposes of determining eligibility and benefit levels. The exclusion previously applied only to students in institutions of higher education. Educational loan origination fees and insurance premiums will also be excluded. Farmers may now reduce their countable income by the losses incurred from their self-employed farm operations. Earnings from on-the-job training programs under the Job Training Partnership Act will count as earned income, except for dependents under age 19. The earned income deduction will increase from 18 percent to 20 percent of earned income, effective May 1, 1986. This deduction compensates households for mandatory work-related expenses such as taxes and union dues.

Effective May 1, 1986, the combined deduction for actual dependent care costs and excess shelter costs will be separated. The maximum deduction for dependent care costs will be \$160 per month with no adjustments for inflation or geographic variations. The maximum excess shelter cost deduction will be \$147 per month in the 48 contiguous States and the District of Columbia. The deductions for Alaska, Hawaii, Guam, and the U.S. Virgin Islands will reflect the differences in their shelter costs. The maximum deduction will continue to be revised each October based on changes in the shelter costs of the Consumer Price Index for all urban consumers. The maximum combined monthly dependent care and excess shelter cost deduction was previously \$139 in the 48 contiguous States and the District of Columbia, \$242 in Alaska, \$199 in Hawaii, \$169 in Guam, and \$102 in the U.S. Virgin Islands.

On May 1, 1986, the \$1,500 asset limit for nonelderly households increases to \$2,000. Assets include cash and resources that can easily be converted to cash such as checking and savings accounts, stocks, and bonds. Only the equity value or the portion of the fair market value exceeding \$4,500, whichever is more, of certain vehicles will be counted as an asset. The \$1,500 asset limit for households composed of one elderly person only rises to \$3,000. Under previous legislation, the \$3,000 limit applied only to households of two or more persons, when at least one of the persons was age 60 or over.

The 1985 Act specifies that if a household member other than the head of the household does not comply with certain work requirements, then only that household member is barred from the FSP. Previous legislation disqualified an entire household if any household member failed to comply with the work requirements. If the household head fails to meet the work requirements, the entire household is still disqualified from receiving food stamps. The normal disqualification period for failing to meet the work requirements is 2 months. Each adult member of a food stamp household must repay the value of food stamps that were overissued to the household.

Household heads age 16 and 17 will no longer be automatically exempt from meeting the work requirements. These persons must comply with the work requirements if they are not attending school at least half-time or participating in an employment and training program. Previous legislation did not impose the work requirements on persons under age 18.

State agencies must provide a means for certifying and issuing food stamps to eligible homeless people and to ensure that only eligible homeless people participate in the FSP. States will be prohibited from participating in the Food Stamp Program if the Secretary determines that State or local sales taxes are collected for food purchased with food stamps. This provision becomes effective on October 1 of the calendar year in which the State legislature next meets for a regular session. The Secretary may extend this date, if necessary, but to no later than October 1, 1987.

The existing pilot projects that provide cash rather than food coupons to households composed entirely of persons age 65 or over or persons eligible for SSI will continue through September 30, 1990, at the request of the States. These pilot projects would have ended December 31, 1985.

States may stagger issuance of food stamp benefits throughout the entire month as long as no household goes longer than 40 days without receiving food stamps. Previous legislation had required States to issue food stamps during the first 15 days of the month. The Secretary must require States to issue food stamp benefits through specified alternative methods if the methods improve the integrity of the program. Previous legislation allowed alternative methods for issuing food stamp benefits at the discretion of the Secretary.

The Secretary may allow States to test simplified applications for food stamps and standardized benefits in five statewide and five local sites. In these sites, households with members who receive AFDC, SSI, or Medicaid benefits will be eligible to receive food stamps regardless of the household's income and asset level, as long as the income does not exceed 130 percent of the Federal poverty level. Benefits to these households would be based on the size of the household and the AFDC benefits, the income eligibility standard for Medicaid, or at State option, the AFDC or Medicaid needs standards. However, the average food stamp benefits may not be less than the average that would have been provided under regular procedures.

States may collect the value of food stamps that were overissued to recipients through unemployment compensation agencies. State food stamp agencies would reimburse these agencies for the cost of collecting overpaid food stamp benefits. As with other means of collection in cases of intentional violation, States can keep 50 percent of the money collected.

**Food Stamp Funding Levels**

The 1985 Act provides funding ceilings for the FSP through fiscal year 1990 (table 10). In determining these levels, Congress used Congressional Budget Office estimates of the cost of the Food Stamp Program (including effects of the 1985 Act) and added 3 percent to the estimate in fiscal year 1986, 5 percent in fiscal year 1987, 6 percent in fiscal year 1988, and 7

**Table 10—Authorized funding for the Food Stamp Program <sup>1/</sup>**

Fiscal year	Funding level
	<u>Billion dollars</u>
1986	13.037
1987	13.936
1988	14.741
1989	15.435
1990	15.970

<sup>1/</sup> Includes Puerto Rico's nutrition assistance block grant.

percent in fiscal years 1989 and 1990. The totals include the annual allocation for Puerto Rico's nutrition assistance block grant.

The Secretary must make reductions in any fiscal year when benefit requirements will exceed the authorized funding levels. Under previous legislation, the Secretary was required to reduce benefits when benefit requirements exceeded the funding provided.

### **Employment and Training Programs**

Each State must implement an employment and training program by April 1, 1987, to assist food stamp recipients in obtaining skills, training, and experience that will increase their chances of finding employment. A State may disqualify a person from the FSP for refusing to participate in an employment and training program.

An employment and training program is defined as a program that meets at least one of the following requirements:

- o Job search programs with terms and conditions comparable to those for job search in the Aid to Families with Dependent Children (AFDC) Program. However, the State is not required to pay participant expenses in excess of \$25 per month per participant and may require a job search at the time of the application.
- o Training programs determined by the State to enhance the ability of food stamp recipients to search for jobs or obtain employment.
- o Workfare programs as described in the Food Stamp Act.
- o Programs that provide work experience or training or both and that enable program participants to move promptly into regular public or private employment.
- o Other programs, projects, or experiments such as supported work programs, as approved by the Secretary.

The States will design employment and training programs subject to the approval of the Secretary. Work assignments under the program must serve a useful public purpose and should take into consideration the participant's prior training, experience, and skill, if possible. Under no circumstances should the work assignments in the employment and training program lead to the dismissal of workers not participating in the program. Work programs must provide participants the same benefits and working conditions as nonparticipants who perform comparable work for a similar number of hours.

A participant is required to work a number of hours equal to the household's monthly food stamp benefit divided by the Federal or State minimum wage, whichever is higher. The total number of required work hours, including any training program or other employment, cannot exceed 120 per month. The 1985 Act requires the States to reimburse all participants in the employment and training program for their actual transportation costs and other costs that are reasonably necessary and directly related to their participation in the program. However, the States may limit the reimbursement to \$25 per month per participant.

The States may establish employment and training programs where participation is voluntary. Persons exempt from the program must be permitted to participate to the extent the State determines it to be practicable. The States may exempt persons from participating if participation would be impracticable for a number of reasons

including lack of job readiness and employability, the remote location of work opportunities, and the lack of child care. Entire categories of food stamp recipients could be exempt if a State determines that a participation requirement would be impracticable due to lack of work opportunities and the cost effectiveness of requiring participation. For example, all recipients in a specified geographic area with high levels of unemployment could be exempt from an employment and training program. Recipients participating in the FSP for fewer than 30 days could also be exempt, subject to the Secretary's approval.

The 1985 Act requires the Secretary to take the following actions concerning establishing and implementing an employment and training program:

- o Issue guidelines to ensure that employment and training programs are provided to native Americans on reservations.
- o Set performance standards that designate the minimum proportions of nonexempt persons subject to the work requirements. These standards must be in place within 18 months after implementing an employment and training program. The standards cannot exceed 50 percent of nonexempt persons through September 1989.
- o Vary performance standards based on differences in the types of persons required to participate and the type of employment and training program established. The performance standards must reflect the cost to the States and the extent of participation by persons exempt from the program.
- o Consider voluntary participation and other factors such as reduced food stamp participation, when determining if a State complied with the performance standard.
- o Ensure that States meet the employment and training program requirements outlined in their State plans. The Secretary may withhold Federal funds for food stamp administration and operation of employment and training programs if a State fails to meet, without good cause, the program requirements or performance standard.
- o Allocate to the States, from funds appropriated for the Food Stamp Program, the following amounts for operating an employment and training program: \$40 million in fiscal year 1986, \$50 million in fiscal year 1987, \$60 million in fiscal year 1988, \$75 million in fiscal year 1989, and \$75 million in fiscal years 1990-91. The Secretary may reimburse the States for 50 percent of the costs exceeding those allocated from the above funds.
- o Submit a report on the effectiveness of the employment and training programs to Congress by January 1, 1989.

#### Workfare

Heads of households who are 16 or 17 years old will no longer be exempt from complying with the workfare program unless they are attending school at least half-time or enrolled in an employment or training program. The 1985 Act revises provisions for persons exempt from work requirements in the FSP because they are participating in a community work experience program under the AFDC program. The maximum number of hours of work per month required under the AFDC work program will equal the amount of AFDC benefits plus the value of food stamps divided by the Federal or State minimum wage, whichever is higher. Under previous legislation, the maximum number of work hours permitted did not reflect the receipt of food stamps.



## Program Administration

The 1985 Act contains several provisions relating to the administration of the FSP, either by the States or by USDA. States may now operate the FSP and Commodity Distribution Programs in the same area. Previous legislation had banned the Commodity Distribution Program from operating in the same area as the FSP. Exceptions were where federally donated commodities were distributed to victims of natural disasters or to participants in the Commodity Supplemental Food Program, the Food Distribution Program on Indian reservations, or the Temporary Emergency Food Assistance Program.

The Secretary must establish a disaster task force to assist the States in providing food stamps as quickly as possible during disasters. The task force will consist of appropriate food stamp, disaster, and related program personnel at national and regional levels. The Secretary will send task force members to disaster areas when it would be cost effective. The task force will provide technical assistance to State and local officials by coordinating policy matters and monitoring the emergency assistance efforts.

The Secretary must study the food stamp quality control system to determine the best method for obtaining information that would enable States to improve program administration and to provide data for use in withholding Federal funding for excessive error rates. Further, the Secretary must contract with the National Academy of Sciences for an independent study on the quality control system. These studies are due to Congress by December 23, 1986.

Until June 23, 1986, the Secretary may not reduce a State's Federal share of food stamp administrative costs because the State had excessive error rates in administering the program. The Secretary must restructure the food stamp quality control system, publish regulations about the new system before June 23, 1987, and begin implementing the system by December 23, 1987. The new system will take into account the results of the two studies on the existing quality control system.

The 1985 Act requires the Secretary to develop a model plan on the automation of data processing and computerization of information systems for the FSP. This plan must be ready for comments by October 1, 1986, and finalized by February 1, 1987. The States must submit plans for improved automated data processing and information retrieval systems by October 1, 1987, for the Secretary's approval and begin implementing the plans by October 1, 1988. The State plans must be based on the Secretary's model plan. The Secretary must submit a report to Congress by April 1, 1988, evaluating each State's plan. The report will analyze any additional steps that each State needs to take to ensure cost-effective, efficient computer systems. The report must be updated periodically.

Financial institutions may not charge a fee for redeeming food stamps if the stamps are submitted according to Federal Reserve requirements.

One adult member of all households applying for food stamps must certify in writing, under penalty of perjury, that all information contained in the application and periodic reports is accurate. The 1985 Act mandates verification of household size, where questionable, and permits States to require verification of other information that is used in determining eligibility. The Secretary may require States to use photographic identification cards if the use of the cards would preserve program integrity and be cost effective. States may let households use photographic identification cards issued under another public assistance program. Under previous

legislation, the Secretary could only authorize photographic identification cards if the cards were needed in project areas to protect program integrity.

The Secretary must develop standards for periodic review of the hours that food stamp offices are open to ensure that employed persons have access to the program. Administrative units will be established in project areas with 5,000 or more participating households to detect, investigate, and assist in prosecuting people suspected of committing food stamp fraud.

States must encourage food stamp recipients to participate in the Expanded Food and Nutrition Education Program (EFNEP). State agencies should allow EFNEP officials, where practicable, to display information about EFNEP in food stamp offices.

Effective October 1, 1986, applicants and recipients of SSI and Social Security will be informed of the availability of the Food Stamp Program, assisted in making a simple application to receive food stamps, and certified for food stamps based on information in Social Security files. The Secretary must report to Congress by April 1, 1987, on the nature and extent of costs incurred by the Secretary of Health and Human Services in providing Food Stamp Program information and simplified applications at Social Security Administration offices.

#### Puerto Rico Block Grant

The funding levels authorized for Puerto Rico's nutrition assistance block grant program remains at \$825 million for fiscal year 1986 but increases in each of the following years (table 11). This program was initiated in July 1982 to replace the Food Stamp Program in Puerto Rico and was funded at \$825 million per year.

Table 11—Authorized funding levels for Puerto Rico's nutrition assistance program

Fiscal year	Funding level
	<u>Million dollars</u>
1986	825.00
1987	852.75
1988	879.75
1989	908.25
1990	936.75

#### Commodity Programs

The Secretary may purchase and distribute commodities for use in the Commodity Supplemental Food Program, the Food Distribution Program (on Indian Reservations and in the Trust Territory of the Pacific Islands), and in summer camps, charitable institutions, and declared disaster areas through September 30, 1990. Title XV extends the authority for commodity purchases and distribution mandated by the Agriculture and Consumer Protection Act of 1973, as amended. To provide nutrition assistance to the needy, nonprofit organizations (such as schools) receiving commodities under section 32 of the Act of August 24, 1935, may transfer their commodities to other nonprofit organizations that can use them without waste or cost to low-income persons.

#### Commodity Supplemental Food Program

The 1985 Act extends authority for the Commodity Supplemental Food Program (CSFP) and the elderly feeding pilot projects through September 30, 1990. The act also increases administrative funds by 15 percent of the value of bonus and donated commodities outside the food packages. Local agencies may distribute CSFP commodities to low-income elderly persons if the funds they receive to operate the program exceed those necessary for women, infants, and children, subject to the approval of the Secretary. Moreover, the Secretary must approve additional CSFP

sites if funds are available and if the new sites will not reduce existing participation by women, infants, children, or the elderly.

### **Commodity Distribution**

The commodity distribution subtitle contains the following provisions.

#### **Definition of Emergency Feeding Organizations**

Emergency feeding organizations include charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit agencies. These organizations have priority for receiving commodities and Federal assistance in paying for distribution costs.

#### **Availability and Distribution of Commodities**

The Secretary may distribute commodities to agencies that operate the Temporary Emergency Food Assistance Program (TEFAP). These commodities include, but are not limited to, dairy products, wheat or wheat products, rice, honey, and corn meal. Beginning April 1, 1986, the Secretary must report to Congress semiannually on the types and amounts of commodities made available for distribution under TEFAP. Commodities will be available for distribution through the commodity distribution programs at no charge or credit if they are available in CCC inventories and not otherwise committed. States are encouraged to offer TEFAP in rural areas. Department of Defense commissary stores may donate surplus, unmarketable food to local food banks.

The 1985 Act extends the National Commodity Processing Program through June 30, 1987. Under this program, the USDA enters into agreements with processors to convert commodities into various end products desired by recipient agencies such as schools participating in the National School Lunch Program.

#### **TEFAP Funding**

The authorization level for TEFAP funding is \$50 million annually for fiscal years 1986-87. This money must be used for the State and local costs incurred in operating the program. Beginning January 1, 1987, the States must match Federal funds on a dollar-for-dollar basis for funds not provided to emergency feeding organizations, using cash or in-kind contributions. States that will not hold legislative sessions by January 1, 1987, will have until October 1, 1987, to match TEFAP administrative funds. Under the 1985 Act, TEFAP ends September 30, 1987.

#### **TEFAP Reports**

The Secretary must submit an annual report on the extent that donated commodities displace commercial sales. The Secretary also must report to Congress by April 1, 1987, on the volume and types of commodities distributed under TEFAP; the types of State and local agencies receiving the commodities; the populations served by the program and their characteristics; the Federal, State, and local costs of commodity distribution operations; and the amount of Federal funds allocated to cover State and local costs.

### **Nutrition and Miscellaneous Provisions**

The nutrition and miscellaneous subtitle contains the following provisions.

## Cash-in-Lieu of Commodities and Commodity Letters of Credit

The 1985 Act allows school districts which participated in the pilot project study of cash-in-lieu of commodities and commodity letters of credit under the National School Lunch Program to continue receiving this alternative form of assistance through June 30, 1987. These school districts may receive bonus commodities to the same extent as other school districts, but only in the form of commodities and not cash-in-lieu of commodities or letters of credit.

## Gleaning of Fields

State and local governments are encouraged to enact tax and other incentives for producers who allow nonprofit organizations to collect and distribute unharvested food and for shippers who donate or charge reduced rates for transporting gleaned food.

## Food, Nutrition, and Consumer Education

State Cooperative Extension Services must expand food, nutrition, and consumer education programs for low-income persons. States may use the existing Expanded Food and Nutrition Education Program in operating the expanded program. The Secretary must evaluate the effectiveness of the expanded program and report to Congress by April 1, 1989. Authorized funding levels for the expanded program are shown in table 12. These funds supplement any other funds allocated for State Cooperative Extension Service activities for food, nutrition, and consumer education.

Table 12—Authorized funding levels for an expanded food, nutrition, and consumer education program

Fiscal year	Funding level
	Million dollars
1986	5
1987	6
1988	8
1989	8
1990	8

## Nutrition Monitoring

The Secretary must include a representative sample of low-income persons in USDA's Continuing Survey of Individual Food Intake and any nationwide food consumption survey. USDA must collect data on food purchases and other household expenditures by low-income persons.

## Title XVI: MARKETING

Provisions in this title are new, unless otherwise indicated, and are grouped into five subtitles: Beef Promotion and Research Act of 1985; Pork Promotion, Research, and Consumer Information Act of 1985; Watermelon Research and Promotion Act; Marketing Orders; and Grain Standards. Table 13 compares the major features of the promotion orders. Cotton, dairy, eggs, potatoes, wheat, and wool currently have promotion programs in effect.

### Beef Promotion and Research Act of 1985

This subtitle replaces the Beef Research and Information Act of 1976. It establishes a procedure (referred to as an order) for carrying out a promotion and research program to strengthen the beef industry's position in the marketplace, and to maintain and expand markets and uses of beef and beef products. Financing will be provided through assessments on all cattle sold in the United States and beef

Table 13—Beef, pork, and watermelon promotion programs

Item	Beef order	Pork order	Watermelon plan
Implementation	Mandatory	Mandatory	Based on Secretarial findings
Effective date	120 days after publication of proposed order	90 days after issuance of final order	Not specified
Persons affected	Beef producers and importers	Pork producers and importers	Watermelon producers and handlers
Administrative organizations	Cattlemen's Beef Promotion and Research Board Beef Promotion Operating Committee	National Pork Producers Delegate Body National Pork Board	National Watermelon Promotion Board
Assessment rate	\$1 per head of cattle or the equivalent for beef and beef products	0.25-0.50 percent of the market value of hogs or pork	Equal amounts from producers and handlers
Referendum: Date	Not later than 22 months after issuance of the order	24 to 30 months after issuance of the order	Not specified
Approval required for—			
Continuation	Majority of those voting	Majority of those voting	n.a.
Implementation	n.a.	n.a.	Two-thirds of those voting (or those voting who control two-thirds of the watermelons produced and handled during a specified period) and a majority of both producers and handlers voting

n.a. = Not applicable.

products imported into this country. The Secretary must issue a beef promotion and research order within 120 days after publishing a proposal for such order and holding a public hearing.

The order establishes a Cattlemen's Beef Promotion and Research Board, composed of beef producers and importers. The board will administer the order, elect members to serve on the Beef Promotion Operating Committee, investigate violations of the order, and recommend order amendments to the Secretary. Producer representation on the board will be based on one representative for each State with 500,000 or more cattle. Those States with fewer than 500,000 cattle will be combined into regional units containing at least 500,000 cattle, with one representative for the region. States with over 500,000 head will get an additional representative for each additional million cattle. Importer representation will be determined by the Secretary on a proportional basis by converting volume of imported beef and beef products into live animal equivalents.

The Secretary will appoint board members from nominations made by certified State organizations. More than one organization may be certified in a State. To represent producers, a State cattle association or general farm organization must meet the following criteria:

- o A majority of its paid membership must be cattle producers or its membership must represent a majority of the cattle producers in the State;
- o It must represent a substantial number of producers that produce a substantial number of cattle in the State;
- o It must have a history of stability and permanency; and
- o Its primary purpose must be to promote the economic welfare of cattle producers.

Ten members elected by the board and 10 producers elected from qualified State beef councils will serve on the Beef Promotion Operating Committee. A qualified State beef council is the beef promotion organization in the State recognized by the board. To be elected by the State councils, the 10 producers must also be State council directors. The committee must develop promotion, research, consumer information, and industry information projects. In drafting these projects, the committee, to the extent practicable, must take into account similarities and differences among beef, beef products, and veal, and must ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment.

Assessments to finance the order will be collected from persons buying cattle from producers (qualified State beef councils will collect the assessments in their State) and beef importers (funds will be paid directly to the board). The assessment rate will be \$1 per head of cattle or the equivalent thereof in the case of imported beef and beef products. Producers who participate in a program operated by a qualified State beef council will receive credit of up to 50 cents per head. The board must establish an escrow account to be used for assessment refunds. Any person who paid the assessment and does not support the program may receive a one-time refund. Insufficient funds in the escrow account cannot be the basis for not providing the person a refund, unless the order is discontinued. At that time, the board must prorate the amount of refunds among all eligible persons who demanded a refund.

A referendum must be conducted not later than 22 months after issuance of the order among persons who have been producers or importers during a representative period. Continuation of the order requires majority approval of producers voting in the referendum. The Secretary may conduct further referendums on request of 10 percent or more of producers to determine whether producers favor termination of the program. The Secretary must stop collection of assessments within 6 months after discontinuing the order. All referendums will be conducted at county Extension offices and allow requests for absentee ballots.

U.S. district courts will have jurisdiction to enforce regulations issued under this act. The Secretary may investigate alleged violations of the order. The Secretary can assess a civil penalty of not more than \$5,000 for each violation. Funds collected by the board cannot be used to influence Government policy. This order does not preempt or supersede other beef promotion programs operated in the United States.

The Beef Research and Information Act of 1976 authorized a beef promotion order for cattle producers. For the order to become effective, producer approval was required; two-thirds of those voting in a referendum had to favor the program. A referendum was held in July 1977 with 56.4 percent voting for the order. Lacking the required level of approval, no program was implemented. Congress amended the 1976 Act in 1979, changing the two-thirds requirement to a simple majority. Another

referendum was held in February 1980. Only 34.5 percent of the producers voted favorably; again, no order was implemented.

#### **Pork Promotion, Research, and Consumer Information Act of 1985**

This subtitle establishes a procedure (also called an order) for carrying out a program of promotion, research, and consumer information to strengthen the position of the pork industry in the marketplace, and to maintain, develop, and expand markets for pork and pork products. The Secretary must issue an order, effective 90 days after publication.

The order establishes a National Pork Producers Delegate Body. The duties of the body include recommending the initial rate of assessment (and any increase thereafter) and allocating the aggregate amount of assessments collected to State associations. This body will consist of producers and importers appointed by the Secretary from nominees selected by State associations. A State association is the one organization of pork producers in the State recognized by the State's Governor. If no such organization is recognized, a State association may be an organization of at least 50 pork producers that markets at least 10 percent of the pork (measured in pounds) sold in the State.

At least two producer members must be appointed to the body from each State, with additional membership allocated based on market shares. For 1986, shares will be assigned based on one share for each \$400,000 of farm market value of hogs marketed from the State (as determined by the Secretary based on the annual average of farm market value in the most recent 3 calendar years), rounded to the nearest \$400,000. For 1987 and thereafter, shares will be determined based on one share for each \$1,000 of the aggregate amount of assessments collected, minus refunds, rounded to the nearest \$1,000. If the number of shares is less than 300, the State can have two producer members; 300-599, three producer members; 600-999, four producer members; and more than 1,000, one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300.

Shares will be assigned to importers, for 1986, based on one share for each \$575,000 of market value of imported hogs, pork, or pork products (as determined by the Secretary based on the annual average of imports in the 3 most recent calendar years), rounded to the nearest \$575,000. For each year thereafter, shares will be allocated based on one share for each \$1,000 of the aggregate amount of assessments collected, minus refunds, from importers, rounded to the nearest \$1,000. Three importer members will be appointed to the body for the first 1,000 shares, and one additional member for each 300 shares in excess of 1,000 shares, rounded to the nearest 300.

The order also provides for a 15-member National Pork Board, composed of producers representing at least 12 States and importers. The Secretary will appoint the members from nominees submitted by the body. The board must develop promotion, research, and consumer information projects; submit such projects to the Secretary for approval; administer the order; investigate alleged violations of the order; and recommend order amendments to the Secretary.

The assessment rate to finance the order will initially be the lesser of 0.25 percent of market value of hogs, pork, or pork products sold or imported or an amount established by the Secretary based on a recommendation by the body. The rate may be increased, but by not more than 0.1 percent per year with an upper limit on the total assessment rate of 0.5 percent. Any increase in the rate above 0.5

percent must be approved by producers and importers in a referendum. Any person who paid the assessment but does not support the program may receive a refund.

Funds collected by the board from assessments must be distributed in the following manner. Each State association will receive an amount of funds equal to the aggregate amount of assessment attributable to hogs produced in that State, minus its share of refunds, times a percentage determined by the body, but in no event less than 16.5 percent. If a State association conducted a pork promotion program between July 1, 1984, and June 30, 1985, and would have collected a greater amount of funds than their allotment, it will receive the larger amount.

The National Pork Producers Council will receive an amount of funds equal to 37.5 percent of the aggregate amount of assessments collected throughout the United States from the date the assessment begins until the board is appointed; 35 percent thereafter until the referendum is conducted; 25 percent until 12 months after the referendum is conducted; and no funds thereafter except what it obtains from the board. Any funds not distributed will be kept by the board. No funds collected through the assessments may be used to influence legislation or Government policy.

For the order to remain in force, a referendum must be held between 24 and 30 months after the issuance of the order among persons who have been pork producers and importers during a representative period. Continuation of the order requires majority approval of producers and importers voting in the referendum. Further referendums, to determine termination or suspension of the order, may be conducted on request of 15 percent or more of producers and importers during a representative period. The Secretary need not conduct more than one referendum in a 2-year period.

U.S. district courts have the jurisdiction to enforce regulations issued under this act. The Secretary may investigate alleged violations of the order. The Secretary may assess any person a civil penalty of not more than \$1,000 for each violation plus any unpaid assessment. States may not impose additional or different regulations relating to pork promotion, except regulations related to public health, during the time that assessments are collected.

#### **Watermelon Research and Promotion Act**

This subtitle authorizes the Secretary to establish an orderly procedure for developing and financing a program of research, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and to establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. Financing for the program will come from assessments on watermelons harvested in the 48 contiguous States for commercial use. When sufficient evidence, as determined by the Secretary, is presented by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan is needed, hearings will be held on a proposed plan. A watermelon promotion plan must be issued if the Secretary finds such plan would carry out the purposes stated above, based on evidence presented at the hearing.

The plan would establish a National Watermelon Promotion Board composed of an equal number of producer and handler representatives and a public representative. Producers and handlers would submit nominations to the Secretary for appointment to the board. The board will develop research and promotion projects, which must be approved by the Secretary before they are implemented; administer the plan; investigate alleged violations; and recommend amendments of the plan to the Secretary.



Assessments which are set by the board must be the same, on a per unit basis, for both producers and handlers. Handlers are responsible for collecting assessments from producers and submitting them to the board. All watermelon producers or handlers who do not support the plan can demand a refund.

After a plan has been issued, the Secretary must conduct a referendum at county Extension offices among eligible producers and handlers during a representative period to ascertain whether they favor the plan or not. For a plan to be implemented, it must be approved by two-thirds of those voting in the referendum or by producers and handlers voting who have control of two-thirds of the watermelons produced and handled during a representative period and by a majority of both producers and handlers voting. The Secretary may conduct further referendums at any time, at the request of the board, or at the request of at least 10 percent of the watermelon producers and handlers eligible to vote in a referendum. The Secretary must discontinue the plan when its termination or suspension is favored by a majority of those voting in the referendum and by those producers and handlers voting who control more than 50 percent of the total volume of watermelons produced and handled by those voting in the referendum.

The Secretary may investigate alleged violations of the plan. The Secretary may assess a civil penalty of not less than \$500 nor more than \$5,000 for each violation. Funds may not be used to advertise or promote private brand names, to make false or unwarranted claims of watermelons or uses of competing products, or to influence Government policy.

#### **Marketing Orders**

The maximum penalty for marketing order violations occurring after December 23, 1985, increases from \$500 to \$5,000.

The 1985 Act prohibits the Secretary from terminating any marketing order before January 16, 1986. The Secretary also may not terminate any order for a commodity for which there is no Federal price support program, unless Congress is notified 60 days before the termination date. A statement of reasons must be included in the notice.

The 1985 Act prohibits the disclosure of any marketing order information that can be considered as trade secrets and commercial or financial information that comes within the exemption contained in the Freedom of Information Act. In the case of milk marketing orders, information may be released if authorized by the milk handler to whom the information pertains. To release names and addresses of producers participating in marketing orders and agreements, Congress must be notified at least 10 legislative days prior to the release and the release must be justified by the Secretary.

#### **Grain Standards**

The Federal Grain Inspection Service and the Agricultural Research Service must cooperate in developing new grain classifications standards that take into account characteristics other than those visually evident. The agencies must submit semiannual reports on their efforts to Congress.

If any foreign government requests that moisture content remain a criterion in the official grade designations of grain, then such criterion will be used in determining the grade of grain shipped to that country.

The Office of Technology Assessment (OTA), in consultation with the Secretary, must study U.S. grain export quality standards and grain handling practices. The report is due to Congress by December 1, 1986. The 1985 Act specifies five areas of investigation:

- o The study must evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling practices rather than price.
- o The study must identify the extent to which U.S. grain export quality standards and handling practices have contributed to the recent decline in U.S. grain exports.
- o OTA must perform a comparative analysis between U.S. grain quality standards and grain-handling technologies and those of its major grain export competitors.
- o The study must evaluate the consequences on U.S. export grain sales, the cost of exporting grain, and the prices received by farmers should U.S. export grain elevators be subject to requirements that (1) no dockage or foreign material (including dust) once removed from grain be recombined with any grain if there is a possibility that the grain may be exported, (2) no dockage or foreign material may be added to grain that may be exported if it will reduce the grade or quality of the grain or reduce the ability of the grain to resist spoilage, and that (3) no blending of grain with different moisture contents may be permitted if the difference is more than 1 percent.
- o OTA must evaluate the current method of classifying grain, the feasibility of using new technology to correctly classify grains, and the effect of new seed varieties on exports and users of grain.

#### TITLE XVII: RELATED AND MISCELLANEOUS MATTERS

Title XVII contains a variety of sections largely independent of the other titles. Provisions are new unless otherwise indicated.

#### Processing, Inspecting, and Labeling

As of May 23, 1986, all edible poultry imported into the United States will be subject to the same inspection, sanitary, quality, species verification, and residue standards that are applied to poultry produced in the United States. The poultry must also be processed in facilities with conditions comparable to U.S. plants. Poultry not meeting U.S. standards will be denied entry.

Each foreign country that exports meat to the United States must obtain a certificate issued by the Secretary stating that the country uses reliable analytical methods to ensure compliance with U.S. standards for residues in meat. No meat will be permitted entry from a country that does not obtain a certificate. The Secretary may issue regulations under which cattle, sheep, hogs, goats, and other animals that have been administered an animal drug banned for use in the United States may be imported for human consumption.

The Comptroller General must study USDA's and the Department of Health and Human Services' current product purity and inspection regulations for imported food products. The study must evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in food or live animals. A report is due to Congress by December 23, 1986.

The Secretary must perform random spot checks of potatoes entering the Northeastern United States and report the findings to Congress.

#### **Agricultural Stabilization and Conservation Committees**

The 1985 Act changes some provisions relating to local and county Agricultural Stabilization and Conservation (ASC) committees. These committees, composed of farmers, help administer USDA's commodity and conservation programs. There will be three local administrative areas in each county. In counties with fewer than 150 farmers, the county committee may reduce the number of local administrative areas to one. The Secretary may include more than one county or parts of different counties in a local administrative area when there are insufficient farmers in an area to establish a slate of candidates for a local committee election. Previous law stated that the local areas could not include more than one county or parts of different counties.

The 1985 Act, as amended by P.L. 99-253, requires that each local administrative area have one local committee with at least three members. Elections will be held every 3 years, instead of annually, to choose committee members. Counties with more than three local committees on December 23, 1985, may have more than one committee per administrative area. Only one administrative area may hold an election in any year and only farmers who participate in Federal programs within the area will be eligible to vote.

Each local committee must meet once each year, and members will receive compensation. Additional meetings without compensation may be held at the direction of the county committee and with the approval of the State committee. The 1985 Act also specifies the duties of local ASC committees:

- o Serve as advisors to the county committee, in counties where there is more than one local committee;
- o Periodically meet with the county and State committees to be informed on farm program issues;
- o Discuss farm program concerns and issues with local producers;
- o Report to county and State committees and other interested persons on changes in farm programs recommended by local producers; and
- o Perform other functions as required by law or requested by the Secretary.

The Secretary now has the authority to use local and county committees to carry out other USDA programs and functions in addition to their present duties. These changes apply only to members elected to local committees on January 1, 1986, and thereafter.

#### **National Agricultural Policy Commission Act of 1985**

The 1985 Act establishes a National Commission on Agricultural Policy to study the structure, procedures, and methods of formulating and administering U.S. agricultural policies, programs, and practices. Specifically, the commission must examine the following:

- o The effectiveness of existing agricultural programs in improving farm income.

- o Possible program improvements to help retain the family farm.
- o The effect of legislative and administrative changes to agricultural policy on planning and long-term profitability of farmers.
- o The effect on farmers of the existing system of formulating and implementing agricultural policy.
- o The effect of national and international economic trends on U.S. agricultural production.
- o The means of adjusting U.S. agricultural policies and programs to meet changing economic conditions.
- o Potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices.
- o Changing demographic trends and the manner in which such trends affect agriculture.
- o The role of State and local governments in future agricultural policy.

The commission must also study conditions in rural areas of the United States and how these conditions relate to the provision of public services by Federal, State, and local governments. The rural issues to be examined will include the following:

- o An analysis of conditions that reflect the declining rural economy, including economic and demographic trends, and rural and agricultural income and debt.
- o Trends and fiscal conditions of rural local governments.
- o Trends in the delivery of rural public services.
- o The effect of deregulating transportation, telecommunications, and banking industries on the rural economy and delivery of public services.
- o Trends of Federal, State, and local government financing, delivery, and regulation of public services in rural areas.

The commission must submit annual reports of findings and recommendations to the President and Congress before December 23 each year of the commission's existence. The commission is scheduled to terminate on December 23, 1990.

The commission will include 15 members appointed by the President and the chairmen and ranking minority members of the House and Senate agriculture committees. The congressional members serve by virtue of their positions and have full voting rights. The appointed members are selected from nominees representing producers, processors, exporters, transporters, shippers, input suppliers, credit institutions, and consumers. Each State Governor will nominate two to four potential members. The President may not appoint more than one individual from a particular State nor more than seven individuals of the same political party.

#### **National Aquaculture Improvement Act of 1985**

This subtitle amends the National Aquaculture Act of 1980 by giving the Secretary primary responsibility for coordinating with the Secretaries of the Departments of