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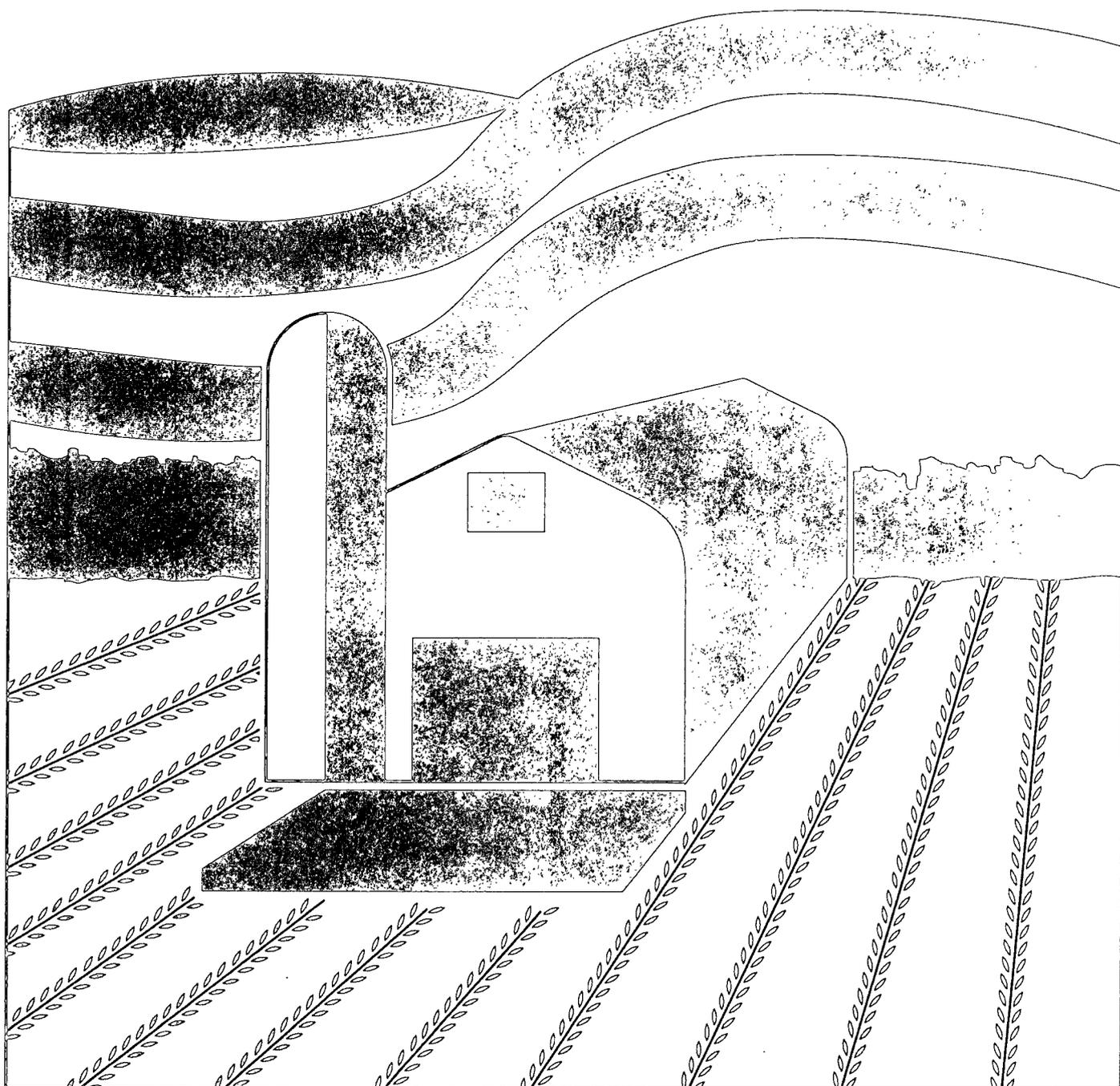
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Number 624

Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990

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Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990. Edited by Susan L. Pollack and Lori Lynch. Agriculture and Trade Analysis Division, Economic Research Service, U.S. Department of Agriculture. Agriculture Information Bulletin No. 624.

Abstract

The Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) establishes a comprehensive framework within which the Secretary of Agriculture will administer agricultural and food programs from 1991 to 1995. This report describes provisions of the 1990 Act as amended by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508). Provisions for all major commodity programs, such as income and price support, are reported, as well as general commodity provisions, trade, conservation, research, food stamps, fruits, vegetables, and marketing, organic food standards, grain quality, credit, rural development, forestry, crop insurance and disaster assistance, and global climate change provisions.

Keywords: Program commodities, loan rates, target prices, acreage reduction, conservation, credit, agricultural trade, food stamps, agricultural research, organic food, grain quality, fruit and vegetable industry, forestry, crop insurance, disaster assistance, rural development, global climate change

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Summary

The Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) (1990 Act) establishes a comprehensive framework within which the Secretary of Agriculture will administer agriculture and food programs from 1991 through 1995. The 1990 Act amends various existing laws as well as adds new legislation to formulate various U.S. Department of Agriculture (USDA) programs. This legislation, as well as other legislation affecting agricultural programs, has been amended by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) (the 1990 Budget Act). Following is a brief outline of the 1990 Act as amended by the 1990 Budget Act.

Program Commodity Provisions

Price support programs: Calculate basic loan rates as 85 percent of the 5-year moving average of producer prices, excluding high and low years. Further reductions up to 20 percent may be made for wheat and feed grains under certain conditions. Marketing loans are mandated for cotton, rice, and oilseeds and may be implemented at the Secretary of Agriculture's discretion for wheat, feed grains, and honey. Mandate a minimum loan rate for cotton, rice, soybeans, and minor oilseeds.

Income support programs: Minimum target prices set at 1990 levels. Deficiency payment calculations will change in 1994-95 due to the 1990 Budget Act. Beginning in 1994, the deficiency payment rate for wheat, feed grains, and rice will be calculated using the loan rate, the 12-month national weighted average market price, or the 5-month market price plus \$0.10 per bushel for wheat, \$0.07 for feed grains, or an appropriate amount that is fair and equitable in relation to wheat and feed grains for rice, and the target price.

Acreage Reduction Program (ARP): Authorizes ARP's and paid land diversions. ARP levels will be determined by the stocks-to-use ratio with minimum levels specified for 1991 crops. Permits zero ARP's. A zero ARP for oats is mandated for the 5-year period. The ARP level for each feed grain may be set separately. The 1990 Budget Act sets minimum ARP levels for wheat and other feed grains dependent upon stocks-to-use ratios and 1991 soybean quantities.

Planting flexibility provisions: Producers may plant any eligible commodity, except fruits and vegetables, on up to 25 percent of the crop acreage base. Producers will not receive deficiency payments on 15 percent of the crop base. On the remaining 10 percent of the flexible acreage, producers will receive deficiency payments only if they plant the original program crop. Producers' base history is preserved regardless of the eligible crop planted on flexible acres if they comply with the provisions of the programs.

Farmer-Owned Reserve (FOR): Continues FOR with new rules on entry and exit as well as when storage and interest subsidies will cease. The 1990 Act provides for maximum levels to be maintained in the FOR.

Cross-compliance: Cross-compliance cannot be imposed. On a farm, producers cannot build base if they are eligible to receive deficiency payments for any crop produced on that farm.

Trade Provisions

Food aid: Continues P.L. 480 with clear delineation of responsibility. USDA is responsible for administering Title I--Concessional Sales Program. The Agency for International Development (AID) is responsible for administering Titles II and III--the grant aids programs. Reauthorizes the Food for Progress and the Farmer-to-Farmer Programs. Establishes the Enterprise for the Americas Facility.

Cargo preference: Creates a new category of American Great Lakes vessels. Requires the Commodity Credit Corporation (CCC) to make port allocations for 50 percent of bagged, processed, or fortified commodities shipped under Title II of P.L. 480.

Export enhancement: Reauthorizes the Export Enhancement Program and requires 25 percent of funding to target high-value exports. The Market Promotion Program replaces the Targeted Export Assistance Program with expanded responsibilities.

Conservation Provisions

Sodbuster and swampbuster: Continue provisions to protect highly erodible land and wetlands from conversion and crop production. Provisions now apply to conserving use acreage. The 1990 Act also expands the list of program benefits that will be lost for any violation of provisions.

Agricultural Resources Conservation Program: Authorizes a new program to serve as an umbrella program for the Conservation Reserve Program, the new Wetlands Reserve Program, the new Water Quality Incentive Program, and the new Environmental Easement Program. The Conservation Reserve and Wetlands Reserve Programs seek to enroll 40-45 million acres by 1995. The Water Quality Incentive Program will enroll up to 10 million acres to improve water quality while continuing to produce crops.

Pesticide recordkeeping: Certified pesticide applicators must keep records of usage of certain restricted-use pesticides. The Secretary of Agriculture must survey these records and publish an annual report concerning pesticide use.

Other Provisions

Organic food standards: Establish national standards for organically produced foods.

Rural Development Administration: Establishes a new agency to consolidate USDA's rural development activities. The new agency will administer some programs currently under Farmers Home Administration (FmHA) and other programs that the Secretary of Agriculture deems appropriate.

Forestry: This is the first forestry title included in a "farm bill." This legislation establishes programs to protect and improve forest lands, to provide cost-share assistance, and to encourage urban forestry.

Provisions by Title

Title I--Dairy: Sets a \$10.10 per hundredweight (cwt) minimum support price for milk. Includes a trigger mechanism for altering the support price. The Secretary of Agriculture must recommend milk marketing adjustment programs but cannot recommend herd buyouts or reducing the support level below the minimum as options. The support price paid to producers is reduced 5 cents per cwt in 1991, and 11.25 cents per cwt in 1992-95. If producers do not increase milk marketings from a year earlier, they will receive a refund of the amount of the price reduction.

Title II--Wool and Mohair: Continues wool and mohair programs through 1995. Establishes payment limits per person for both programs. Establishes an assessment of 1 percent of incentive payments.

Titles III and IV--Wheat and Feed Grains: Continue price and income supports for wheat and feed grains through 1995. Authorize the Secretary of Agriculture to implement marketing loans, loan deficiency payments, targeted option payments, and inventory reduction programs. Continue the 0/92 program, under which the Secretary must permit planting of minor oilseeds on these acres.

Title V--Cotton: Continues price and income supports for both upland and extra-long staple cotton through 1995. Marketing loans and commodity certificate payments are mandated to make U.S. cotton more competitive. Continues the 50/92 program; the Secretary of Agriculture may permit planting of alternative crops on these acres. The Secretary must offer paid land diversion if upland cotton carryover is more than 8 million bales.

Title VI--Rice: Continues price and income supports for rice through 1995. Mandates marketing loans and commodity certificate payments to make U.S. rice more competitive in world markets. Continues the 50/92 program; the Secretary of Agriculture may permit planting of alternative crops on these acres.

Title VII--Oilseeds: Mandates price support loans for soybeans and for minor oilseeds for 1991-95. The Secretary of Agriculture must make marketing loans available and may offer loan deficiency payments (LDP). Establishes a 2-percent loan origination fee for marketing loans and LDP.

Title VIII--Peanuts: Continues the support for quota peanuts through 1995. The minimum quota is set at 1.35 million tons. The Secretary of Agriculture establishes the support rate for quota and additional peanuts. Establishes an assessment fee of 1 percent of the price support rate.

Title IX--Sugar: Continues the price support program for sugarcane and sugar beets through 1995. Mandatory domestic marketing controls are triggered if imports are projected to be lower than 1.25 million short tons. Establishes an assessment fee of 1 percent of the loan rate on processed sugar.

Title X--Honey: Continues the price support program for honey through 1995. The Secretary of Agriculture may implement marketing loans and loan deficiency payments. Decreases payment limits to \$200,000 in 1991, declining progressively to \$125,000 in 1994 and 1995. Establishes an assessment fee of 1 percent of the loan rate on all marketed honey.

Title XI--General Commodity Provisions: Continues same calculations for crop acreage base for wheat and feed grains; some modifications for cotton and rice. Establishes new planting flexibility provisions. Sets minimum program payment yields at 1990 payment levels. Limits deficiency and diversion payments received under wheat, feed grain, cotton, and rice programs to \$50,000 per person; \$75,000 for marketing loan gains, loan deficiency, and Findley payments; and sets an overall limit of \$250,000 per person.

Title XII--State and Private Forestry: Establishes new programs to protect and improve forest lands, encourage urban forestry activities, share costs with States, and promote tree planting.

Title XIII--Fruits, Vegetables, and Marketing: Establishes programs to accredit pesticide residue testing laboratories and to label products by country of origin for a 2-year pilot period. Requires evaluation of grade standards for effects on pesticide use.

Title XIV--Conservation: Expands the list of USDA program benefits lost to farmers who violate their conservation compliance plans, plant without a plan, plant on wetlands, or convert wetlands. Requires pesticide recordkeeping for restricted-use pesticides. Establishes new programs to ensure protection of environmentally sensitive lands, to give incentives to reduce water pollution, and to preserve wetlands. Establishes an Integrated Farm Management Program to assist producers in

adopting resource-conserving crop rotations. An Office of Environmental Quality is established to evaluate the effects of agricultural programs on the environment.

Title XV--Trade: Continues P.L. 480 concessional sales and donations. Creates a new Food for Development Program. Reauthorizes the Food for Progress Program (to assist middle-income countries and emerging democracies through private voluntary organizations, cooperatives, and nonprofit agricultural organizations), and the Farmer-to-Farmer Program (to assist developing countries, middle-income countries, and newly emerging democracies with new authority to include private agribusiness and nonprofit farm organizations). Establishes a new Enterprise for the Americas Facility to improve Latin American and Caribbean economies and environments. Creates a new category of American Great Lakes vessels for cargo preference provisions. Renames the Targeted Export Assistance Program to Market Promotion Program, and expands its responsibilities. Reauthorizes the Export Enhancement Program, the Export Credit Guarantee Program (GSM-102), and the Intermediate Export Credit Guarantee Program (GSM-103).

Title XVI--Research: Reauthorizes research, extension, and teaching programs through 1995. Authorizes research and training in sustainable agriculture. Establishes a new Alternative Agricultural Research Commercialization Center to assist research, development, and commercialization of new nonfood products, and a new Agricultural Weather Office to collect and disseminate weather information deemed useful to farmers.

Title XVII--Food Stamps and Related Provisions: Continues the Food Stamp and Commodity Distribution Programs through fiscal year 1995. Reauthorizes the Emergency Food Assistance Program and makes it no longer temporary. Promotes implementation of the electronic benefit transfer program.

Title XVIII--Credit: Shortens the time FmHA must hold farm property for sale to FmHA-eligible borrowers to 1 year. Imposes a lifetime cap of \$300,000 on writedowns and writeoffs per borrower. Some direct loan funding shifts to guaranteed loans; establishes an interest subsidy on certain guaranteed loans. Allows the Farm Credit System to extend credit to farmers who process or market agricultural products. Allows the Federal Agricultural Mortgage Corporation (Farmer Mac) to sell securities backed by pools of FmHA-guaranteed loans.

Title XIX--Agricultural Promotion: Authorizes assessment-funded research and promotion programs for soybeans, pecans, mushrooms, and limes. Amends the potato, cotton, honey, and wool promotion acts. Authorizes generic fluid milk promotion.

Title XX--Grain Quality: Establishes a USDA Committee on Grain Quality. Provides for improving the cleanliness of grain and for grade-determining factors related to soundness and purity of grain. The Federal Grain Inspection Service may prohibit the contamination of sound and pure grains. Requires aflatoxin testing of corn exported from the United States.

Title XXI--Organic Certification: Mandates the establishment of national standards for the production and handling of agricultural products produced using organic methods. USDA must issue regulations for production, handling, and residue testing of products labeled organic, as well as for permitted materials.

Title XXII--Crop Insurance and Disaster Assistance: Amends the crop insurance programs to strengthen the Federal Crop Insurance Corporation's Reinsurance Program and to allow private company experimentation. Continues prevented planting and reduced yield disaster payments.

Title XXIII--Rural Development: Creates a new Rural Development Administration to administer some of FmHA's programs and other activities at the Secretary of Agriculture's discretion. Authorizes two pilot programs, the Rural Investment Partnerships and the Rural Economic Development Review Panels, in up to five States each. Gives incentives to improve telecommunication linkages with rural communities, particularly linkages to health and educational institutions. Removes funding cap for water and waste loans.

Title XXIV--Global Climate Change: Establishes a program to assess effects of global climate change on agriculture and forestry. Establishes research institutes to promote tropical forest protection.

Title XXV--Other Related Provisions: Directs USDA to provide outreach and technical assistance to socially disadvantaged farmers and ranchers. Includes pet protection to prevent theft, a pseudorabies eradication study, crop-related reports, and a study of transportation of fertilizers and agricultural chemicals to farmers.

Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990

Susan L. Pollack
Lori Lynch

Introduction

The Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624), or the 1990 Act, provides a 5-year framework for the Secretary of Agriculture to administer agriculture and food programs. Several of the commodity programs were started decades ago under the Agricultural Adjustment Acts of 1933 and 1938 and the Agricultural Act of 1949 (commonly referred to as permanent legislation). Thus, the commodity programs are legislated under the 1949 Act as amended by previous legislation and by the 1990 Act. The 1990 Act also amends legislation that created USDA's food stamp, credit, rural development, and research programs. New programs target marketing of fruits and vegetables, forestry, grain quality, crop insurance and disaster assistance, organic foods, and global climate change.

The 1990 Act was passed by Congress on October 26 and signed by the President on November 28, 1990. The legislation continues the market-oriented approach to farm policy contained in the Food Security Act of 1985. The Omnibus Budget Reconciliation Act of 1990, which was passed by Congress on October 27 and signed by the President on November 5, 1990, amends the 1949 Act.

This report summarizes the 25 titles of the new 1990 Act and makes some comparisons to earlier legislation. The provisions of the Omnibus Budget Reconciliation Act of 1990 that apply to agriculture are also explained. Dollar amounts referred to in the text are the authorized funding levels. For a program to actually receive this money, an appropriation is also necessary. Therefore, some authorized programs may not be implemented as no money was appropriated for them. One provision of the legislation permits the Secretary of Agriculture to prioritize the many studies or reports mandated in the legislation, ensuring that at least 12 are completed. Thus, some studies mentioned in this report may not be conducted.

The Secretary referred to throughout the text is the Secretary of Agriculture, unless otherwise noted. The report concludes with a summary of the agricultural title of the Omnibus Budget Reconciliation Act of 1990, a glossary of agricultural terms used in this report, a list of agricultural legislation enacted from 1933 to 1990, a list of additional readings, a table listing commodity program levels for 1987 to 1991, and an index.

Title I--Dairy

Susan L. Pollack

The 1990 Act continues the milk price support program through government purchases of storable dairy products such as butter, cheese, and nonfat dry milk. It requires USDA to prepare a report to Congress with recommendations on a program to limit growth in government purchases of dairy products, excluding the options of a whole herd buyout program or a decrease in the price support below the established minimum level.

Price Supports

Title I sets the minimum support price for milk at \$10.10 per hundredweight (cwt) for milk containing 3.67-percent milkfat. The price of milk is supported through Commodity Credit Corporation (CCC) purchases of butter, cheese, and nonfat dry milk. The market price of whey may not be included in calculating the price support. The Secretary may set butter and nonfat dry milk prices at different levels to reduce CCC program costs. No more than two adjustments in purchase prices can occur in a calendar year. In no case can the support price be less than \$10.10.

If the level of CCC purchases of milk and milk products are projected, on November 20 of the preceding calendar year, to exceed 5 billion pounds (milk equivalent, total milk solids basis), then the support price in effect for the calendar year must be reduced by 25-50 cents per cwt; reductions cannot be lower than the minimum support price. If the level of purchases is projected to be no more than 3.5 billion pounds (milk equivalent), then the support price in effect must be increased at least 25 cents per cwt. If purchases are projected to be between 3.5 billion pounds and 5 billion pounds (milk equivalent) for any of these years, no adjustment is to be made. The House and Senate agriculture committees must be notified of any proposed adjustments in the price support level.

The 1990 Budget Act amends the 1990 Act with a budget reduction provision for dairy. Prices received by producers for all milk produced and marketed in the United States will be reduced by 5 cents per cwt for calendar year 1991, and 11.25 cents per cwt for calendar years 1992-95. Dairy producers and handlers will remit this amount to the CCC. Producers who do not increase their milk marketings from year-earlier levels will receive a refund of the amount reduced. Beginning in 1992, another assessment may be required if CCC purchases exceed 7 billion pounds (see "Excess Purchases and Assessments" section).

Definition of "Milk Equivalent, Total Milk Solids"

Milk equivalent, total milk solids is equal to the weighted average of the milk equivalent as computed on a milkfat basis and on a nonfat solids basis with weighting factors of no more than 40 percent of milkfat and no more than 70 percent of nonfat solids; the sum of the weighting factors must total 100 percent.

In calculating CCC purchases, the Secretary must deduct the amount by which the level of imports of milk products in the most recent calendar year exceeds the annual average imports from 1986-90, milk equivalent, total milk solids basis.

Inventory Management Study

Within 60 days of enactment of the 1990 Act, the Secretary must publish a notice in the Federal Register soliciting proposals on a milk inventory management program. By August 1, 1991, the Secretary must submit a report to Congress explaining options for limiting further growth in

government purchases of dairy products. The report must analyze and make recommendations on alternative milk inventory management programs, including an alternative classification under the Federal milk marketing order system, and a program for the support of national dairy producer income through a system of established prices and deficiency payments. The analysis cannot include any milk production termination program like a whole herd buyout for slaughter or export, or support price reductions below \$10.10 per cwt.

Excess Purchases and Assessments

Milk prices received by dairy farmers must be reduced for 1992-95 if surplus is estimated by November 20 for the next calendar year to exceed 7 billion pounds, milk equivalent. Producers will be assessed the amount needed to reimburse the CCC for the cost of purchases in excess. The assessment is calculated by dividing the cost of the purchases in excess of 7 billion pounds by the total quantity of hundredweights of milk the Secretary estimates will be produced and marketed for commercial use during the next calendar year. The assessments can be adjusted or refunded in future years to reflect the actual purchases in excess.

Make Allowance

Effective 12 months after enactment of the 1990 Act, no State or individual plant may collect, directly or indirectly, a manufacturing or "make" allowance for processing milk that exceeds what is permitted under a Federal program to establish a Grade A price for manufacturing butter, nonfat dry milk, or cheese, unless the net return to producers exceeds the level of price support provided under the dairy program (see Appendix II--Glossary). Dairy product manufacturers may be liable for penalties if they collect a make allowance in excess of the permitted amount or fail to comply with regulations. The amount of the penalty equals twice the permitted make allowance that can be charged, multiplied by the quantity of the milk on which the manufacturer was determined to have collected the allowance in excess of the permitted amount.

Milk Marketing Adjustments and Orders

Hearings must be scheduled by October 1, 1991, to consider replacing the Minnesota-Wisconsin (M-W) price series. The M-W price provides the basis for minimum-class prices under the Federal milk marketing orders (see Appendix II--Glossary). Alternative pricing formulas that the Secretary must consider include a price series based on prices paid by milk processors for Grade A milk, and for manufacturing grade milk that is used to manufacture dairy products.

Adjustments for Seasonal Production, Hearings on Amendments, Determination of Milk Prices

The 1990 Act extends until 1995 the provisions authorizing the Secretary to adjust seasonal production to encourage producers to spread their milk marketings throughout the year. Also extended are provisions requiring that hearings be held to amend a Federal milk marketing order if at least one-third of the producers supplying the market petition for such hearings. The Secretary is also authorized to determine a revised pricing standard for milk.

Transfer of Dairy Products to Military and Veterans' Hospitals

The 1990 Act continues the transfer of dairy products (butter, cheese, and other items) to military and veterans' hospitals through December 31, 1995.

Extension of the Dairy Indemnity Program

The 1990 Act continues the Dairy Indemnity Program through September 30, 1995. Under this program, the Secretary is authorized to compensate dairy farmers for lost production if they are directed to remove their milk from commercial markets because of contamination.

Export Sales of Dairy Products

The 1990 Act continues the export sales program through September 30, 1995. Under this program, in each fiscal year, the Secretary must sell at least 150,000 metric tons of CCC-owned dairy products for export. At least 100,000 metric tons must be butter and 20,000 metric tons must be cheese. These sales must be made provided they do not interfere with the usual domestic marketing or disrupt world prices of agricultural commodities and normal patterns of commercial trade. The Secretary determines the appropriate price. The Secretary must make semiannual reports to Congress on the volume of sales.

Component Pricing of Milk

The Secretary must study the extent to which milkfat is being produced in the United States in excess of commercial market needs as a result of the current policy of the Federal or State milk pricing system. The study must assess the potential impact on achieving balance in the production, marketing, and domestic commercial use of milkfat by adopting multiple component pricing programs. Results of the study are due 180 days after enactment of this act. Once the study is completed, the Secretary must hold hearings to consider implementing such programs.

National Dairy Hearing

The Secretary must conclude the national hearings regarding possible changes in the pricing provisions of Federal milk marketing orders. To the maximum extent practicable, consistent with applicable laws, the Secretary must implement any changes by January 1, 1992.

Status of Producer Handlers

This provision reaffirms that the legal status of producer handlers under milk orders will not change as a result of enactment of this law.

Title II--Wool and Mohair

Susan L. Pollack

The 1990 Act extends provisions of the National Wool Act of 1954, which were applicable for the 1986-90 marketing years, through the 1995 marketing year. The Secretary is authorized to support the prices of wool and mohair through loans, purchases, payments, or other operations. For the first time, wool and mohair price support payments are subject to a payment limitation. The maximum payment a producer may receive declines over the next 5 years.

Price Support

Since 1955, wool and mohair prices have been supported through direct payments based on the percentage of the national average price needed to bring the average return for all producers up to the statutory formula-based support price. Payments are made on proceeds from net sales. The support rate for shorn wool, rounded to the nearest full cent, remains at 77.5 percent of:

$$\$0.62 * \frac{\text{average parity index of shorn wool for 3 previous calendar years}}{\text{average parity index for 1958-60.}}$$

The parity index used in this calculation is the index of prices paid by farmers for commodities, services, interest, taxes, and farm wages. The support price for pulled wool must be set at a level that maintains its normal marketing practices. The mohair support price must provide about the same percentage of parity for mohair as for shorn wool. The 1990 Budget Act amends the 1954 Act to provide a 1-percent assessment to be placed on payments to producers during the 1991-95 marketing years.

Payment Limitation

The maximum payment a person may receive from the wool and mohair programs is limited separately for wool and mohair in each marketing year to:

\$200,000 for 1991,
\$175,000 for 1992,
\$150,000 for 1993, and
\$125,000 for 1994 and each subsequent marketing year.

USDA must issue regulations defining a "person" for the purposes of these programs. These regulations must be consistent with those established under the Food Security Act of 1985 for wheat, feed grains, cotton, and rice.

Titles III and IV--Wheat and Feed Grains

Lori Lynch

The 1990 Act amends the Agricultural Act of 1949 to provide price support and production adjustment programs for wheat and feed grain producers through the 1995 crop year. Nonrecourse loans and purchase agreements provide price support; deficiency payments provide income support. The amended 1949 Act also permits the Secretary to make marketing loans available, to pay loan deficiency payments, to make targeted option payments, and to offer a paid land diversion program. Producers must not only follow the program requirements described below, they must also abide by the provisions of the conservation title of the 1990 Act and the provisions of the 1990 Budget Act.

Target Prices and Deficiency Payments

Minimum target prices for wheat, corn, sorghum, and oats are frozen at their respective 1990 levels of \$4.00, \$2.75, \$2.61, and \$1.45 per bushel for 1991-95.

The barley target price cannot be less than 85.8 percent of the target price for corn (that is, \$2.36). This ends the downward trend of target prices enacted under the Food Security Act of 1985 which reduced target prices from \$4.38 to \$4.00 for wheat and from \$3.03 to \$2.75 for corn.

Deficiency payments will be paid to wheat and feed grain producers if the national weighted average market price during the first 5 months of the marketing year is less than the target price. Deficiency payments are determined by multiplying the payment rate times the payment acreage times the program payment yield. For 1991-93, eligible wheat and feed grain producers will receive a payment rate equal to the difference between the target price and the higher of either the national weighted average market price for the first 5 months of the marketing year or the basic price support level prior to any adjustment. For 1994-95, wheat deficiency payment rate calculations will shift to the difference between the target price and the lower of either a 12-month national weighted average marketing year price or the 5-month marketing year price plus 10 cents per bushel, whenever these are higher than the basic price support rate. For 1994-95, the feed grain deficiency payment rate calculations will shift to the difference between the target price and the lower of either the national weighted average market price for 12 months or the first 5 months of the marketing year price plus 7 cents per bushel, whenever these are higher than the price support rate.

The eligible payment acreage is different for 1991 to 1995, due to the amendments made to the 1949 Act by the 1990 Budget Act which mandate a triple base program. Deficiency payments are to be made on the smaller of either planted permitted acreage or on 85 percent of the crop acreage base less any acreage reduction program (ARP) acreage. This program, entitled triple base, is described in Appendix I.

For the 1991 winter wheat crop planted in 1990, producers have two options. First, producers could choose not to collect deficiency payments on the new normal flex acreage (15 percent of the crop acreage base). If they choose this option, then they would receive deficiency payments on a maximum of 85 percent of the crop acreage base minus any ARP and the deficiency payments would be calculated based on the national weighted average market price during the first 5 months of the marketing year. Under the second option, producers could choose to collect deficiency payments on the full permitted acreage and have the payment rate calculated as the target price minus the lower of either (1) the national weighted average market price for the entire marketing year, or (2) the national weighted average market price received by producers during the first 5 months of the marketing year plus 10 cents per bushel, whenever these are higher than the price support level.

In determining deficiency payments for barley, the Secretary must use the national weighted average market price for feed barley. For informational purposes, the Secretary must calculate the refunds of advance deficiency payments a barley producer in the 1988 or 1989 program would have owed, based on a formula that excluded malting barley from market price calculations. The Secretary must publish in the Federal Register the formula used, the aggregate results, and the decision on whether to use the calculation to recalculate refunds owed by barley producers. The Secretary may reduce the total refund owed by a producer of a 1988 or 1989 barley crop based on these calculations. If so, the Secretary must compensate producers who have already repaid their advance deficiency payments. The reimbursement may be made in a lump sum with commodity certificates which may be exchanged for commodities owned by the Commodity Credit Corporation (CCC) if paid within 60 days of enactment.

Price Support Loans, Purchases, and Loan Repayment

Price support rates must be set to maintain a competitive relationship for wheat and feed grains in domestic and export markets, and to reflect production costs, supply and demand conditions, as well as the world prices of wheat and feed grains.

The basic price support rate is calculated as 85 percent of the preceding 5-year moving average market price, dropping high and low price years. However, the basic price support rate cannot be reduced by more than 5 percent from the preceding year. The Food Security Act of 1985 amended the 1949 Act to set the price support rate at 75-85 percent of the previous 5-year average market prices, excluding the high and low years.

The Secretary may reduce the price support rate by up to 10 percent based on the projected ending stocks-to-use ratio for the current marketing year (table 1). The stocks-to-use ratio is the ratio of total ending stocks to total disappearance for the marketing year (total disappearance means all crop utilization, including total domestic, total export, and total residual disappearance).

The minimum price support rates for wheat and corn are \$2.44 and \$1.76 per bushel, respectively, unless the rate exceeds 80 percent of the 5-year moving average market price, dropping high and low price years. Therefore, if the 5-year moving average market price, dropping high and low years, for wheat is \$3.13, the basic price support rate would be \$2.66. If the stocks-to-use ratio were greater than 30 percent, the Secretary could reduce the rate by 10 percent, to \$2.39. Eighty percent of the 5-year moving average price is \$2.50, which is greater than the minimum price support rate. Therefore, the Secretary would use the minimum price support rate of \$2.44 rather than the \$2.39 adjusted rate. If, for example, 80 percent of the 5-year moving average price was \$2.40 (which is less than the minimum basic rate), then the Secretary would use the \$2.39 adjusted rate.

If the Secretary wishes to adjust the price support rate, at least 60 days before an adjustment, the Secretary must submit a report describing the adjustment to the House and Senate agriculture

Table 1--Reduction in price support rates

Reduction from basic price support rate	Stocks-to-use ratio for--	
	Wheat	Corn
Up to 10 percent	30 percent or more	25 percent or more
Up to 5 percent	15-30 percent	12.5-25 percent
0	Less than 15 percent	Less than 12.5 percent

committees certifying that the reduction is needed to prevent accumulation of stocks and to retain market share.

In addition to the above reductions, the Secretary may reduce the price support rate up to an additional 10 percent to ensure that U.S. commodities are competitive in world markets. Therefore, the Secretary could announce a price support rate of \$2.20, which is \$2.44 minus 10 percent.

These adjustments are noncumulative and may not be considered in price support rate calculations for future years. Price support rate calculations for the next year begin again with the basic price support rate before adjustments.

For 1986-90 crops, the 1949 Act, as amended by the Food Security Act of 1985, allowed price support levels to be adjusted by up to 20 percent under certain conditions. The 1990 Act provisions ensure that overall, price support rates will likely be higher than if the price support rate formulas of the Food Security Act of 1985 were continued.

If the Secretary adjusts the basic price support rate to maintain a competitive position internationally, producers must be paid emergency compensation (commonly referred to as Findley payments) to provide the same total return as if there had been no reduction. The Findley payment rate equals the basic price support rate minus the higher of either the December 1 estimate of the national weighted season average farm price for the marketing year, or the adjusted announced loan level.

Price support rates for other feed grains (grain sorghum, barley, oats, and rye) are set based on a fair and reasonable relationship to corn, taking into consideration the feeding value relative to corn.

Recourse loans must be provided on high-moisture feed grain crops. The loans are made on eligible quantity (harvested acreage in a high-moisture state multiplied by the lower of the farm program payment yield or the actual yield on a similar field).

The Secretary may again provide loans and purchase agreements for silage through 1996.

Marketing Loans

The Secretary may offer wheat and feed grain producers the option to repay price support loans at a rate lower than the announced price support level in order to minimize potential loan forfeitures, to minimize the accumulation of stocks, and to allow crops to be marketed freely and competitively worldwide. Under a marketing loan, when the market price is below the price support rate, producers may repay their loan at the higher of either the Secretary's determined world market price, or 70 percent of the basic price support rate, even if the rate has been adjusted. Otherwise, the loan is repaid at the adjusted announced price support rate. When implementing a marketing loan program, the Secretary must issue a formula defining the world market price and a mechanism for the periodic announcement of such price.

Loan deficiency payments may be offered to producers who are eligible to receive price support loans or purchase agreement loans but who agree to forgo obtaining such a loan or agreement. The loan deficiency payment equals the product of the loan payment rate times the eligible commodity quantity. The payment rate per bushel is the difference between the announced loan level and the loan repayment rate. The eligible quantity is the wheat the producer is eligible to place under loan (or to obtain a purchase agreement) but for which the producer forgoes obtaining the loan or agreement in return for payments under this subsection. The 1949 Act, as amended by the Food Security Act of 1985, limited the quantity eligible for payments to program payment yields. The 1990 Act's amendments to the 1949 Act base eligible quantities on actual yields.

Acreage Reduction Program

To be eligible for loans, purchases, and payments, producers must comply with the ARP announced by the Secretary for their crop. ARP's and Paid Land Diversion Programs (PLD) are both permitted whenever USDA projects excessive supplies. The Secretary must consider the number of acres enrolled in the Conservation Reserve Program when determining an ARP (see "Title XIV--Conservation").

Under an ARP, the acreage that may be planted to a crop (permitted acreage) is uniformly reduced from the crop acreage base. The 1991 ARP for wheat cannot be less than 15 percent. Under the 1990 Budget Act, the corn ARP must be at least 7.5 percent in 1991. The 1990 Budget Act also specifies minimum ARP's for 1992-95 crops. However, these minimum levels depend on stocks-to-use ratios for each crop as well as the ending stocks for the 1991 crop of soybeans.

The ARP's are set based on the year-end stocks-to-use ratio for the preceding year with a range of 0-20 percent for both wheat and corn (table 2).

The Secretary may establish ARP's separately for each feed grain. The ARP for oats must be 0 percent for 1991-95.

As in the Food Security Act of 1985, the Secretary must announce the ARP program by June 1 for wheat, and by September 30 for feed grains, prior to the calendar year in which the crop is harvested. Adjustments can be made until July 31 for wheat, or until November 15 for feed grains, if the total supply has significantly altered since the first announcement.

The Secretary may also implement a PLD whether or not an ARP is in effect, if a PLD will assist in adjusting the total national acreage to desirable goals. PLD payments may be set through bids submitted by producers or through any other means that the Secretary deems appropriate. The Secretary must consider how much land the producer will be diverting and the productivity of this land. Diverted land must be devoted to approved conserving use. The total acreage diverted in any county must be limited so that the local economy is not adversely affected.

The Secretary may authorize the planting of oats on wheat and feed grain Acreage Conservation Reserve (ACR) if the projected production of oats is less than projected use. Oats planted on this acreage may be eligible for program benefits.

The Secretary may offer targeted option payments (TOP) to producers who increase (or decrease) their ARP in return for an increase (or decrease) in their target price. For each voluntary 1-percent increase (decrease) in the ARP rate above (below) the announced level, a producer may receive an increase (decrease) in target price between 0.5-1 percent. Producers may not increase their wheat ARP by more than 10 percentage points for the 1991 crop and 15 percentage points for 1992-95, or above a 25-percent maximum. Therefore, if a 20-percent ARP is announced, a producer can increase

Table 2--Acreage Reduction Program (ARP) levels

ARP levels	Stocks-to-use ratio for--	
	Wheat	Corn
10-20 percent	More than 40 percent	More than 25 percent
0-15 percent	40 percent or less	NA
0-12.5 percent	NA	25 percent or less

NA = Not applicable.

the ARP to only 25 percent. The corn ARP cannot be increased by more than 5 percentage points for the 1991 crop and 10 percentage points for 1992-95, or above the 20-percent total. Thus, if a 20-percent corn ARP is announced, a producer may not increase the ARP. A producer may not choose to decrease the ARP by more than half of the announced level. Targeted option payments cannot significantly affect program participation or production and cannot increase budget outlays.

Malting barley producers participating in the production adjustment program are subject to an assessment of up to 5 percent of the value of the malting barley. The Secretary may exempt malting barley producers from the barley ARP requirement without loss of eligibility for loans, purchases, and payments.

Bushel Limitation Program

The Secretary must implement a pilot bushel limitation program for 1992 or 1993 in 15 counties in each of two States (30 counties total). The Secretary has the discretion to continue this program for 1994-95 crops. Under this program, producers may plant more acreage than their permitted acreage, up to the sum of the crop acreage base for the farm. However, they must not market, barter, donate, or use (including onfarm use) any wheat or feed grains above their production limitation quantity (the permitted acreage times the higher of the payment yield or the preceding 5-year average harvested yield, excluding years with high and low yields). Any excess production can be stored for up to 5 years and may be marketed, bartered, donated, or used in a later year if actual production falls below the limitation quantity.

If producers in the counties implementing this bushel limitation program choose to participate in the announced ARP or PLD, then they may devote additional acreage to conserving use (CU) beyond the ARP or PLD levels and may be permitted to market or use excess wheat in an amount equal to the quantity that would have been produced on this CU acreage. An evaluation of this program will be carried out and a report submitted to the House and Senate agriculture committees.

Acreage Conservation Reserve

Acreage Conservation Reserve (ACR) or reduced acreage refers to the acreage which must be devoted to conserving uses under the ARP. The quantity required is determined by multiplying the crop acreage base times the percentage reduction required. Producers must plant an annual or perennial cover crop on 50 percent or more of an ACR (not to exceed 5 percent of the base) except in arid and summer fallow areas.

On 50 percent of the ACR, the CCC will pay 25 percent of the cost of a perennial cover--if a producer plants and maintains for 3 years a permanent cover that is capable of improving water quality or wildlife habitats. If the ARP is later reduced below the portion of crop acreage base planted to cost-share perennial cover, the Secretary must pay deficiency payments on this acreage.

The Secretary may permit the planting of conserving crops for harvest on ACR and CU acreage if production is needed to provide an adequate supply of the commodities, will not increase program costs, and will not negatively affect farm income. Conserving crops include sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodities.

The Secretary may permit the planting of designated crops on up to 50 percent of the ACR in return for a specified reduction in deficiency payment acreage. The deficiency payments are reduced for each acre planted to these designated crops by an amount equal to the deficiency payment that would have been made according to the Secretary. If the producer plants more than one program crop, this

reduction must be prorated across all program crops. This program must be implemented in a manner which results in no additional cost to the CCC.

Haying and grazing of ACR and CU acreage are permitted except for the 5-month period designated by the State Agricultural Stabilization and Conservation (ASC) committee. This period must be established between April 1 and October 31. During a natural disaster, the Secretary may permit unlimited haying and grazing and may not exclude any irrigated acreage, except irrigated alfalfa acreage.

The 1990 Act continues the summer fallow provisions of the Food Security Act of 1985. These provisions require the Secretary to consider effects of soil erosion and other appropriate factors.

Land converted to water storage use is considered in conserving use for up to 5 years from the date of conversion, if it was previously devoted to program crops or oilseeds in at least 3 of the preceding 5 years. It cannot be devoted to commercial use, including commercial fish production. The water stored cannot be ground water. In addition, the land must have been irrigated with ground water during at least 1 of the preceding 5 years.

ACR may be used for wildlife food plots or wildlife habitats if this acreage conforms to standards set by the Secretary in consultation with wildlife agencies. The CCC may share part of the cost of these practices. The Secretary may also share the cost of approved soil and water conservation practices on this acreage. The Secretary may provide additional payments if a producer agrees to permit access to all or part of the farm for hunting, trapping, fishing, and hiking.

The Secretary may make inventory reduction payments to any producer who agrees to forgo obtaining price support loans, purchase agreements, and deficiency payments; who limits the amount of wheat and feed grains planted for harvest to the crop acreage base minus half the ARP and PLD; and who otherwise complies with these programs. The payment rate is equal to the rate which would be used to make loan deficiency rates.

0/92 Provisions

The general 0/92 provisions are similar to those in effect for 1988 through 1990 except the number of permitted acres has been altered by the triple base provision. (The triple base provision is described in Appendix I.) If producers plant between 0 and 92 percent of the crop's permitted acreage when an ARP is in effect, and devote the rest to conserving uses or approved nonprogram crops, then they are eligible for deficiency payments on 92 percent of the permitted acreage. Payments are guaranteed to be at least at the projected deficiency payment rate.

On 0/92 acreage, the Secretary must permit planting of minor oilseeds and may permit planting of alternative crops on all or part of the acreage without producers losing deficiency payments. Producers who plant a minor oilseed on 0/92 acres and who want to retain eligibility for deficiency payments must forgo obtaining oilseed price support loans. Producers who want oilseed price support loans must forgo obtaining 0/92 payments on this acreage. Minor oilseeds include sunflowers, rapeseed, canola, safflower, flaxseed, mustard seed, and other oilseeds designated by the Secretary, but exclude soybeans. Alternative crops that may be permitted include sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, other commodities for which there are no substantial domestic production or market, and commodities grown for experimental purposes including kenaf and milkweed.

The Secretary may allow alternative crops to be planted on this acreage only if this does not increase the cost of price support programs and negatively affect farm income. These crops must also be

needed to provide adequate supplies. In addition, these crops should encourage domestic manufacture of raw materials and increase the industrial use of the raw materials.

Under the 0/92 provisions, wheat and feed grain crop acreage bases and farm program payment yield history are maintained. These 0/92 acres cannot be used to fulfill ARP or PLD requirements.

In implementing the 0/92 provisions, the Secretary must take action to minimize adverse effects on agribusiness and other agriculturally related economic interests. The Secretary may restrict the number of acres eligible for the program except in cases in which producers were eligible to receive disaster emergency loans due to natural disaster during the crop year.

Disaster Payments

Similar to the Food Security Act of 1985, prevented planting and reduced yield disaster payments are authorized in the case of natural disasters.

If the Secretary determines that any producers have been prevented from planting any portion of their base due to natural disaster, the Secretary must make a prevented planting disaster payment. This payment is calculated by multiplying the number of permitted acres affected times 75 percent of the program payment yield times a payment rate (one-third of the target price). If due to natural disaster, a producer's total yield is less than 60 percent of payment yield times acreage planted, the Secretary will make reduced yield disaster payments equal to 50 percent of the target price for the production loss below 60 percent.

However, if prevented planting and reduced yield crop insurance are available to producers under the Federal Crop Insurance Act, they are ineligible for disaster payments. The Secretary has the discretion to make these disaster payments even when insurance is available if the Secretary determines that the natural disaster has caused substantial losses of production; these losses have created an economic emergency and crop insurance indemnity payments and other assistance are insufficient to relieve the economic emergency; and additional assistance is needed to alleviate the economic emergency.

Other Provisions

The 1990 Act also includes the following provisions for wheat and feed grain programs.

Public Comment

Starting with the 1992 programs, at least 60 days before the program announcement, the Secretary will propose various program options for wheat and feed grains for public comment. In these announcements, the Secretary must include estimates of the planted acreage, production, domestic and export use, ending stocks, season average producer price, program participation rate, and the cost of the programs to the Federal Government.

Cross-Compliance

Compliance with other commodity programs or with crop acreage base requirements for any other commodity cannot be required as a condition of eligibility for program loans, purchases, or payments for wheat and feed grains. The Secretary may not require producers on a farm to comply with terms and conditions of wheat or feed grain programs, unless the farmer chooses to participate in these programs.

Title V—Cotton

Lori Lynch

The 1990 Act amends the Agricultural Act of 1949 to provide price support and program adjustment programs for upland cotton producers through crop year 1995. Nonrecourse loans with marketing loan repayment provisions are mandated, and marketing certificates may be paid to handlers of upland cotton. The 1990 Act also amends the 1949 Act to provide price support and production adjustment programs for extra-long staple (ELS) cotton producers through 1995.

Target Prices and Deficiency Payments

The minimum target price for upland cotton is set at the 1990 rate of 72.9 cents per pound for 1991-95. This ends the downward trend of target prices under the Food Security Act of 1985 which lowered the target price from 81 cents per pound for 1986 to 72.9 cents per pound for the 1990 crop.

Deficiency payments must be paid to upland cotton producers who participate in the programs if the national average market price received by farmers is below the target price. Deficiency payments are determined by multiplying the payment rate times the payment acreage times the program payment yield. Eligible producers will receive a payment rate equal to the difference between the target price and the higher of either the national average price during the calendar year or the basic price support rate.

The maximum payment acreage is the lesser of either the acreage the producer plants, or 85 percent of the crop acreage base minus any acreage reduction requirements due to the amendments made to the 1949 Act by the 1990 Budget Act. The maximum payment acreage is set at a maximum of 85 percent of the base due to the mandatory triple base program (which is described in Appendix I).

Price Support Rates and Loan Repayment

The Secretary must set the price support rate to encourage cotton exports and not create excessive stocks. The price support rate should reflect production costs, supply and demand conditions, as well as world prices of upland cotton.

The basic price support rate is the lower of either:

- The average U.S. spot market price, that is, 85 percent of the 5-year moving average of U.S. spot market prices, excluding high and low price years, or
- Ninety percent of the average price of the five lowest priced growths quoted for Northern Europe during a 15-week period beginning July 1, adjusted downward by the average difference in price quotation during the period April 15 to October 15 for Northern Europe and U.S. spot markets.

However, the price support rate floor of 50 cents per pound is continued from the Food Security Act of 1985. The loan level cannot be reduced by more than 5 percent from the previous year. If the average Northern European price is less than the average U.S. spot market price, then the Secretary may increase the loan level up to the average U.S. spot market price.

Nonrecourse loans for upland cotton will mature 10 months from the first day of the month in which the loan application is made. Producers can request a loan extension of 8 months unless the designated spot market price for the preceding month exceeds 130 percent of the average price for the preceding 36-month period.

The price support rate must be announced by November 1 of the calendar year preceding the marketing year for which the loan is effective.

The Secretary must make recourse loans available to seed cotton producers.

Marketing Loan Repayment

Marketing loans which allow producers to repay loans at lower repayment rates are mandated if the adjusted prevailing world market price for upland cotton falls below the loan level. The repayment rate is the lesser of either the announced price support rate for cotton, or the higher of either 70 percent of the announced price support rate or the adjusted prevailing world market price for upland cotton.

The Secretary could also set a repayment rate between 70 percent of the price support rate and the price support rate if the Secretary determines it will minimize potential loan forfeitures, minimize accumulation of cotton stocks, minimize Federal storage costs, and allow cotton to be marketed freely and competitively in all world markets.

The Secretary must announce the formula defining the adjusted prevailing world market price for upland cotton and a mechanism for periodic announcement of this price.

Making U.S. Cotton More Competitive

The adjusted prevailing world market price must be further adjusted if:

- The adjusted prevailing world market price is less than 115 percent of the current crop year loan level, and
- The weekly (Friday through Thursday) average price quotation for the lowest priced U.S. growth, as quoted for Middling 1-3/32-inch cotton delivered c.i.f. (cost, insurance, freight) Northern Europe (for the purposes of this publication--the U.S. price), exceeds the weekly average price of the five lowest priced growths of upland cotton (M 1-3/32-inch) cotton, delivered c.i.f. Northern Europe (the Northern European price).

This price must also be adjusted by the U.S. share of world exports, the current level of cotton export sales and cotton export shipments, and other relevant data as determined by the Secretary. These adjustments cannot exceed the difference between the U.S. price and the Northern European price.

If the U.S. price exceeds the Northern European price for any consecutive 4-week period by more than 1.25 cents per pound, the Secretary will issue marketing certificates for documented sales made in the fifth week. The certificates are worth the difference between the two prices minus 1.25 cents per pound. These certificates may be transferred to other people with the Secretary's approval.

The President is also authorized to implement two cotton import quota programs. A special import quota will be implemented if for any consecutive 10-week period the lowest U.S. price (adjusted by

certificate value) quoted for delivery to Northern Europe exceeds the Northern European price by more than 1.25 cents per pound. The quota will equal the domestic mill consumption for 1 week. This quota will apply to upland cotton purchased within 90 days after the quota announcement and entered into the United States no later than 180 days after such date. Quota periods can overlap one another.

The second quota is similar to the quota authorized by the 1949 Act for 1986-90 crops. A special limited global import quota will be implemented whenever the average price of the base quality of upland cotton in the designated spot markets for a month exceeds 130 percent of the average price of such quality of cotton in these markets for the preceding 36 months. Whenever this quota is triggered, producers cannot extend their loans. This quota will equal 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months.

If this quota has been established during the preceding 12 months, the quota quantity will be the smaller of either 21 days of domestic mill consumption or the quantity required to increase the "supply" to 130 percent of "demand." (This "supply" equals the ending stock in the previous year, the current production, and the current marketing year's imports. "Demand" equals the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months, and the larger of either the average exports during the preceding 6 marketing years or the cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.) Cotton may enter under the quota during the 90-day period following the announcement. This quota cannot overlap an existing quota period or the special import quota described above.

Loan deficiency payments must be made to producers who are eligible to receive price support loans but who agree to forgo obtaining such loans. These payments will equal the product of the loan payment rate times the eligible quantity of upland cotton. The eligible quantity is the upland cotton the producer is eligible to place under loan but for which the producer forgoes obtaining the loan or agreement in return for payments. The 1949 Act had limited the quantity eligible for payments to program payment yields. Amendments of the 1990 Act will base eligible quantities on actual yields. The loan payment rate is the announced loan level minus the allowed repayment rate. The Secretary may pay up to half of these payments with marketing certificates.

Marketing Certificates

If marketing loans have not assisted in making U.S. upland cotton competitive in world markets and the adjusted world market price remains below the loan repayment rate, the Secretary must issue marketing certificates to first handlers of cotton who agree to participate in the certificate program. First handlers are individuals or businesses who regularly buy or sell upland cotton. The value of these certificates is the difference between the loan repayment rate and the adjusted prevailing world market price. A person receiving marketing certificates can exchange them for cash or commodities owned by the Commodity Credit Corporation (CCC) at such times, in such manner, and at such price levels that best make cotton competitive in world markets. Price restrictions that apply to the disposition of CCC agricultural commodities do not apply to the exchange of these certificates. To the extent practicable, certificate owners can designate which commodities and which storage sites they prefer. Certificates must be exchanged within a reasonable number of days after issuance, or the CCC will deduct storage and carrying costs from the certificate's value. Certificates may be transferred to other people with the Secretary's approval.

Acreage Reduction Program

To be eligible for loans and payments, producers must comply with the cotton Acreage Reduction Program announced by the Secretary. Both Acreage Reduction Programs (ARP) and Paid Land Diversion Programs (PLD) are authorized if total supplies of upland cotton are projected to be excessive. The Secretary must consider the number of acres enrolled in the Conservation Reserve Program (see "Title XIV--Conservation") when determining an ARP.

An ARP for upland cotton can be 0-25 percent in order to achieve a 30-percent estimated stocks-to-use ratio.

The Secretary must make a preliminary announcement of any ARP on or before November 1 of the calendar year preceding the year in which the crop will be harvested. If total supply has significantly changed since the first announcement, the Secretary will make a final announcement of any adjustments to the program no later than January 1 of the calendar year of harvest. Producers in early planting areas (24 counties in South Texas) may elect to participate using either the preliminary or final announcement as the ARP if the Secretary determines that these producers have been unfairly disadvantaged by the revision.

The Secretary may also implement a PLD program whether or not an ARP is in effect if the PLD will assist in adjusting the total national acreage to desirable goals. If a projected carryover of upland cotton is 8 million bales or more at the time of the final ARP announcement, the Secretary must offer a PLD with a payment rate of not less than 35 cents per pound. PLD payments may be determined by bids submitted by producers or by any other means that the Secretary thinks appropriate. The Secretary must consider how much land the producer is diverting and the productivity of this land. Land under PLD must be devoted to conserving use. No more than 15 percent of the upland cotton crop base for a farm can be diverted. Diverted land must be limited so the local economy is not adversely affected.

The Secretary may make targeted option payments (TOP) to producers who increase (or decrease) their ARP in return for an increase (or decrease) in their target price. For each voluntary 1-percent increase (decrease) in ARP above (below) the announced level, a producer may receive an increase (decrease) in target price between 0.5-1 percent. The increase in the ARP cannot be more than 10 percentage points or above a total of 25 percent of the crop acreage base. If a producer has underplanted, then an increase in the ARP should be based on the average difference of the previous 2 years between the producer's permitted acreage and acreage actually planted to harvest, including 50/92 acreage. Producers cannot decrease the ARP by more than half the announced level. Targeted option payments cannot significantly affect program participation or total production and cannot increase budget outlays.

The Secretary may make inventory reduction payments to any producer who agrees to forgo obtaining loans, agrees to forgo receiving payments, limits the amount of upland cotton planted for harvest to the crop acreage base less half of any acreage to be diverted by an ARP or PLD, and who otherwise complies with the program. Marketing certificates may be used to make these payments.

Acreage Conservation Reserve

Acreage Conservation Reserve (ACR) or reduced acreage refers to the acreage which must be devoted to conserving uses under an ARP. The quantity required is determined by multiplying the crop acreage base times the percentage reduction required. Producers must plant an annual or perennial cover crop on 50 percent or more of the ACR (not to exceed 5 percent of the base) except in

designated arid and summer fallow areas. The CCC will pay 25 percent of the cost of establishing a permanent cover if a producer agrees to maintain for a minimum of 3 years a permanent cover that is capable of improving water quality or wildlife habitats. If the ARP is reduced below the portion of crop base planted to cost-share perennial cover, the Secretary must pay deficiency payments on this acreage.

The Secretary may permit the planting of designated crops on up to 50 percent of the ACR in return for a specified reduction in deficiency payment acreage. The amount of deficiency payment is reduced for each acre by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate. If the producer plants more than one program crop, this reduction must be prorated across all program crops. This program must be implemented in a manner which results in no additional cost to the CCC.

Haying and grazing on ACR and conserving use acreage are permitted except for the 5-month period designated by the State Agricultural Stabilization and Conservation (ASC) committee. This period must be established between April 1 through October 31 of a year. During a natural disaster, the Secretary may permit unlimited haying and grazing and may not exclude any irrigated acreage except irrigated alfalfa acreage.

If converted to water storage uses and if devoted to program crops or oilseeds in at least 3 of the preceding 5 years, land is considered in conserving use while used for water storage for up to 5 years from the date of conversion. This land cannot be devoted to commercial use, including commercial fish production. The water stored cannot be ground water. In addition, the land must have been irrigated with ground water during at least 1 of the preceding 5 years.

ACR may be devoted to wildlife food plots or wildlife habitats that conform with standards set by the Secretary in consultation with wildlife agencies. The CCC may share part of the cost of these practices. The Secretary may also share the cost of approved soil and water conservation practices on ACR acreage. The Secretary may provide additional payments if the producer agrees to permit access to all or part of the farm for hunting, trapping, fishing, and hiking.

50/92 Provisions

The general 50/92 provisions applicable to the 1986 through 1990 crops continue except the number of permitted acres has been altered by the triple base provision (the triple base provision is described in Appendix I). If producers plant between 50 and 92 percent of the crop's permitted acreage when an ARP is in effect and devote the rest to conserving uses or approved nonprogram crops, they are eligible for deficiency payments on 92 percent of the maximum payment acreage. These payments on the portion of maximum payment acreage devoted to conserving use are guaranteed to be at least the projected deficiency payment rate at the time of signup. (The projected deficiency payment rate on the acres actually planted to cotton is not guaranteed.) In case of prevented planting, quarantine, or disaster, deficiency payments may be available on up to 92 percent of maximum payment acreage even if planted acreage is below 50 percent of the maximum payment acreage.

The Secretary may permit planting of approved alternative crops on all or part of the acreage devoted to conserving use under 50/92 provisions. Permitted alternative crops include sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, commodities grown for experimental purposes including kenaf and milkweed, and other commodities for which no substantial domestic production or market exists but that could result in industrial raw material being imported.

The Secretary may allow alternative crops to be planted on this acreage only if these crops do not increase price support program costs and do not negatively affect farm income. These crops must also be needed to provide adequate supplies. In addition, these crops should encourage domestic manufacture of raw materials and increase industrial use of the raw materials.

Under the 50/92 provisions, cotton crop acreage base and farm program payment yield history are maintained. Acreage in the 50/92 program cannot be used to fulfill ARP or PLD requirements.

Disaster Payments

Similar to the Food Security Act of 1985, prevented planting and reduced yield disaster payments are authorized in the case of natural disasters.

If the Secretary determines that any producers have been prevented from planting any portion of their base due to natural disaster, the Secretary must make a prevented planting disaster payment. This payment is calculated by multiplying the number of permitted acres affected times 75 percent of the program payment yield times a payment rate (one-third of the target price). If due to natural disaster, a producer's yield is less than 75 percent of the payment yield times acreage planted, the Secretary will make reduced yield disaster payments equal to one-third of the target price for the production loss below 75 percent.

However, if prevented planting and reduced yield crop insurance were available to producers under the Federal Crop Insurance Act, they are ineligible for disaster payments. But the Secretary has the discretion to make these disaster payments even when insurance is available if the Secretary determines that the natural disaster has caused substantial losses of production, these losses have created an economic emergency, crop insurance indemnity payments and other assistance have been insufficient to relieve the economic emergency, and additional assistance is needed to alleviate the economic emergency.

Extra-Long Staple Cotton Program

The extra-long staple (ELS) cotton program has some of the same features as those of the upland cotton program. Differences include no marketing loan repayment provision and the triple base provision does not apply to ELS cotton. Nonrecourse loans are available for a 10-month period with a discretionary 8-month extension. Loan rates are set at 85 percent of the average market price during the 5-year period, excluding high and low price years. ELS cotton loan rates must be announced by December 1. The Secretary will make deficiency payments to producers whenever the target price exceeds the average market price. The payment rate is the difference between the target price and the higher of either the average price during the first 8 months of the marketing year or the price support rate. Eligible producers receive deficiency payments on a quantity equal to the product of the farm program payment yield times the ELS cotton base planted for harvest minus the ARP requirement. The Secretary may implement ARP's and PLD's including a zero percentage reduction. The 1990 Act prohibits cross-compliance as a condition for loan, purchase, and payment eligibility.

Other Provisions

The 1990 Act also contains the following additional provisions affecting cotton.

Skip-row Planting

The 1990 Act amends the Agricultural Act of 1938 to set forth skip-row rules for classifying acreage to upland cotton and the area skipped. In addition, the provisions allow 30-inch rows to be taken into account for classifying acreage and the area skipped. Skip-rows previously had to be at least 32 inches.

Cottonseed

If any oilseed program causes or is likely to cause a price reduction for cottonseed or cottonseed oil, the Secretary must take action to offset these impacts. This action cannot decrease the prices of other oilseeds.

Cross-Compliance

Compliance with other commodity programs or with crop acreage base requirements for any other commodity cannot be mandated as a condition of eligibility for loans or payments. The Secretary may not require other producers on a farm to comply with terms and conditions of upland cotton programs.

Title VI--Rice

Lori Lynch

The 1990 Act amends the Agricultural Act of 1949 to provide price support and production adjustment programs for rice producers through the 1995 crop year. Nonrecourse loans and purchase agreements provide price support; deficiency payments provide income support. The nonrecourse loans are mandated to have marketing loan repayment provisions. The 1990 Act also continues the use of marketing certificates to make rice more competitive in world markets.

Target Prices and Deficiency Payments

The minimum target price for rice is set at \$10.71 per hundredweight (cwt). Under the Food Security Act of 1985, the rice target price dropped from \$11.90 per cwt for 1986 to \$10.71 for 1990.

Under the 1990 amendments to the 1949 Act, deficiency payments are paid to participating rice producers if the national average market price received by farmers for rice is below the target price.

Deficiency payments are determined by multiplying the payment rate times the payment acreage times the program payment yield. Eligible rice producers will receive a payment rate equal to the difference between the target price and the higher of either the national average market price during the first 5 months of the marketing year or the price support rate. These calculations will continue to be based on a 5-month marketing year price for 1991-93. In 1994-95, the 1990 Budget Act amends the 1949 Act's calculations for rice deficiency payment rates to be the lower of either the 12-month national average calendar year price calculation, or the 5-month national average calendar price plus an appropriate amount that is fair and equitable in relation to wheat and feed grains.

The payment acreage is the lesser of either the planted permitted acreage or 85 percent of the crop acreage base minus any Acreage Reduction Program (ARP) acres. Maximum payment acreage is 85 percent of the base due to the amendments made to the 1949 Act by the 1990 Budget Act mandating a triple base program (which is described in Appendix I).

Price Support Loans, Purchases, and Loan Repayments

The basic price support rate is set at 85 percent of the simple average price during the marketing year of the preceding 5 years, excluding high and low years. However, the price support rate cannot be reduced more than 5 percent from the level of the previous year. The price support rate floor will continue at \$6.50 per cwt. Loan periods are for up to 9 months. The loan period begins the month after the application is made.

The loan and purchase level and the target price must be announced by January 31 of the calendar year during which the crop is harvested.

Marketing Loan Repayment

Rice producers will have the option to repay price support loans at a rate lower than the price support level. Producers can use these marketing loans whenever the adjusted world market price for rice falls below the price support rate. The repayment rate is the lesser of either the announced price support for rice, or the higher of either 70 percent of the announced price support rate or the prevailing world market price for rice.

As a condition for repaying the loan at lower than the announced price support rate, the Secretary may require a producer to purchase marketing certificates for up to 50 percent of the difference between the announced rate and the repayment rate. These marketing certificates may be exchanged for rice owned by the Commodity Credit Corporation (CCC) or for cash. The use of certificates is described in more detail under "Marketing Certificates." The Secretary must announce the formula used to define the prevailing world market price for rice and a mechanism for periodic announcement of this price.

Loan deficiency payments are made to producers who are eligible to receive price support loans or purchase agreements but who agree to forgo obtaining such a loan or agreement. Loan deficiency payments are calculated by multiplying the loan payment rate times the quantity of rice eligible for, but not put under, loan. The loan payment rate is the announced loan level minus the allowed repayment rate. The Secretary may use marketing certificates to pay up to half of this payment.

Marketing Certificates

If the adjusted prevailing world price for a class of rice falls below the loan repayment rate for that class of rice, the Secretary must issue negotiable marketing certificates to any person who participates in the certificate program. The value of these certificates is the difference between the loan repayment rate for the class of rice and the adjusted prevailing world market price. A person receiving marketing certificates can redeem them for CCC-owned rice or cash, at such times, in such manner, and at such price levels that best make rice competitive in world markets. These certificates are exempt from price restrictions that apply to the disposition of CCC agricultural commodities. Certificate owners can designate which storage sites they prefer to the extent practicable. Certificates must be redeemed within a reasonable number of days after issuance, or the Secretary will deduct storage and carrying costs from the certificate's value. Certificates may be transferred to other people with the Secretary's approval. The Secretary must enact provisions to prevent certificates from adversely affecting producers' incomes.

Acreage Reduction Program (ARP)

To be eligible for loans, purchases, and payments, producers must comply with any Acreage Reduction Program announced by the Secretary. The ARP and the Paid Land Diversion Program (PLD) are both authorized if total supplies of rice are projected to be excessive. The Secretary may establish an ARP of 0-35 percent for rice with the objective of achieving an ending stocks-to-use ratio of 16.5 to 20 percent. The "use" for rice is the simple average of all rice utilization, including total domestic, total export, and total residual disappearance for the 3 marketing years preceding the year the ARP announcement is made. The Secretary must make an announcement by January 31 of the calendar year in which the crop will be harvested.

The Secretary may also implement a PLD whether or not an ARP is in effect if a PLD will assist in adjusting the total national acreage to desirable goals. PLD payments may be set by bids submitted by producers or by any other means that the Secretary deems appropriate. The Secretary must limit the total acreage to be diverted under agreements in any county or local community so that the PLD does not adversely affect the economy of the county or local community. Land under PLD must be devoted to conserving use.

The Secretary may offer targeted option payments (TOP) to producers who increase (or decrease) their ARP in return for an increase (or decrease) in their target price if the ARP is 20 percent or less. For each voluntary 1-percent increase (decrease) in ARP above (below) the announced level, producers may receive an increase (decrease) in target price between 0.5-1 percent. The increase in the total ARP cannot be more than 5 percentage points.

If a producer has underplanted, then an increase in the ARP should be based on the average difference of the previous 2 years between the producer's permitted acreage and acreage actually planted (including 50/92 acres) to harvest. Producers cannot decrease the ARP by more than half the announced level. The targeted option payments must not significantly affect program participation or total production and must not increase budget outlays.

The Secretary may make inventory reduction payments to any producer who agrees to forgo obtaining loans, to forgo receiving payments, limits the amount of rice planted for harvest to the crop acreage base less half of any acreage to be diverted by an ARP or PLD, and who otherwise complies with the rice program. Marketing certificates may be used to make these payments.

Acreage Conservation Reserve

The Acreage Conservation Reserve (ACR) or reduced acres refers to the acreage which must be devoted to conserving uses under an ARP. The quantity required is determined by multiplying the crop acreage base times the percentage reduction required. Producers must plant an annual or perennial cover crop on 50 percent or more of the ACR (not to exceed 5 percent of the base) except in designated arid and summer fallow areas.

On 50 percent of the ACR, the CCC will pay 25 percent of the cost if a producer plants and maintains for 3 years permanent cover that is capable of improving water quality or wildlife habitats. If the ARP is reduced below the portion of the crop base planted to cost-share perennial cover, the Secretary must pay deficiency payments on this acreage.

The Secretary may permit the planting of designated crops on up to 50 percent of the ACR in return for a specified reduction in deficiency payment acreage. If producers plant these crops on the ACR, their deficiency payments will be reduced for each acre they plant by an amount the Secretary considers appropriate. If the producer plants more than one program crop, this reduction is prorated across all program crops. This program must be implemented in a manner which results in no additional cost to the CCC.

Haying and grazing of ACR and conserving use acreage are permitted except for the 5-month period designated by the State Agricultural Stabilization and Conservation (ASC) committee. This period must be established between April 1 through October 31 of a year. During a natural disaster, the Secretary may permit unlimited haying and grazing and may not exclude any irrigated acreage, except irrigated alfalfa acreage.

If converted to water storage uses and if devoted to program crops or oilseeds in at least 3 of the preceding 5 years, land is considered in conserving use while used for water storage for up to 5 years from the date of conversion. This land cannot be devoted to commercial use, including commercial fish production. The water stored cannot be ground water. In addition, the land must have been irrigated with ground water during at least 1 of the preceding 5 years.

ACR may be devoted to wildlife food plots or wildlife habitats that conform to standards established by the Secretary in consultation with wildlife agencies. The CCC may share part of the cost of these practices. The Secretary may also share the cost of approved soil and water conservation practices on ACR acreage. The Secretary may provide additional payments if a producer agrees to permit access to all or part of the farm for hunting, trapping, fishing, and hiking.

50/92 Provisions

The general 50/92 provisions remain the same as those in effect for 1988 through 1990 except the number of permitted acres has been altered by the triple base provision (which is described in Appendix I). If producers plant between 50 and 92 percent of the crop's permitted acreage when an ARP is in effect and devote the rest to conserving uses or approved nonprogram crops, then they are eligible to receive deficiency payments on 92 percent of maximum payment acreage. These payments on conserving use acreage are guaranteed to be at least the projected deficiency payment rate. (The projected deficiency payment rate on acreage actually planted to rice is not guaranteed.) In case of prevented planting or quarantines, deficiency payments may be available on up to 92 percent of permitted acreage even though planted acreage is less than 50 percent of the permitted acreage.

The Secretary may permit planting of alternative crops on all or part of acreage designated as conserving use under the 50/92 provisions. Alternative crops that may be permitted include sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, commodities grown for experimental purposes including kenaf and milkweed, and other commodities for which no substantial domestic production or market exists but that could yield industrial raw materials being imported or likely to be imported.

The Secretary may allow alternative crops to be planted on this acreage only if these do not increase the price support program costs or negatively affect farm income. These crops must also be needed to provide an adequate supply. In addition, these crops should encourage domestic manufacture of raw materials and increase industrial use of the raw materials.

Under the 50/92 provisions, rice crop acreage base and farm program payment yield history are maintained. The 50/92 acreage cannot be used to fulfill ARP or PLD requirements.

Disaster Payments

Similar to the Food Security Act of 1985, prevented planting and reduced yield disaster payments are authorized in the case of natural disasters.

If the Secretary determines that any producers have been prevented from planting any portion of their base due to natural disaster, the Secretary must make a prevented planting disaster payment. This payment is calculated by multiplying the number of permitted acres affected times 75 percent of the program payment yield times a payment rate (one-third of the target price). If, due to natural disaster, a producer's total yield is less than 75 percent of payment yield times acreage planted, the Secretary will make reduced yield disaster payments equal to one-third of the target price for the production loss below 75 percent.

However, if prevented planting and reduced yield crop insurance were available to producers under the Federal Crop Insurance Act, they are ineligible for disaster payments. But the Secretary has the discretion to make these disaster payments even when insurance was available if the Secretary determines that the natural disaster caused substantial losses of production, these losses created an economic emergency, crop insurance indemnity payments and other assistance were insufficient to relieve the economic emergency, and additional assistance is needed to alleviate the economic emergency.

Cross-Compliance

Compliance with commodity programs or with crop acreage base requirements for any other commodity cannot be required as a condition of eligibility for loans, purchases, or payments under the rice program. The Secretary may not require other producers on a farm to comply with terms and conditions of the rice programs.

Title VII--Oilseeds

Susan L. Pollack

The 1990 Act amends the 1949 Act to establish a new price support program with a marketing loan repayment provision for oilseeds including soybeans, sunflowerseed, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined by the Secretary.

Price Support Loans

The minimum loan rates are \$5.02 per bushel for soybeans, and no less than \$0.089 per pound for the minor oilseeds for the 1991-95 marketing years. If the Secretary includes other oilseeds in the program, then their loan rate must be set at a fair and reasonable level to soybeans. If a marketing loan program is established for cottonseed, its level cannot be less than the level established for soybeans on a per pound basis for the same crop year. The 1990 Budget Act amends the 1949 Act to place a 2-percent loan origination fee on all oilseed loans.

The Secretary must permit a loan to be repaid at the lower of either (1) the loan rate determined for the crop or (2) the prevailing world market price (adjusted to U.S. quality and location), or a level (not to exceed the loan rate) that the Secretary determines will minimize forfeitures to the Commodity Credit Corporation (CCC), oilseed stock accumulation by the CCC, and the CCC's cost of storing oilseeds. The determined repayment level must allow oilseeds produced in the United States to be marketed freely and competitively in the United States and abroad.

The Secretary must establish a formula to define the adjusted world market price for oilseeds (adjusted to U.S. quality and location) and a mechanism for periodically announcing this price.

Producers who are eligible to obtain a price support loan for each of the 1991-95 crops but who choose to forgo it are eligible to receive loan deficiency payments. These payments equal the loan payment rate multiplied by the quantity of oilseeds the producer would otherwise have been eligible to place under loan. The loan payment rate equals the amount by which the loan level for the crop exceeds the level at which the loan may be repaid.

The marketing year for soybeans is the 12-month period beginning September 1 and ending August 31. The Secretary sets the marketing year for other oilseeds.

The 1992-95 loan rates must be announced by November 15 prior to the calendar year in which the crop is harvested. The announcement of oilseed loan rates for the 1991 crop must be made as soon as practicable.

Loans made for an oilseed crop mature 9 months after the loan application is made.

Compliance

The Secretary can neither require a producer to participate in any production adjustment program to be eligible for the oilseed program benefits, nor authorize payments to producers to cover oilseed storage costs. Oilseeds are not eligible for any commodity reserve storage program.

Title VIII--Peanuts

Richard M. Kennedy

The 1990 Act continues the two-tier price support program for quota peanuts and additional peanuts through 1995, with some modifications.

Price Support

The national average quota price support rate for the 1991-95 crops of quota peanuts will be the rate for the previous crop, adjusted to reflect any increases in the cost of production (excluding any change in the cost of land) during the previous calendar year. The support rate cannot be increased by more than 5 percent (6 percent under the Food Security Act of 1985) from the previous year. The 1990 Act contains no requirement to reduce the support rate should the cost of production decline.

Additional peanuts will again be supported at levels the Secretary determines appropriate, taking into consideration the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. "Additional peanuts" are defined as those peanuts sold from a farm in any marketing year in excess of the amount of quota peanuts sold from that farm. Additional peanuts are also those marketed from a farm on which no farm poundage quota has been established. The support rate for additional peanuts must ensure no losses to the Commodity Credit Corporation (CCC). The support rate for both quota and additional peanuts must be announced by February 15. Appendix V shows the level of loan rates for peanuts for 1987-90 crops. The 1990 Budget Act amends the 1990 Act to include a nonrefundable marketing assessment of 1 percent of the national average quota or an additional peanut support rate per pound to be paid by first purchasers to the CCC. The first purchasers must collect half the assessment from producers.

Peanut Quota Referendum

The referendum provisions of the 1990 Act are unchanged from the Food Security Act of 1985. The Secretary must conduct a referendum of peanut farmers involved in the production of quota peanuts by December 15 in order to determine whether such farmers support or oppose poundage quotas for the following 5-year period. The Secretary must announce the results of the referendum within 30 days. If as many as two-thirds of the voting farmers favor a poundage quota, then no further referenda need be held during the upcoming 5-year period. If more than one-third of the farmers vote against a poundage quota, then there will be no quota or price support in effect for the crop produced in the next calendar year. If this happens, another referendum on quotas must be held by December 15 for the following year's crop.

For any marketing year, quota peanuts continue to be defined as those peanuts eligible for domestic edible use as determined by the Secretary, those that are marketed or considered marketed from a farm, and those that do not exceed the farm poundage quota. "Domestic edible use" means use for milling to produce domestic food peanuts (excluding peanuts crushed to extract oil for food uses and meal for feed uses), seed, and use on the farm. The Secretary may exclude from this definition, seeds that are used to produce peanuts for research and experimental programs for USDA and the Land-Grant System, seeds that are unique strains, and seeds that are not commercially available.

National, State, and Farm Poundage Quotas

The Secretary must establish a national poundage quota for each marketing year 1991-95 at a level equal to estimated domestic edible, seed, and related uses, but in no case below 1.35 million tons. The Food Security Act of 1985 established the minimum quota level at 1.1 million tons. Appendix V

shows the quota levels for 1987-90 crops. The national quota level must be announced by December 15 preceding the marketing year. A national poundage quota of 1.55 million short tons was announced for the 1991 crop of peanuts. The national poundage quota must be apportioned among States according to their 1990 allocations.

A farm poundage quota must be established for each farm that had a poundage quota in 1990, as well as certain farms that produce peanuts in connection with certain experimental and research programs. The size of the farm's poundage quota will be the same level as in the preceding marketing year with adjustments for any changes in the national poundage quota, but cannot include any increases for undermarketings in the preceding year, or increases resulting from the allocation of quotas voluntarily released for 1 year.

If a State's poundage quota is increased in subsequent years, a poundage quota will also be established for those farms currently without quotas that produced and marketed peanuts in at least 2 of the 3 preceding crop years. An increase in a State's poundage quota must be allocated proportionately--instead of equally, as in the Food Security Act of 1985--to farms that had a quota in the preceding year and to other farms that produced peanuts in at least 2 of the 3 preceding years. The 1990 Act requires the quota allocations to be based on the farm production history for peanuts in the 3 immediately preceding years. If the State poundage quota is reduced, the decrease must be allocated among all farms that had a poundage quota in the preceding marketing year. Separate provisions govern the allocation of farm quota increases or reductions among counties and farms in Texas.

Under a new provision in the 1990 Act, a tenant must share equally with the farmowner the percentage of the farm poundage quota apportioned to farms in the State due to an increase in the State poundage quota and otherwise allocated to the farm due to the tenant's production of additional peanuts. By April 1 of each year, or as soon as practicable, the tenant's share of any such quota must be allocated to a farm owned by the tenant within the county or must be sold and permanently transferred to another farm owner within the county. Any quota not disposed of in this manner must be allocated to other quota farms in the State in the same manner as the quota reduced from farms in the State due to the failure to produce the quota.

Farm Poundage Quota Adjustments

The farm poundage quota for an individual farm must be reduced by the amount of the quota that was not produced, or considered produced, during any 2 of the 3 preceding marketing years. The farm poundage quota is "considered produced" if the crop shortage was the result of drought, flood, other natural disaster, or conditions beyond the control of the producer; if the farmer voluntarily released the quota for only 1 of the preceding 3 marketing years; or if the farm was leased to another owner or farm operator within the county for only 1 of the preceding 3 years.

Release of Quotas

All or part of a farm quota may be permanently released by the owners. New provisions establish separate procedures for allocating released quotas in Texas. Producers may also voluntarily release poundage quotas to the Secretary for 1 marketing year with no effect on quotas for subsequent years. Farm poundage quotas may also be adjusted for undermarketing of quota peanuts during previous years. These adjustments will not affect the national poundage quota, but they cannot exceed 10 percent of the national poundage quota in any year.

Sale, Lease, or Transfer of Farm Poundage Quotas

Owners or operators (with the permission of the owner) may sell or lease all or part of farm poundage quotas to other farmers within the same county subject to terms, conditions, or limitations prescribed by the Secretary. An operator's quota may be transferred to another farm controlled by the operator that is either within the same county or in a contiguous county in the same State, providing the farm had a poundage quota in the preceding crop year. Quota transfers can be permitted in the fall or after the normal planting season if not less than 90 percent of the basic quota (farm quota exclusive of undermarketing and quota transfers), plus farm poundage quota transferred to the farm, has been planted on the farm from which the quota is to be released. Another provision specifies that transfers of quotas among farms owned by the same person will not result in a reduction in the farm poundage quota for the transferring farm if the transferred quota is produced or considered produced on the receiving farm.

If a State's quota was less than 10,000 tons for the preceding crop, then farm poundage quotas may be sold, leased, or transferred anywhere in the State. No sale, lease, or transfer may be made from a farm subject to a lien unless all claimants agree. Also, the county committee must determine that the farm receiving the farm poundage quota has sufficient tillable cropland to produce the quota.

Quality Improvement

Under the 1990 Act, the Secretary must promote quality improvements in peanuts. These improvements include:

- Promoting the crushing of peanuts that have the greater risk of deterioration before peanuts of a lesser risk.
- Ensuring that all CCC loan stocks of peanuts sold for domestic edible use are inspected by licensed USDA inspectors both as farmer stock and shelled or cleaned in-shell peanuts.
- Operating the peanut price support program to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, which regulates the quality of domestically produced peanuts (under the Agricultural Marketing Agreement Act of 1937).
- Ensuring that any changes made in the price support program as a result of these improvements that require additional production or handling at the farm level, be reflected as an upward adjustment in the price support loan schedule.

The Secretary must require that all peanuts in the domestic market fully comply with all quality standards under Marketing Agreement No. 146, such as inspection for aflatoxin contamination. Peanuts produced for the export market must now meet the same quality standards.

Disposition of Additional Peanuts

The following provisions govern the disposition and marketing of additional peanuts.

Purchase Contracts for Additional Peanuts

The 1990 Act modifies procedures for contracting purchasing of additional peanuts from producers by handlers. The deadline for the required submission of completed contracts to the Secretary for approval is changed from August 1 to September 15 of the year in which the crop is produced. The Secretary may extend the deadline up to 15 days and must announce the extension by September 5 in response to damaging weather or related conditions as defined in the Disaster Assistance Act of 1989. The contract must be submitted on a form prescribed by the Secretary containing the information the Secretary considers appropriate to ensure the proper handling of the additional peanuts, including the identity of the parties, the poundage and category of peanuts, the disclosure of any liens, and the intended disposition of the peanuts. Each contract must contain the final price to be paid by the handler and a specific prohibition against disposition of the peanuts for domestic edible or seed use.

Special Crediting of Exports

Under new regulations to be issued by the Secretary, a handler who is also a manufacturer of peanut products is credited with fulfilling an export obligation usually only satisfied by transactions directly involving additional peanuts. The handler may now export peanut products manufactured from domestic edible peanuts (quota peanuts), and then acquire "additional" peanuts for use in the domestic edible market of the same type and crop year equal to the edible peanut content of the exports. Such handlers must submit annual certifications of peanut product content on a product-by-product basis and report changes in formulas within 90 days.

Handlers Who Are Manufacturers of Peanut Products

Various new provisions apply to handlers. Anyone wishing to act as a handler and processor of additional peanuts must submit an application to the Secretary to permit final action on the application by July 1 of each marketing year. The Secretary must require such handlers to submit annual certifications of the content of peanut products on a product-by-product basis and report any changes in product formulas within 90 days. These handlers are also required to maintain and provide documents that are necessary to ensure compliance with the law's provisions dealing with additional peanuts and to maintain the integrity of the peanut program.

Marketing Penalties

The penalty for marketing peanuts for domestic edible use in excess of the farm poundage quota continues to be 140 percent of the loan level for quota peanuts. Additional peanuts may be purchased from growers solely for the purpose of crushing (to produce food oil or feed meal) or export, except for breeder or foundation seed peanuts grown and marketed by publicly owned experiment stations under regulations prescribed by the Secretary. A handler who fails to comply with regulations relating to the disposition and handling of additional peanuts will also be subject to a penalty of 140 percent of the quota loan rate times the quantity of peanuts involved; the handler penalty under the Agriculture and Food Act of 1981 was 120 percent of the quota loan level.

CCC Resale Price

Any peanuts owned or controlled by the CCC may be available for domestic use, in accordance with regulations issued by the Secretary, if doing so does not substantially increase costs to the CCC. Additional peanuts received under loan can be sold for domestic edible use. The price must cover all government costs and cannot be less than 100 percent of the quota loan rate if sold and paid for during the harvest season (with written consent of the producer), 105 percent of the quota loan rate if sold before December 31 of the marketing year, and 107 percent of the quota loan rate if sold after December 31.

Title IX—Sugar

Susan L. Pollack

The sugar title continues the price support program for sugarcane and sugar beets. Mandatory domestic marketing controls for sugarcane, sugar beets, and crystalline fructose are triggered if USDA projects imports will fall below 1.25 million short tons, raw value.

Price Support Loans

The price of sugarcane continues to be supported through loans on raw cane sugar at a level no lower than the minimum national average loan rate set at 18 cents per pound, raw value, for the 1991-95 crops. The price support level for refined beet sugar is set at an amount based on the weighted average of producer returns for sugar beets relative to sugarcane for the most recent 5-year period plus an amount that covers fixed marketing expenses for sugar beet processors. (Because sugarcane and sugar beets require processing into sugar before any reliable crop valuation can be assigned, the loan program is administered through processors who are required to pay producers at least the support price.) The 1990 Budget Act provides for a 1-percent assessment on all sugar processed, based on the loan rate for raw cane sugar, to be paid by sugarcane and sugar beet producers through processors.

The Secretary may increase the support price from the previous crop's price based on such factors that are determined appropriate, including changes during the 2 preceding crop years in the cost of sugar products, the cost of domestic sugar production, or other circumstances that may adversely affect production. If the support price is not increased, the Secretary must submit a report containing the findings, decision, and supporting data to Congress.

The Secretary must announce the loan rate as far in advance of the beginning of each fiscal year (October 1) as is practicable. Loans must not be made available before the beginning of the fiscal year and must mature by the end of 9 months or the end of the fiscal year, whichever is earlier.

In areas where sugar beets are normally harvested during the last 3 months of the fiscal year (July through September), the Secretary must make available, to each sugar beet loan borrower who made and repaid a loan during the 3 months, a supplementary nonrecourse loan (in addition to the initial one). In each case, the supplementary loan must be made available by October 1 of the next fiscal year, at the same rate as the initial loan. The supplementary loan matures in 9 months less the time the initial loan was in effect.

Marketing Quotas for Sugar and Crystalline Fructose

All sugarcane refiners, sugar beet processors, and manufacturers of crystalline fructose made from corn must provide monthly import, distribution, and stock level information to the Secretary as required. Any person willfully failing or refusing to provide, or falsely providing such information, will be subject to a fine of up to \$10,000 for each violation. The Secretary must publish a monthly composite of the data provided by the refiners, processors, and manufacturers.

Sugar Estimates

Before the beginning of each fiscal year for 1992-96, the Secretary must estimate annual U.S. sugar consumption, the quantity of sugar available from carry-in stocks or from domestically produced sugarcane or sugar beets for domestic consumption, and U.S. sugar imports based on the difference between estimated consumption and the estimated quantity available from domestically produced

sugarcane and sugar beets and carry-in stocks. Reestimates of consumption, availability, and imports for a fiscal year must be made by the beginning of each quarter.

Allotments

For any fiscal year in which the Secretary estimates that sugar imports for U.S. consumption (based on the difference between estimated consumption and estimated available sugar from domestic production and carry-in stocks) will be less than 1.25 million short tons, raw value, the Secretary must establish marketing allotments on domestically produced sugarcane and sugar beets for sugar processors at a level that will bring sugar imports up to at least this amount.

If the Secretary establishes marketing allotments for sugar in a fiscal year, the Secretary must also establish allotments for crystalline fructose made from corn. These allotments are not to exceed the equivalent of 200,000 short tons of sugar, raw value, for that year.

Whenever sugar allotments are in effect, the total amount of sugar marketed by a processor, plus the amount pledged by the processor as collateral for a price support loan which is not subsequently redeemed, cannot exceed the amount the processor was allocated. This does not apply to any sale of sugar by a processor to enable other sugar processors to fulfill their assigned allocations. Manufacturers of crystalline fructose may not market such fructose in excess of their allotments. Restrictions or allotments cannot be established on the marketing of liquid fructose made from corn.

Any processor or manufacturer who violates his or her allotments will be liable to the Commodity Credit Corporation (CCC) for a civil penalty in an amount equal to three times the U.S. market value of the quantity involved, at the time of the violation.

Establishment of Marketing Allotments

Whenever marketing allotments are required, the Secretary must establish the overall allotment amount, for each fiscal year, by deducting 1,250,000 short tons (minimum imports) and private and CCC carry-in stocks of sugar from estimated sugar consumption. The overall allotment quantity must be adjusted to the maximum extent practicable to prevent CCC accumulation of sugar. The overall allotment amount must be allocated between sugar derived from sugarcane and sugar beets. The Secretary must establish fair and equitable percentage factors for these allocations based on past marketings, processing and refining capacity, and the ability to market the sugar covered under the allotments.

The marketing allotments must be equal to the product of the overall allotment amount times the established percentage factor. Sugarcane allotments must be further allocated equitably among Louisiana, Florida, Hawaii, Texas, and Puerto Rico on the basis of past marketings (average of the 2 highest years of production for each State from 1985-89), processing and refining capacity, and the ability of processors to market the sugar.

The Secretary must adjust or suspend marketing allotments based on changes in the quarterly reestimates. For any increase or decrease in allotments, the amount allocated to processors must be increased or decreased by the same percentage. Whenever an allotment is required to be reduced, if all or any individual processors market (or pledge for a price support loan) an amount that exceeds the reduction, the amount of excess marketed must be deducted from the next marketing allotment, if any, established the next time for the processor or State.

Allocation

The Secretary must allocate each marketing allotment among affected processors, following a notice and hearing, by considering processing capacity, past marketings of sugar (for beet sugar from any or all of the 1985-89 crops), and the ability of each processor to market the sugar covered by that allocated portion. Marketing allotments may only be filled with sugar processed from domestically produced sugarcane and sugar beets. In addition, a marketing allotment for cane sugar may be filled only from sugarcane grown in the State covered by the allotment.

When allotments are in effect, if the Secretary determines that certain sugarcane processors will be unable to market the State's allotment for the fiscal year, the Secretary must first reassign the estimated excess (called the deficit) proportionately to other processors' allocations within the State. Second, the Secretary must reassign the excess to other States depending on their capacity to fill the portion of the deficit to be assigned to them. The reassigned amount to each State would be allocated among its processors in proportion to their allocation. Third, if the deficit still cannot be eliminated, the Secretary must reassign the remainder to imports.

For sugar beet processors, a deficit reassignment would go first to other sugar beet processors, depending on their capacity, with the remainder going to imports. Processors receiving a reassigned quantity for a fiscal year must have their allocations increased to reflect the reassignment.

Processors who are assigned allotments must provide the Secretary with adequate assurances that the allocations will be shared fairly and equitably among the producers they serve, reflecting the producers' production histories. The Secretary must resolve, through arbitration, any dispute over sharing a processor's allocation.

Proportionate Shares

States that have over 250 sugarcane producers must share allotments proportionately among producers if the Secretary determines that production in the State would otherwise exceed the State's allotment plus normal carryover.

To determine proportionate shares for any crop of sugarcane, the Secretary must:

- Establish the State's per acre yield goal at a level, not less than the State's average per acre yield for the preceding 5 years, that will ensure an adequate net return per pound to producers.
- Convert the State allotment for the year involved into a State acreage allotment for the crop. This is done by dividing the State allotment by the per acre yield goal for the State.
- Establish a uniform reduction percentage for the crop by dividing the State acreage allotment by the sum of all acreage bases in the State (as determined by the Secretary) that is estimated would otherwise be harvested for sugarcane production.
- Apply the uniform reduction percentage to the acreage base for each farm covered by the State allotment to determine the farm's proportionate share for the crop. The acreage base is determined as the number of acres equal to the average of acreage planted and considered planted for harvest on the farm in each of the 5 preceding crop years. (Acreage unable to be harvested because of natural disaster, or other condition beyond the producer's control, are considered harvested to sugarcane.)

Any producer knowingly harvesting sugarcane on acreage in excess of the farm's proportionate share (or otherwise violating this regulation) will be liable to the CCC for a civil penalty in an amount equal to three times the U.S. market value (at the time of the violation) of the quantity of sugar involved in the violation, based on the per acre yield goal. The Secretary may waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not adversely affect the operation of proportionate shares.

For the purposes of establishing proportionate shares, the Secretary may transfer a producer's production history of land owned, operated, or controlled to any other parcel of his or her land (if requested by the producer). If the owner is unable to use all or part of the farm's proportionate share for reasons beyond the owner's control, the Secretary may reserve, for up to 3 years, the farm's production history with respect to the shares. The shares may be distributed to other farm owners or operators without accruing production history.

The Secretary may revise or amend any allocation of a marketing allotment or any proportionate share on an individual basis.

Anyone knowingly violating USDA regulations will be subject to a civil penalty of up to \$5,000 for each violation.

Reports on Quota Allocations to Countries Importing Sugar

The 1990 Act requires that the Secretary report to the President and Congress the extent, if any, of sugar imports from Cuba by any country that is a net importer of sugar and has been allocated a share of the U.S. sugar import quota. The report is due 90 days after the law is enacted and by August 1 each year thereafter, through 1995. Beginning with the 1991-92 import quota year, the President must report to Congress, by January 1 of each year, the countries that are net importers of sugar derived from sugarcane and sugar beets which have a quota allocation for the current quota year, the countries which have certified that they do not import any Cuban sugar for reexport to the United States, and any action taken by the President regarding countries which violated this limitation in the previous quota year.

Title X--Honey

Susan L. Pollack

The 1990 Act amends the 1949 Act to provide a price support program for honey producers. Price support may be provided through loans, purchases, or other operations. The 1990 Act also amends the 1949 Act to limit the amount of price support loan which can be forfeited to the Commodity Credit Corporation (CCC) and to establish payment limitation provisions for 1991-95.

Price Supports

The minimum price support rate is set at 53.8 cents per pound for the next 5 years. The 1990 Budget Act amends the 1949 Act to include a nonrefundable marketing assessment, on a per pound basis, of 1 percent of the national price support level to be remitted by producers and producer-packers of honey to the CCC.

The Secretary may make price support available through loans and may permit a producer to repay a loan at a level lower than the price support rate if it will minimize loan forfeitures, prevent stock buildup, reduce government storage costs, and maintain the competitiveness of honey in domestic and export markets.

Loan Deficiency Payments

Producers eligible to obtain a price support loan but who choose instead to forgo it, may receive loan deficiency payments in return. The loan deficiency payment is determined by multiplying the loan payment rate times the quantity of honey the producer could have placed under loan. The loan payment rate is the amount by which the crop's loan level exceeds the repayment rate. Payments may be made with commodity certificates.

If a person knowingly pledges adulterated or imported honey as collateral for a loan, that person will be ineligible to participate in the program for the 3 crop years after the determination is made.

Payment and Loan Forfeiture Limitations

The amount of payments a person may receive in a crop year under this program may not exceed:

\$200,000 for 1991,
\$175,000 for 1992,
\$150,000 for 1993, and
\$125,000 for 1994 and each subsequent crop year.

These levels are also the maximum levels for the value of the honey which is pledged as collateral for a CCC price support loan that a person may forfeit for each crop. Payment limitations for the honey program are separate from the combined limit of \$250,000 per person for other commodity payments (see "Title XI--General Commodity Provisions").

Title XI--General Commodity Provisions

Susan L. Pollack

This title contains the general provisions for commodity programs. It includes provisions relating to crop acreage bases, planting flexibility, program payment yields, and payment limitations.

Acreage Base and Yield System

This provision prescribes a system for establishing crop acreage bases and program payment yields for wheat, corn, grain sorghum, oats, barley, upland cotton, and rice programs that is efficient, equitable, flexible, and predictable.

Crop Acreage Bases

For wheat, corn, grain sorghum, oats, and barley, the crop acreage base equals the average of the acreage planted and considered planted for harvest on the farm for the 5 preceding crop years. The sum of the crop acreage bases may not exceed the cropland on the farm, except where double cropping is practiced. Double cropping must have been practiced for at least 3 of the 5 preceding crop years for which the base was calculated in order to be eligible for this exemption.

For upland cotton and rice, the crop acreage base equals the average of the acreage planted and considered planted for the 3 preceding crop years. Upland cotton and rice producers who did not participate in the 1989, 1990, and 1991 programs can calculate their crop acreage bases for 1991 (for those who first planted in 1989) and 1992 (for those who first planted in 1990) as the average of the acreage planted and considered planted for the 5 preceding crop years, excluding the years in which no crop was planted, but not greater than the average of the preceding 2 years.

The Secretary must adjust the crop acreage base to reflect crop rotation practices and conservation compliance requirements. The county committee may adjust a crop acreage base for a program crop if it would otherwise be adversely affected by conditions beyond a producer's control.

A producer who receives a deficiency payment for any crop year is prohibited from using the acreage planted or considered planted to any program crop or extra-long staple (ELS) cotton crop on the farm to increase any crop acreage base for the subsequent years.

Acreage Considered Planted. Acreage considered planted includes (1) reduced and diverted acreage on the farm; (2) acreage producers could not plant due to natural disaster or other conditions beyond the control of the producer; (3) acreage equal to the difference between the permitted acreage for a program crop and the acreage actually planted, if the acreage was devoted to conserving uses or production of commodities permitted under the 0/92 or 50/92 provisions; (4) acreage planted to approved crops under the planting flexibility provision; (5) acreage determined by the Secretary to be necessary to establish a fair and equitable crop acreage base; (6) the crop acreage base, if the producer forgoes payments and certifies that no acreage was planted to the crop or fruits and vegetables; and (7) any adjustment in the farm's crop acreage base because of conditions beyond the producer's control.

Construction of Planting History. To determine the crop acreage base for 1991 and subsequent years, the county committee must construct a planting history for each crop for a farm if its planting records for any of the 5 preceding crop years are incomplete or unavailable, or the program crop was not planted on the farm for up to 4 of the 5 crop years.

Prevented Planting. If producers are unable to plant a program crop because of circumstances beyond their control, such as a natural disaster, or if the crop is destroyed before harvest, producers may then plant another crop, including another program crop, on the acreage. This will be considered as planting to the original program crop for which the base was established.

Planting Flexibility

Producers are allowed to plant up to 25 percent of the crop acreage base to any commodity, except fruits, vegetables, potatoes, dry edible beans, peas, and lentils, without losing any of the crop's acreage base. The 1990 Budget Act amends the 1949 Act to reduce the acreage on which deficiency payments would be paid by an amount equal to 15 percent of the crop acreage base for the 1991-95 crop years. This acreage is called normal flex acreage (see triple base provision in Appendix I). The remaining 10 percent is called optional flex acreage. The crops which may be planted for harvest are any other program crop, any oilseed, any industrial or experimental crop designated by the Secretary, and any other crop except any fruits and vegetable crops not designated by the Secretary as a crop used for industrial or experimental purposes or for which no substantial production or market exists. The Secretary may prohibit the planting of any specific crop. For each crop year, a list of commodities not allowed must be made available. Crops planted on flexible acreage may be eligible for nonrecourse and marketing loans, but not deficiency payments.

If soybean plantings are permitted on flexible acreage, producers may plant no more than 15 percent of the base to soybeans without losing base acreage if, on January 1 of any calendar year, the Secretary estimates that the soybean price will be less than 105 percent of the soybean loan level during the following marketing year.

Planting in Excess of Permitted Acreage. A producer participating in a commodity program is allowed to plant the program crop in excess of its permitted acreage without losing benefits if the acreage overplanted is not more than 25 percent of the farm's crop acreage bases for other program crops, and the producer agrees to reduce the other program crops' permitted acreage by the amount of overplanting.

Loan Eligibility. A producer who plants an acceptable alternative crop on a crop acreage base and does not participate in the program for this different crop is eligible for available nonrecourse and marketing loans, purchases, or loan deficiency payments for the alternative crop, if the producer plants the alternative program crop on no more than 25 percent of the base of the original crop, and agrees to reduce the original crop's permitted acreage for the particular crop year. However, the producer is not eligible for deficiency payments on this overplanted acreage.

Farm Program Payment Yields

The Secretary must establish farm program payment yields for the 1991-95 crops either as the program payment yields for the 1990 crop, or as an average of the harvested yield for the preceding 5 years (dropping the highest and lowest yield years and any year in which a crop was not planted).

If a farm program payment yield is more than 10 percent lower than the 1985 crop year level, the Secretary must make deficiency payments available to producers in an amount that will give the same return as if the yield was not more than 10 percent under the 1985 level. The payments must be made available by the time final deficiency payments are made.

If a commodity was not produced or no farm program payment yield was established for a farm for any year between the 1981 and 1985 crop years (or, as appropriate 1986 through 1990), the yield will be established based on the average yield for similar farms in the area.

Determining Yields. To determine the farm program payment yields for 1991-95, the farm program payment yield for the 1986 crop year will be used. The actual yield per harvested acre will be used for each subsequent year. (The 1986 yield may not be reduced more than 10 percent of the 1985 crop year level for the farm.) If actual yield data are not available, the county committee may assign a yield based on yields of similar farms in the area (producers may provide actual yield data to the committee). The county committee may adjust any yield if it does not accurately reflect the farm's productive potential. County committees are not permitted to establish any new irrigated program payment yields for the 1991 or subsequent crops.

The Secretary must maintain the yield data for at least 5 crop years. The data must be maintained in a way which will enable it to be used, if needed, in administering the commodity programs.

Planting and Production History of Farms

Each county committee may require a producer who seeks to establish a crop acreage base for a farm or a farm program payment yield for a crop year to provide the farm's planting and production history for the preceding 5 years.

Establishing Bases and Yields by County Committee

A county committee may establish the crop acreage base and farm program payment yield for a farm for the 1991-95 program crops which otherwise could not be established under this provision. No crop acreage bases or farm program payment yields will be established if the producer is subject to sanctions for cultivating highly erodible land or converted wetlands.

The Secretary must establish an administrative appeals procedure to review determinations made regarding crop acreage bases and farm program payment yields.

Payment Limitations

For each of the 1991-95 crops, the total amount of payments a person may receive under one or more of the annual commodity programs (including oilseeds) may not exceed (1) \$50,000 for deficiency and diversion payments; (2) \$75,000 for gains realized from repaying a loan at a lower level than the original loan level, loan deficiency payments (except honey), and any wheat or feed grain emergency compensation payments resulting from a reduction of the basic loan level (Findley payments); and (3) a total of \$250,000 for the above two limits and any payment for resource adjustment (excluding diversion payments) or public access for recreation, and any inventory reduction payments. Total disaster payments are limited to \$100,000. Separate limitations are set for honey, wool, mohair, and conservation programs.

Eligibility Requirements

The 1990 Act amends the Food Security Act of 1985 to continue the "actively engaged in farming," "foreign person," and payment limitation provisions. In addition, the following provisions were added.

Spouses. A married couple is considered as one person for payment limitation purposes, except (1) when each brings a separate farming operation into the marriage and continues to operate it separately, and (2) at the Secretary's discretion, if the spouse does not hold, directly or indirectly, a substantial beneficial interest in more than one entity engaged in farm operations (including entities belonging to the spouses themselves) if these entities also receive farm program payments as separate persons. An entity is a corporation, joint stock company, association, limited partnership, irrevocable

trust, revocable trust, estate, charitable organization, or other similar organization including any such organization participating in the farming operation as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. If a married couple falls within this exception and meets the other requirements necessary to be considered a separate person, then they may elect to be considered as two persons.

Growers of Hybrid Seeds. When determining whether growers of hybrid seeds are considered to be actively engaged in farming to qualify as a person for the purposes of this provision, the Secretary is not to consider the existence of a hybrid seed contract.

Irrevocable Trusts. In order for an irrevocable trust to be considered a separate person, the irrevocable trust must not (1) allow for modification or termination of the trust by the grantor; (2) allow the grantor to have any future, contingent, or remainder interest in the corpus of the trust; or (3) provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years after the trust is established, except where the transfer is contingent on the beneficiary achieving at least the age of majority or on the death of the grantor or income beneficiary.

Education Program

USDA must carry out an education program to train Agricultural Stabilization and Conservation Service (ASCS) personnel in the fair, accurate, and uniform application of the payment limitation provisions and regulations to individual farming operations. The State ASCS office must make the initial determination concerning payment limitation applications for farm operations consisting of more than five persons, subject to the Secretary's review.

Treatment of Multiyear Farm Program Contract Payments

The Secretary may make payments to a new landowner (transfer of land due to previous owner's death) under a multiyear contract for a conservation reserve, wetland reserve, or environmental easement up to the amount the previous owner was entitled to receive under the contract at the time of death.

Provisions Related to the Agricultural Act of 1949

These provisions amend the permanent provisions of the 1949 Act.

Deficiency and Diversion Payments

If the Secretary establishes an acreage limitation program for any of the 1991-95 program crops and determines that deficiency payments will likely be made, the Secretary must make advance deficiency payments available to producers for each crop.

Advance Deficiency Payments. The Secretary is required to advance 40-50 percent of the projected deficiency payments for wheat and feed grains, and 30-50 percent for upland cotton and rice. Payments must be made as soon as practicable after a producer enters into a contract to participate in a commodity program. If the final deficiency payment is less than the amount paid to a producer in advance deficiency payments, the producer must repay the difference by the end of the crop's marketing year. If producers fail to comply with the acreage limitation program after receiving the advance payment, they must immediately repay the amount in full plus any interest set by the Secretary.

Payments must be made available based on amounts the Secretary determines would be appropriate to encourage adequate participation in the program. However, payments may not exceed the amount determined by multiplying the estimated payment acreage of the crop times the farm program payment yield times the proportion to be advanced.

Timing of Deficiency Payments. If deficiency payments for wheat, feed grains, or rice are calculated based on the 12-month average price, then 75 percent of the final projected deficiency payment rate (less any advance) must be made immediately following the first 5 months of the marketing year. The remainder of the payments are made at the end of the marketing year.

Land Diversion Payments. If the Secretary makes land diversion payments to assist in adjusting any of the program crops to desirable levels, the Secretary must make at least 50 percent of the payments as soon as possible after the producer agrees to participate in land diversion programs.

Repayment Requirements. For producers suffering financial hardship (as determined by the Secretary) who received advance deficiency payments for 1988 or 1989 crops and must refund at least \$1,500 of these payments, the Secretary shall not charge an annual interest rate on the refund that has not yet been repaid, nor withhold more than one-third of the farm program payments for each of the succeeding crop years. Producers are allowed to make the refund in three equal installments during each of the 1990-92 crop years if they obtain multiperil crop insurance.

Commodity Certificates

Interest will be paid to a producer who redeems commodity certificates for cash if the producer holds the certificates more than 150 days. This provision does not apply to certificates issued for the export promotion programs (see "Title XV--Agricultural Trade"). For 180 days after enactment of the 1990 Act, a subsequent certificate holder is allowed to exchange an expired certificate under the same rules as the original holder except no one may redeem more than \$1,000 worth of certificates. In no event can a person receive payment for a certificate in an amount greater than the price paid for it. No expired certificate can be exchanged if the owner purchased it after January 1, 1990.

Farmer-Owned Reserve (FOR)

To carry out this program, the Secretary must provide extended price support loans for wheat and feed grains after the 9-month original nonrecourse loan expires. The extended loan level must be at least at the original level. After entry into the FOR, producers may repay the loans at any time, but no later than 27 months from the date the original loan expires, unless the Secretary elects to extend the loans for an additional 6 months.

The Secretary may charge interest on extended loans whenever wheat or feed grain prices equal or exceed 105 percent of the target price for that year. If interest is levied, it may be charged once and interest will continue to accrue for 90 days from the last day the market price equals or exceeds 105 percent of the respective target price.

Storage payments are to be made quarterly at an amount the Secretary determines appropriate to encourage producers to participate. However, storage payments will cease to be made whenever the price of wheat or feed grains equals or exceeds 95 percent of the commodity's current target price and for any 90-day period following the last day the price was at such a level. The Secretary may require producers to repay loans, plus any interest accrued, as well as any other charges which may be required by regulation, before the maturity date if the Secretary determines emergency conditions exist that require the commodity be made available in the market to meet urgent domestic or

international needs. The Secretary must report this determination and reasons for it to the President and the House and Senate agriculture committees at least 14 days before taking action.

The Secretary may permit wheat and corn crops to enter the FOR under two conditions: (1) if for 90 days before December 15 of the year in which the wheat crop is harvested and 90 days before March 15 in the year following the harvest of the corn crop, the average market price is 80 percent of their respective loan rates, or (2) if the projected stocks-to-use ratio is more than 37.5 percent for wheat or 22.5 percent for corn. If both of these conditions are met, then the Secretary must permit entry into the FOR. No direct entry is permitted; producers must first take out an original 9-month loan. A producer may exit at any time by repaying the loan.

If entry into the FOR is permitted, the Secretary must specify the maximum quantity allowed; the quantity must be between 300 and 450 million bushels for wheat, and between 600 and 900 million bushels for feed grains. There is no minimum quantity which must be maintained in the FOR.

Whenever grain is stored in the FOR, the Secretary may buy and sell at an equivalent price (allowing for location and grade differentials), substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate commodities owned or controlled by the Commodity Credit Corporation (CCC). The purchases to offset the sales must be made within 2 market days following the sales. The Secretary must make a daily list available showing price, location, and quantity of the transactions.

If a producer substituted purchased or other commodities for pledged commodities as loan collateral, the Secretary may allow the producer to repay the loan using a commodity certificate that may be exchanged for CCC-owned commodities. The Secretary can do this only if the substituted commodities had been pledged as loan collateral and redeemed in the same county.

To the extent practicable, the Secretary must ensure that storage rates are equivalent to commercial storage rates, taking into account the demand for storage, location, bonding requirements, regulatory compliance, and other factors, subject to CCC budget neutrality.

Supplemental Set-Aside and Acreage Limitation Authority

The Secretary may announce and provide for an acreage limitation program for one or more of the 1991-95 crops of wheat and feed grains, if the Secretary determines it is in the public interest because the President imposed export restrictions on the commodity. The Secretary may modify or adjust the program as necessary due to any delay in its being instituted.

Disaster Payments

The Secretary may make prevented planting or reduced yield disaster payments for the 1991-95 crops of peanuts, soybeans, sugar beets, and sugarcane. These payments are subject to appropriations by Congress.

If the Secretary determines that the producer of one of these crops is prevented from planting any portion of the farm's acreage because of a natural disaster, or other conditions beyond the producer's control, the Secretary may make prevented planting payments. The payments are calculated by multiplying (1) the number of acres affected, but not to exceed acreage planted to the crop (including acreage the producer was prevented from planting in place of the crop) in the preceding year, times (2) 75 percent of the farm program payment yield, times (3) a payment rate equal to 50 percent of the crop's loan rate.

If, due to the above conditions, a producer was unable to harvest at least 60 percent of the payment yield established by the Secretary for the crop multiplied by the acreage planted for harvest, the Secretary may make reduced yield disaster payments. The payments would be made at a rate equal to 50 percent of the crop's loan level for production losses below 60 percent. The Secretary may adjust these payments if other forms of Federal disaster assistance are provided to the producer for the crop in question.

Increase in Support Levels

The Secretary may adjust the 1991-95 support prices to reflect any change during the last calendar year (ending before the beginning of each crop year) in the index of prices paid by farmers for production items, interest, taxes, and wage rates.

Adjustment of Support Price

The Secretary may adjust wheat, feed grains, and rice support prices for differences in grade, type, quality, location, and other factors. As is practicable, the adjustments must be made so that the average support price for the commodity will be equal to the level of support under the 1949 Act.

The Secretary may adjust the cotton support price for differences in quality factors or location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program must be established by the Secretary by giving equal weight to loan differences for the preceding crop and to market differences for the crop in the designated U.S. spot market.

No loan rate adjustment made for the 1990-95 wheat and feed grain crops applicable to a particular region, State, or county reflecting transportation differentials may increase or decrease the loan rate from the previous year's level by more than the percentage change in the national average loan rate plus or minus 3 percent.

Program Option for 1996 Crops

For the 1996 calendar year, the Secretary may offer to producers of 1996 crops of wheat, feed grains, upland and extra-long staple cottons, rice, or oilseeds, and to dairy producers, the option to participate in commodity programs. Any target price or loan level made available must be set at the same level as the 1995 crop, or for milk, the 1995 calendar year. The Secretary may offer the programs if USDA has not made final announcement of their terms on or before:

June 1, 1995, for wheat;
September 30, 1995, for feed grains;
November 1, 1995, for upland cotton;
December 1, 1995, for ELS cotton;
January 31, 1996, for rice;
July 15, 1995, for oilseeds; and
November 1, 1995 for dairy.

Producers may not participate in these programs unless a new law that provides for loans and purchases for these commodities has been enacted after this law.

Commodity Credit Corporation Sales Price Restrictions

In general, the CCC may not sell any basic or storable nonbasic commodity at less than 115 percent of the lower of either (1) the commodity's loan rate adjusted for current market differentials reflecting grade, quality, location, reasonable carrying charges, and other factors the CCC determines appropriate, or (2) the loan repayment level. The CCC may sell ELS cotton for unrestricted use at a price it determines will maintain and expand export and domestic use. Oilseeds may not be sold for less than the lower of (1) 105 percent of the loan rate adjusted for market differentials, or (2) 115 percent of the loan repayment level.

Whenever the FOR is in effect, the CCC may not sell any of its stocks of wheat and feed grains for less than 150 percent of the commodity's loan rate. The CCC may sell upland cotton for unrestricted use at the same price it sells for export, but not at less than 115 percent of the loan rate. The sales restrictions do not apply to the following categories:

- Sales for new or byproduct uses.
- Sales of peanuts and oilseeds for oil extraction.
- Sales for seed or feed if the sales will not substantially impair any price support program.
- Sales of commodities that have substantially deteriorated in quality or that have a danger of loss or waste through deterioration or spoilage.
- Sales to establish claims arising out of contract or against persons who have committed fraud or misrepresentation or other wrongful acts with respect to the commodity.
- Sales for export (excluding upland cotton).
- Sales of wool.
- Sales for other than primary uses.

The Secretary is authorized to allow the CCC to make its commodities or products available to relieve economic distress in any area in the United States (and in the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic causes. The CCC can do this only if the President finds that the use of the commodities will not adversely affect the normal marketing of agricultural commodities. The CCC may also make commodities available to relieve economic distress if the President determines a major disaster warrants Federal assistance under the Disaster Relief and Emergency Assistance Act. It may also donate or sell commodities for the Emergency Livestock Feed Assistance Program. In connection with this provision, the CCC must not bear any costs, except on a reimbursable basis, in connection with this provision beyond costs for storing, handling, and transporting the commodity to designated agencies at one or more central locations in each State or other area.

The sales restrictions do not apply to commodities that the CCC wishes to dispose of in order to run the operation effectively and efficiently. Such commodities would be disposed of because of their small quantity or because of age, location, or questionable continued storability.

The CCC must make purchases of commodities to offset adverse consequences of sales at less than prescribed prices; the purchase price may not exceed CCC's minimum sales price for the commodities for restricted use.

Subject to the sales price restriction, the CCC may sell any of its commodities on a competitive bid basis, if the Secretary determines the sale is appropriate.

In this provision, export sales include sales made on the condition that the identical commodities sold be exported, and sales made on the condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

Miscellaneous Commodity Provisions

This section includes provisions for normally planted acreage, the Food Security Wheat Reserve, and the National Agricultural Cost of Production Standards Review Board. It also includes provisions for a financial impact study and a survey of program participants.

Normal Supply

If the supply of wheat, corn, upland cotton, or rice during the marketing year for any of the 1991-95 crops is not likely to be excessive and acreage controls are not necessary as determined by the Secretary, the total supply of the commodity is deemed not to exceed normal supply. The Secretary cannot make any decision contrary to this for that marketing year.

Food Security Wheat Reserve

The Food Security Wheat Reserve, created to provide wheat for emergency food needs in developing countries, is extended through 1995. The Secretary must replenish stocks within 18 months of release so that there will be about 4 million metric tons in storage.

Cost of Production Review Board

The National Agricultural Cost of Production Standards Review Board is extended for another 5 years to September 30, 1995. The law also permits the members to be engaged in the commercial production of each of the program crops and in one or more of the other various major domestically produced agricultural products either as a member of a group or individually. Board members previously had to be individually engaged in the commercial production of one or more major domestically produced agricultural commodities.

Financial Impact Study

The Secretary must conduct an annual study of the financial impact of the support levels (under programs contained in the 1949 Act) established and announced by the Secretary. The study also examines how the support levels affect producers' ability to meet their financial obligations (with special emphasis on Farmers Home Administration and Farm Credit System borrowers). The Secretary must submit the annual report to the House and Senate agriculture committees by the date of the final announcement for the programs for any year. The study is for informational purposes only.

Survey of Program Participants

The Secretary must ensure that producers, at the time of signup for a commodity program in the 1992 calendar year, complete a survey regarding their preference either to increase the efficiency of their farming operation or to assist in meeting conservation requirements for their farm by redistributing any crop acreage bases on their farm. The survey shall include questions designed to determine whether the producers would prefer to redistribute their current crop acreage bases without exceeding the farm's total cropland. Producers could redistribute in different proportions among the program crops for which they currently have a crop acreage base, among program crops for which they do not currently have a crop acreage base, or in some combination of these two. The survey is to be prepared and administered by ASCS and conducted in every county where the signups are administered.

The data are to be compiled and analyzed to determine (1) the potential increases and decreases in State, regional, and national acreage that would be planted to various program crops if producers were given the option to redistribute their crop acreage bases; (2) the potential commodity program costs or savings if producers were allowed to implement redistribution of base; (3) the potential impact of the redistribution on U.S. competitiveness in world markets; and (4) other consequences of redistribution the Secretary determines to be significant to U.S. agriculture.

The report is due by January 31, 1993, to the House and Senate agriculture committees.

Options Pilot Program

The Secretary is required to conduct a pilot program (subject to advance appropriations) for each of the 1991-95 crops of corn and for each of the 1993-95 crops of wheat and soybeans to determine whether options trading can be used by producers to obtain protection from price fluctuations, whether producers would use this method of price protection with adequate information, and to determine the widespread effect that adopting such a program would have on commodity prices.

The Secretary must conduct the program in various counties that produce significant quantities of the commodities during the specified years. For the 1991 crop year, the Secretary must select at least three counties in each of the three major corn-producing States.

Title XII—State and Private Forestry

Jan K. Lewandrowski

The 1990 Act contains the first forestry title to be included in an omnibus farm bill. The 1990 Act authorizes the Forest Stewardship Program to replace the Forest Incentive Program by 1995, establishes a cost-share program to encourage the management of nonindustrial private forests, and protects environmentally important forests under the Forest Legacy Program. The 1990 Act also establishes the America the Beautiful Program which promotes tree planting.

Forest Stewardship Act (FSA)

Title XII, the Forest Stewardship Act (FSA), amends the Cooperative Forestry Assistance Act of 1978. It authorizes the Secretary to undertake actions designed to (1) establish a cooperative Federal, State, and local Forest Stewardship Program to manage non-Federal forest lands; (2) encourage timber production; (3) prevent and control tree damaging insects and diseases; (4) prevent and control rural fires; (5) promote the efficient use of wood and wood residues; (6) improve and maintain fish and wildlife habitats; (7) plan and conduct urban forestry programs; (8) expand existing management, fire protection, and insect and disease protection programs in non-Federal forests to meet multiple-use objectives in an environmentally sensitive manner; (9) provide opportunities to private landowners to protect ecologically valuable and threatened non-Federal forest lands; and (10) strengthen educational, technical, and financial assistance programs for non-Federal forest landowners.

Rural Forestry Assistance

The Secretary may provide financial, technical, educational, and related assistance to State foresters, other peer officials, and extension directors to enable them to provide technical information, advice, and assistance to those with an interest in private forests to meet the goals of the FSA.

The Secretary is also authorized to provide the same assistance to help State forest officials to (1) develop genetically improved tree seeds; (2) develop facilities for the production and distribution of tree seeds and seedlings in States with reforestation needs; (3) procure, produce, and distribute tree seeds and trees to establish forests, windbreaks, shelterbelts, woodlots, and other plantings; (4) establish trees on non-Federal forest lands that are suitable for the production of timber, recreation, and other tree-related benefits; (5) plan and implement management techniques on these lands to increase the quantity and quality of trees, vegetation, and fish and wildlife habitats; and (6) protect or improve the soil fertility of non-Federal forest lands and the quality, quantity, and timing of water yields from these forest lands.

Forest Stewardship Program (FSP)

The Secretary, in consultation with State forestry officials, must establish the Forest Stewardship Program (FSP) within USDA's Forest Service. The program is to encourage those managing nonindustrial private forests to promote the longrun viability of their many economic, environmental, and recreational uses. The program's goal is to enter at least 25 million acres of nonindustrial private forest lands in the FSP by December 31, 1995.

The FSP also provides State foresters and other comparable officials with financial, technical, educational, and related assistance. Within the States, foresters are to use these resources to build a network of individuals from government agencies, the private sector, and land-grant universities who will advise and assist owners of private nonindustrial forests with the multiple-use management of their lands to meet the goals of the FSA.

A nonindustrial private forest is eligible for assistance as long as it is not under an existing Federal, State, or private financial and technical assistance program at the time the 1990 Act becomes law. Those private forests that are managed by existing programs may receive assistance under this program if their forest management activities are expanded and enhanced. The landowner also must agree to meet the requirements of the FSA.

To enter land into the FSP, an owner of a private nonindustrial forest must prepare and submit to the State forester, or other comparable official, a forest stewardship plan prepared by a professional resource manager that meets the requirements of the program, as developed by the Secretary. The plan must identify and describe the actions the landowner will take to protect the forest land's soil, water, range, aesthetic quality, recreation, timber, water, and fish and wildlife resources in a way that is consistent with the owner's objectives. The plan must be approved by the State forester or other comparable official before the associated forest land can be enrolled.

Stewardship Incentive Program (SIP)

To meet the objectives of the FSP, the Secretary must establish the Stewardship Incentive Program (SIP) within the Forest Service. The FSP will ultimately replace the SIP which will end by December 31, 1995. The SIP provides cost-share assistance to help landowners institute approved stewardship plans. The assistance is limited to landowners with less than 1,000 acres. However, the Secretary may approve assistance for owners with over 1,000 acres if it is determined that significant public benefits would accrue from including these lands. Owners with over 5,000 acres are ineligible for cost-share assistance. Owners must agree to abide by the provisions of their plans for at least 10 years, unless the State official approves a modified plan.

The Secretary, in consultation with State officials, must determine the appropriate reimbursement rate and schedule for cost-share payments. The level of Federal cost-share assistance is to be determined by the Secretary but is not to exceed 75 percent of the total cost to the landowner for developing and implementing the stewardship plan. The Secretary must establish and implement a mechanism to recapture payments made to landowners if they fail to implement an approved activity specified in the plan for which payments were made. No land may simultaneously receive cost-share payments under the SIP and the already established Forestry Incentives Program.

The Secretary must distribute funds for cost-sharing among the States only after assessing the public benefit from the assistance and after considering for each State (1) the total acreage of nonindustrial private forest land, (2) the potential productivity of the land, (3) the number of owners eligible for cost-sharing, (4) the need for reforestation, (5) the opportunities to enhance nontimber resources on the forest lands, and (6) the anticipated demand for timber and nontimber resources.

The Secretary, after consulting with State coordinating committees, must develop a list of approved forest activities and practices that will be eligible for cost-share assistance. In developing the list, the Secretary must attempt to achieve landowner and public purposes including the goals of the FSA.

Forest Legacy Program (FLP)

The Secretary must establish the Forest Legacy Program (FLP) in cooperation with State, regional, and other governmental units. Program objectives are to ascertain and protect environmentally important forest areas (particularly areas that are threatened by conversion to nonforest uses) by using conservation easements and other similar mechanisms. The program also promotes other conservation objectives including protecting important scenic, cultural, fish, wildlife, and recreational resources, riparian areas, and other environmental values.

The Secretary may acquire lands and interests in lands from willing landowners, including conservation easements and public access rights for the program. Conservation easements with land titles held in common ownership with any other entity cannot be acquired. Acquired land may be held indefinitely. In administering the land in the program, the Secretary must identify the environmental values to be protected if the land is entered into the program. Management activities must be planned and their effect on environmental values identified. The Secretary must also obtain other appropriate information necessary to administer the program from the landowner, who is voluntarily offering his or her land.

Within 1 year of enactment of the 1990 Act, the Secretary must establish a regional program to further the Northern Forest Lands Study in New York, New Hampshire, Vermont, and Maine. The Secretary must also establish additional programs in each of the Northeastern, Midwestern, Southern, and Western regions, and the Pacific Northwest (including Washington) after assessing the needs for FLP's in those areas.

The Secretary must establish criteria for enrolling lands into the FLP within 1 year of enactment. The Secretary must give priority to lands that can be effectively protected and managed and that promote the goals of the program. Owners of lands or interests in lands may apply for entry into the program by submitting plans detailing the lands or interests that they would be willing to enroll. Owners would be paid the fair-market value for any property rights they convey. They must manage their property consistent with the terms of the easement. The land may be used for activities such as hunting, fishing, hiking, and similar recreational uses. Since the goals of the program do not preclude all economic activity, some easements on lands within the program would permit a degree of forest management practices (including timber harvesting).

The costs of acquiring lands or interests in lands and of projects will be shared among the entities participating in the FLP (including regional organizations, State and other governmental units, landowners, corporations, or private organizations). The costs may include, but are not limited to, those associated with planning, administration, property acquisition, and property management. To the extent practicable, the Federal share of total program costs, including in-kind contributions, is not to exceed 75 percent of the total.

Forest Health Protection

The 1990 Act renames the Insect and Disease Control Program to the Forest Health Protection Program. The new program includes the effects of manmade causes (such as air pollution) on forest health.

Under the program, the Secretary is authorized to conduct surveys and establish a monitoring system to detect insect infestations, disease conditions, and manmade stresses on forest land. On forest lands outside of the National Forest System, the Secretary is required to obtain the consent and cooperation of the landowner before carrying out any monitoring or health-improvement activities. The results of the surveys and monitoring efforts are to be reported annually.

In areas where insects, diseases, or manmade causes are determined to be affecting forest health or the value of forest resources, the Secretary is authorized to plan, organize, direct, and perform measures (including biological, chemical, and mechanical measures) as determined necessary. The Secretary will provide technical information, advice, and related assistance on available techniques for maintaining healthy forests and in managing and using chemicals applied to wood products, trees, and other vegetation. The Secretary is also authorized to develop applied technology and conduct pilot research tests before applying these technologies full scale, as well as to promote appropriate silviculture or management techniques to improve or protect forests.

The Forest Service may provide cost-share assistance to States and private landowners through cooperative agreements and contracts to monitor forest health and protect forest lands. Contributions by non-Federal entities may be made in cash, services, or equipment, as determined appropriate.

Funds for this program cannot be used to pay for cutting down or removing dead or dying trees unless the Secretary determines it is necessary to prevent a major insect infestation or disease epidemic. Also, funds cannot be used to compensate for the value of property injured, damaged, or destroyed by any cause.

The Forest Health Program also authorizes a separate cost-share assistance program with non-Federal forest owners and managers who have established an acceptable integrated pest management strategy. The strategy is to prevent, retard, control, or suppress gypsy moth, southern pine beetle, spruce budworm infestations, or other major insect infestations. The share paid by the Federal Government may be between 50 and 75 percent of the cost of implementing the strategy.

Urban and Community Forestry Assistance

Through education programs and technical assistance to State and local governments, the Urban and Community Forestry Assistance Program seeks to improve understanding of the benefits of preserving existing tree cover in urban areas, and encourage owners of private residences and commercial properties to maintain forest lands and individual trees in urban and community areas (cities, their suburbs, and surrounding towns). The program will also provide competitive matching grants to local governments or community tree volunteer groups for urban and community forestry projects and will implement a tree planting program.

In cooperation with State forest officials, the Secretary must develop and implement a program of education and technical assistance for urban and community forest resources. The program must (1) assist urban areas in conducting inventories of their forest resources; (2) improve educational and technical support related to selecting appropriate tree species, promoting energy conservation, providing proper tree planting and care, protecting individual trees and preserving all existing open space, and identifying opportunities to expand tree cover in urban areas; (3) assist State and local organizations in organizing and conducting urban and community forestry projects and programs; (4) assist in the development of State and local management plans for trees and associated resources in urban areas and communities; and (5) increase public awareness of the benefits of trees.

The Secretary must establish an urban and community forest challenge cost-share program. This program will provide competitive, matchings funds and other support to eligible communities and organizations for urban forestry projects. The Federal share of support for any project may not exceed 50 percent of the total. The non-Federal share of the support may be made in cash, services, or in-kind contributions.

The Secretary also must establish a National Urban and Community Forestry Advisory Council that will develop a national urban and community forestry action plan, evaluate the implementation of that plan, and develop criteria for and submit recommendations with respect to the urban forestry challenge cost-share program.

The Council is to play a major role in planning, implementing, and evaluating urban forestry programs. It will be composed of 15 members appointed by the Secretary to include representatives from national nonprofit forestry and conservation organizations; State, county, city, and town governments; forest products, nursery, or related industries; urban forestry, landscaping, or design consultants; academia; State forestry or equivalent agencies; the Federal Extension and Forest

Services; and urban or community members with forestry experience. The Council chair cannot be a government official or employee.

Within 1 year of enactment of the 1990 Act and every 10 years thereafter, the Council must prepare a National Urban and Community Forestry Action Plan to assess the status of urban forest resources, review urban forestry programs, provide recommendations to improve the status of these resources, and review and make recommendations of related research. The plan must be submitted to the House and Senate agriculture committees by December 31.

Firefighting Preparedness and Mobilization Assistance

The Secretary may provide financial, technical, and related assistance to State forest officials, and through them to other agencies and individuals (including rural volunteer fire departments), to conduct activities related to suppressing forest fires. The Federal share of the cost of any approved activity is not to exceed 50 percent.

Federal, State, and Local Coordination and Cooperation

The Secretary must establish the Forest Resource Coordinating Committee, an intradepartmental committee to coordinate forestry activities. The committee will be chaired by the Chief of the Forest Service. It is to provide forestry-related assistance to the Secretary and USDA. The Secretary must also establish the State Forest Stewardship Coordinating Committee to coordinate Federal and State activities concerning the Forest Stewardship Program and plans.

Research and Education

This title includes numerous research and educational programs to promote forestry.

General Research Programs

The Secretary must establish a competitive forestry, natural resources, and environmental grant program to fund research in forest biology, ecosystem function, management, and economics. Grants will go to State agricultural experiment stations, colleges or universities, research institutions or organizations, Federal agencies, private organizations, or corporations that have experience conducting such research. The program is authorized through 1995.

Specialized Research

The Forest and Rangeland Renewable Resources Act of 1978 is amended to authorize the Secretary to conduct, support, and cooperate in research directed at reforesting lands from which timber has been harvested. The projects include establishing a wood-fiber recycling program, the Southern Forest Regeneration Program, the Semiarid Agroforestry Research Center, the Presidential Commission on State and Private Forests, the Blue Mountain Natural Resource Institute, and the International Forest Products Trade Institute. The Secretary is also authorized to continue the Modern Timber Bridge Initiative and the Forest Land Protection study.

Education

The Secretary, with Federal and State extension services, foresters, and others, must expand forestry and natural resource education programs for private forest owners and the public, and include guidelines for technology transfer.

The Secretary must establish the Forestry Student Grant Program to expand educational opportunities in forestry. In awarding these competitive grants, some preference will be given to graduate students and female and minority undergraduates.

America the Beautiful

The "America the Beautiful" program is established to promote the principles of basic forest stewardship through planting, improving, and maintaining trees nationwide to increase reforestation, and to enhance rural and urban areas environmentally and aesthetically.

Tree Planting Foundation

The President is authorized to designate a private nonprofit tree planting foundation to be eligible to receive a one-time grant of up to \$25 million from USDA. The grant will be used to promote public awareness and volunteerism, solicit private sector contributions, and oversee these contributions to encourage tree planting projects.

Tree Planting Programs

The 1990 Act authorizes the Secretary to establish a rural tree planting program as a special part of the Forest Stewardship and Stewardship Incentive Programs. The Secretary may also establish a community tree planting and improvement program as a special part of the Urban and Community Forestry Assistance Program. Both programs end December 31, 2001.

Miscellaneous Provisions

The 1990 Act also includes the following provisions for forestry.

Emergency Reforestation Assistance

The 1990 Act authorizes the Secretary to provide emergency reforestation assistance to landowners who lose 35 percent or more of a commercial tree stand as a result of damaging weather or wildfire. Assistance will be in the form of new tree seedlings or reimbursement of up to 65 percent of the costs of reestablishing the stand for losses greater than 35 percent. Program eligibility is limited to landowners with gross annual revenues of less than \$2 million.

Talladega National Forest Expansion

The 1990 Act authorizes the Secretary to proceed with the acquisition of lands and waters associated with a planned expansion of the Talladega National Forest.

Title XIII—Fruits, Vegetables, and Marketing

Bruce H. Wright

Title XIII provides the authority to establish a user-fee funded national laboratory accreditation program, to label perishable agricultural products by country of origin for a 2-year pilot period, and to impose import regulations for additional commodities subject to Federal marketing orders. It also requires evaluation of grade standards and other regulations for effects on pesticide use, and mandates research on the fruit and vegetable industry and the wine industry.

Fruits and Vegetables

The Secretary must conduct a study to determine the state of the domestic fruit and vegetable industry. The study must include:

- A review of the availability of an adequate labor supply for maintaining and harvesting fruits and vegetables.
- A review of the availability of crop insurance or disaster assistance for fruit and vegetable producers.
- A review of the scientific and technological advances in the areas of genetics, biotechnology, integrated pest management, post-harvest protection, and other advances related to the production and marketing of fruits and vegetables.
- An examination of the availability of safe and effective chemicals for use in the production of fruits and vegetables.
- An assessment of the value of national uniformity to both consumers and producers.
- A review of the requirements and cost of labeling fruits and vegetables in the industry, and of the benefits that would result from labeling these products.
- A review of Federal educational programs that teach the importance of fruits and vegetables to a proper diet.

The Secretary must report on the results and recommendations of this study within 18 months of the enactment of the legislation.

Country of Origin Labeling Program

The Secretary must implement a program describing the conditions under which nonperishable agricultural products may be labeled as "grown in the U.S."

The Secretary must also implement a 2-year pilot program to label fresh fruits and vegetables with their country of origin. Following the pilot program, the Secretary must also conduct a study to determine the effects of the program. The program must apply to both imported and domestic perishable agricultural products (including fresh fruits and vegetables).

Marketing Orders

Under the 1990 Act, kiwifruit, nectarines, plums, pistachios, and apples are added to the list of commodities subject to import regulation under the Federal marketing order programs.

The following provision amends the Agricultural Marketing Agreement (AMA) Act of 1937, the legislation authorizing marketing orders. Prior to any import prohibition or regulation under section 8e being made effective with respect to any commodity:

- The Secretary must notify the U.S. Trade Representative (USTR) of the proposed import prohibition or regulation; and
- The USTR must advise the Secretary within 60 days of the notification to ensure that the application of the grade, size, quality, and maturity provisions of the relevant marketing order, or comparable restrictions, to imports is not inconsistent with U.S. international obligations under any trade agreement, including the General Agreement on Tariffs and Trade.
- The Secretary may proceed with the proposed prohibition or regulation if the Secretary receives advice and concurrence of the USTR within 60 days of the notification.

The AMA Act of 1937 is further amended to permit fines and civil penalties for marketing order assessment violations.

Distinct Geographic Area Products

No person may use the unique name or geographical designation of a perishable agricultural commodity to promote the sale of a similar commodity produced outside such area, if the commodity is subject to a Federal marketing order; the commodity is traditionally identified as being produced in a distinct geographic area, State, or region; and the commodity has its unique identity, based on a distinct geographic area, promoted with funds collected through producer contributions pursuant to the local geographic marketing order.

National Laboratory Accreditation

The Secretary must administer a National Laboratory Accreditation Program to accredit certain laboratories that request accreditation and that conduct residue analysis of agricultural products, or that make claims to the public or buyers of agricultural products concerning chemical residue levels on agricultural products. The program will ensure that these laboratories meet certain minimum quality and reliability standards. Among other things, the Secretary must issue certificates of accreditation to laboratories that meet the requirements of the program, must establish a nonrefundable fee that each laboratory seeking accreditation must pay, and must issue regulations, with the exception of those delegated to the Secretary of Health and Human Services (HHS), as discussed below, to carry out the program.

The Secretary of Health and Human Services, after consultation with the Secretary of Agriculture and the Administrator of the Environmental Protection Agency, must establish through regulations, standards for the National Laboratory Accreditation Program that include standards applicable to laboratories, qualifications for directors and other personnel, and standards and procedures for quality assurance programs. The Secretary of Health and Human Services is also required to approve State

agencies or private, nonprofit entities as accrediting bodies to act on behalf of the Secretary of Health and Human Services in implementing the certification and quality assurance programs.

The National Laboratory Accreditation Program will not apply to (1) laboratories operated by a government agency; (2) laboratories operated by a corporation or a partnership that perform analysis of residues on agricultural products only for the corporation, its wholly owned subsidiary, or for the partners of the partnership, and that make no claims to the public or buyers based on such analysis; and (3) laboratories that do not operate for commercial purposes that perform pesticide chemical residue analysis on agricultural products for research or quality control for the internal use of the person initiating the analysis. The Secretary is authorized to establish a fee to offset the total cost of the program, which may be adjusted annually.

Cosmetic Appearance and Pesticide Use

"Cosmetic appearance" is defined by the 1990 Act as the exterior appearance of an agricultural commodity, including changes to that appearance resulting from superficial damage or other alterations that do not significantly affect yield, taste, or nutritional value.

The Secretary must conduct research to investigate to what extent grade standards and regulations governing cosmetic appearance affect pesticide use in the production of perishable commodities. This research must:

- Determine pesticide application levels for production of U.S. perishable commodities. Trends, and factors influencing those trends, in pesticide application since 1975 are to be assessed.
- Determine the extent to which Federal grade standards and other regulations affect pesticide use in agriculture for cosmetic appearance.
- Determine the effect of reducing emphasis on cosmetic appearance in grade standards and other regulations on the application and availability of pesticides in agriculture, the adoption of agricultural practices that result in reduced pesticide use, the production and marketing costs, and the domestic and international markets and trade for perishable commodities.
- Determine to what extent grade standards and other regulations reflect consumer preferences.
- Develop options for implementing food marketing policies and practices that will remove possible obstacles to pesticide use reduction, based on the findings of research conducted under this section.

The Secretary must implement a minimum of three 2-year market research projects in at least three States to demonstrate and evaluate the feasibility of consumer education and information programs no later than 12 months after the enactment of the 1990 Act. These programs will be designed to offer consumers choices among perishable commodities produced with different production practices, provide consumers with information about agricultural practices used in the production of perishable commodities, or educate the public about the relationship between the cosmetic appearance of perishable commodities and pesticide use as determined in the research conducted under this title.

The Secretary must disseminate the results obtained from prior scientifically valid research concerning Federal marketing policies and practices to avoid duplication of effort and to ensure that current knowledge concerning such policies and practices is enhanced.

The Secretary must establish a 12-member advisory committee to provide ongoing review and recommendations of implementation of these provisions to the Secretary. The Secretary must report to Congress on the research governing cosmetic appearance and pesticide use by September 30, 1992, and the results of the field research by September 30, 1993.

With regard to Federal grade standards developed and regulated pursuant to the Agricultural Marketing Act of 1946, the Secretary must:

- Take into account the effect of those standards on the ability of growers to reduce the use of pesticides.
- Provide fair and reasonable opportunity for citizens outside an industry to formally petition for a change in grade standards.
- Provide a comment period after a petition to change grade standards has been made to enable all interested parties to submit information. The Secretary must evaluate all submitted information and consider this information in the revision process.
- Provide interested parties with annual status reports during the period from 1992 through 1994, updated upon request, on all pending changes of grade standards that USDA is considering.

Wine and Winegrape Industry Study

The Secretary must conduct a study to determine how to best work with and support the U.S. wine and winegrape industry. The study must determine whether existing USDA programs could better assist and support the U.S. wine and winegrape industry; determine whether new methods or programs could enhance wine and winegrape production and processing, and could expand markets for U.S. wine and winegrapes; be conducted with local, State, and national associations or organizations of wine and winegrape producers; and give special emphasis to States or other geographic areas that have not traditionally had a wine and winegrape industry.

The Secretary must report to Congress the determinations made in the study by December 31, 1991, including any recommendations for needed legislation.

Title XIV--Conservation

C. Tim Osborn

The conservation title amends the conservation compliance, sodbuster, and swampbuster provisions of the Food Security Act of 1985. It also establishes several new programs: the Environmental Conservation Acreage Reserve Program (ECARP) composed of an extended/redirected Conservation Reserve Program (CRP) and a new Wetlands Reserve Program (WRP), the Agricultural Water Quality Protection Program (AWQPP), and the Environmental Easement Program. Other provisions include establishing State technical committees to assist the Secretary in implementing conservation programs, establishing an Integrated Farm Management Program Option, providing Federal interest rate subsidies and loan guarantees to States for farmland preservation, establishing mandatory recordkeeping of use of restricted-use pesticides by certified applicators, and creating or extending several other conservation programs.

Highly Erodible Land Conservation

The 1990 Act extends the conservation compliance provisions to include highly erodible land that is set aside, diverted, or otherwise devoted to conserving use. Producers who violate conservation compliance plans or plant without a plan on highly erodible land, including set asides, diverted, or land otherwise devoted to conserving use, will lose program benefits. Also, additional government benefits are now specifically subject to denial for violations of conservation compliance or sodbuster provisions. These benefits include disaster assistance payments for weather-damaged trees, Agricultural Conservation Program (ACP) payments, Emergency Conservation Program payments, CRP payments, AWQPP payments, Environmental Easement Program payments, and assistance under the small watersheds program.

Tenant ineligibility for USDA benefits under conservation compliance provisions may be limited to the farm where the violation occurred if the tenant has made a good faith effort to obtain a reasonable compliance plan and the landlord refuses to allow the tenant to comply with the plan. The Secretary must determine that there is no scheme or device involved.

New provisions provide for graduated reductions in program benefits of \$500-\$5,000 for violations of conservation compliance or sodbuster provisions if the violator acted in good faith and without the intent to violate the highly erodible land provisions and has not committed another violation within the previous 5 years. Also, the Secretary may consider that a violation has not occurred if the Secretary determines that the apparent violation was technical and minor in nature, and that the violation has a minimal effect on erosion control. If the violation was due to circumstances beyond the control of the person, then the Secretary may grant producers a temporary variance from the practices specified in their conservation compliance plans so they may handle the specific problem or problems. Producers will continue to be eligible for benefits in future crop years if they are actively applying their conservation plans.

The Secretary must provide information to individuals preparing or revising conservation control measures on crop flexibility, base adjustments, and conservation assistance options.

Highly erodible lands in the conservation reserve are subject to the conservation compliance provisions when the CRP contract expires. If the conservation compliance plan requires the construction of structures, owners or operators will have up to 2 years to implement the conservation plan after the CRP contract period has ended. Owners or operators may be given more than 2 years to meet their conservation compliance plans on lands leaving the conservation reserve if the plans

require structures and if it is not technically or economically feasible to build these structures within 2 years.

Wetland Conservation

The 1990 Act contains a definition of wetlands which emphasizes that, to be considered a wetland, land must exhibit a predominance of hydric soils, must be inundated or saturated by surface or ground water at a frequency and duration sufficient to support hydrophytic vegetation, and under normal circumstances does support such wetland vegetation. This definition is consistent with the Food Security Act of 1985 but clarifies that all three conditions must be present for a wetland.

The Secretary must delineate wetlands on wetland delineation maps, making an effort at onsite wetland determination. After notifying affected producers, the Secretary will certify each map. Producers and landowners will have the right to appeal new delineations.

The 1990 Act establishes a new trigger mechanism for swampbuster violations. In any crop year after the date of enactment, a producer will have violated the swampbuster provisions whenever a wetland is converted for the purpose of producing an agricultural commodity or to make possible the production of an agricultural commodity. As legislated by the Food Security Act of 1985, producers also violate swampbuster provisions when they actually plant an agricultural commodity on a converted wetland.

In addition to the program benefits covered under the Food Security Act of 1985, violators of the swampbuster provisions may also lose the same additional governmental benefits as those listed under the Highly Erodible Land Conservation section above.

A producer will not be denied program benefits if the conversion has a minimal effect on the functional hydrological and biological value of the wetland, including the value to wildlife; or the producer converts a frequently cropped wetland and the producer mitigates the violation in advance by restoring a wetland converted prior to December 23, 1985. A number of rules specify when, where, and how many acres must be restored. The restoration must not be at the expense of the Federal Government and must be protected by an easement for as long as the converted wetland is not returned to its original wetland classification.

New provisions provide graduated reductions of program benefits of \$750-\$10,000 for a swampbuster violation if the violator acts in good faith, has not committed another violation within the previous 10 years, and agrees to restore the wetland. This graduated sanction provision is made retroactive to violations that occurred prior to the enactment of the 1990 Act, if the violations fully meet these requirements. Finally, USDA must conduct an onsite visit prior to the denial of program benefits under swampbuster provisions.

If the actions of an unrelated person or public entity result in a change of cropland characteristics that would cause land to be considered a wetland, the affected land cannot be considered a wetland under this law.

Agricultural Resources Conservation Program

The 1990 Act establishes an Agricultural Resources Conservation Program (ARCP). The ARCP acts as an umbrella program for the Environmental Conservation Acreage Reserve Program (ECARP), the Agricultural Water Quality Protection Program (AWQPP), and the Environmental Easement Program.

No more than 25 percent of the cropland in any county may be enrolled in the ECARP and the Environmental Easement Program (this percentage does not include land in shelterbelt or windbreak easements). In addition, no more than 10 percent of such cropland may be subject to an easement acquired under these programs. The Secretary may exceed these limits in a county if this would not adversely affect the local economy and if local producers are having difficulties complying with conservation plans or other environmental requirements.

Environmental Conservation Acreage Reserve Program (ECARP)

The ECARP is composed of the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). USDA is required to enroll 40-45 million acres into the ECARP by the end of the 1995 calendar year. This includes the 33.9 million acres enrolled in the CRP during 1986-90. The 1990 Act also exempts CRP and WRP contracts from the threat of sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act). The 1990 Act authorizes the Secretary to extend contracts and to purchase new easements during 1996-2000. In addition to CRP payments, producers may receive cost-share assistance and rental payments or tax benefits from State and other entity programs for enrolling land in the reserve programs.

Conservation Reserve Program. The 1990 Act permits the Secretary to include the following lands in the CRP for the 1991-95 calendar years:

- Highly erodible cropland that could substantially reduce the production capability for future generations if not protected.
- Highly erodible cropland that cannot be farmed in accordance with a conservation plan under the conservation compliance provision.
- Marginal pasture already converted to wetlands or wildlife habitats.
- Marginal pasture planted to trees in or near riparian areas or for water quality purposes. This type of land cannot exceed 10 percent of the acreage enrolled in the CRP in each of the 1991-95 calendar years.
- Cropland that contributes to water quality degradation for which the water quality protection program (AWQPP) proves ineffective.
- Cropland that is newly created permanent grass sod waterways or contour grass sod strips established and maintained as part of an approved conservation plan.
- Cropland devoted to newly established living snow fences, permanent wildlife habitats, windbreaks, shelterbelts, or filter strips planted to trees or shrubs, where the farmer grants an easement for the useful life of the practice.
- Cropland posing an offsite environmental threat or cropland threatened by productivity degradation due to soil salinity.

The provisions require that 1 million acres be reserved for enrollment in each of calendar years 1994 and 1995. This acreage is intended to provide a buffer for highly erodible land enrollment that cannot be treated with a conservation plan under the conservation compliance program.

To the extent practicable, at least an eighth of the land enrolled in the conservation reserve during the 1991-95 calendar years must be devoted to trees, shrubs, or other noncrop vegetation or water that may provide a permanent habitat for wildlife, including migratory waterfowl.

Conservation priority areas are designated in watershed areas of the Chesapeake Bay region (Pennsylvania, Maryland, and Virginia), the Great Lakes region, and the Long Island Sound region. Other priority areas may be designated where watersheds exhibit actual and significant adverse effects on water quality or wildlife habitats related to agricultural production activities. USDA must try to achieve a significant level of enrollment in these watersheds in order to maximize water quality and habitat benefits. A priority area designation expires after 5 years and is subject to redesignation.

The Secretary may permit limited fall and winter grazing on conservation reserve land where grazing is incidental to the gleaning of crop residues. However, participants must accept a reduction in rental payment.

A farmer who enrolls land in the CRP after the date of enactment must agree not to produce an agricultural commodity, for the duration of the contract, on any other highly erodible land that has been purchased after the date of enactment unless this land has a history of producing an agricultural commodity. Violators are denied future CRP payments and must refund or accept adjustments to rental and cost-share payments received previously.

Participants must also be given information on how to address weed and pest problems for CRP acreage that is consistent with the objectives of the CRP. The control of insect pests may be considered a conservation measure to be included in a conservation plan if noncontrol will adversely affect surrounding commercial land.

Contract periods are at least 10 years and no more than 15 years. In cases where hardwood trees are planted on the land or where previously enrolled CRP land is converted to hardwood trees, the farmer may specify the duration of the contract within these limits.

The Secretary may permit planting of agricultural commodities between the rows of hardwood trees on conservation reserve lands (called alley cropping). However, through a bid process, the rental payments paid are reduced by at least 50 percent.

In addition to continuing to share 50 percent of the cost of establishing cover crops, the Secretary must share 50 percent of the cost to maintain hardwood trees, shelterbelts, windbreaks, or wildlife corridors for a 2- to 4-year period. In the case of acreage devoted to hardwood trees, the Secretary may consider bids for contracts on a continuous basis. The Secretary may share 50 percent of establishing water quality and conservation measures when cost sharing is appropriate. Total amount of cost sharing from Federal plus all other sources cannot exceed 100 percent of the establishment costs. If a producer contracts for at least 10 acres of hardwood trees, the Secretary may permit planting over a 3-year period if at least one-third of the land is planted in each of the first 2 years.

Farmers with CRP acreage enrolled in 1986-90 are allowed to convert areas of enrolled vegetative cover to hardwood trees, windbreaks, shelterbelts, or wildlife corridors, and to extend their contract terms up to 15 years. Except for hardwood trees, the landowner must grant a conservation easement to the Secretary for the useful life of the plantings. USDA may pay 50 percent of the cost of establishing new conservation measures and practices as deemed appropriate. Under these contracts, producers must participate in the Forest Stewardship Program.

The Secretary may permit farmers to convert existing CRP acreage in vegetative cover to wetlands if the lands are prior-converted wetlands, there is a high probability that the area can be successfully

restored to wetland status, and the farmer provides the Secretary with a long-term or permanent easement covering the area. When sharing costs for tree or wetland conversions, the Secretary may not incur any additional expense, including the expense involved in the original establishment of the vegetative cover, that would produce a total cost-share for the new practice that would exceed the costs of the original practice.

Finally, the Secretary must offer the opportunity to extend the protection of crop acreage bases, quotas, and allotments on conservation reserve lands after the contracts expire for as long as determined appropriate, if the owner or operator agrees to continue to keep the land in the appropriate conserving uses. In addition, haying and grazing may be permitted during specified periods. However, once the contract has expired, owners cannot receive additional cost-share assistance, rents, or bonus payments for the extensions.

The Secretary must conduct a study of cropland subject to expiring CRP contracts which must be submitted to Congress by December 31, 1993.

Wetlands Reserve Program. The 1990 Act establishes a new Wetlands Reserve Program (WRP) to restore and protect wetlands. To the extent practicable, the Secretary will enroll up to 1 million acres during 1991-95 at a rate of 200,000 acres per year by soliciting bids from landowners. Permanent easements are given higher priority for enrollment.

Farmed or converted wetlands (if converted prior to December 23, 1985), adjacent functionally related lands, and riparian areas that link wetlands are eligible for enrollment. In addition, farmed wetland and adjoining lands enrolled in the conservation reserve may be permitted to be enrolled if they have high wetland functions and values, were not planted to trees while under a CRP contract, are likely to return to production after they leave the CRP, and are riparian areas that link wetlands protected by easements.

Rather than 10-year contracts, participants in the WRP must agree to long-term easements on the enrolled land. These easement contracts, as determined by the Secretary, can be made for 30 years, on a permanent basis, or for the maximum duration allowed under State laws. Participants must implement a wetland easement conservation plan providing for the restoration and protection of the functional values of the wetland. In addition, participants must agree to the permanent retirement of any existing cropland base and allotment history for such land.

In return, participants will receive 5-20 annual payments of equal or unequal size, cost-sharing of 50-75 percent, and technical assistance. For permanent easements, compensation may be made in a single lump-sum payment and cost sharing may range from 75 to 100 percent. Total compensation may not exceed the fair market value of the land minus the fair market value of such land encumbered by the easement. Except for permanent easements, compensation in any year may not exceed \$50,000 per person. The payment limit does not apply to payments that a producer may receive from the State or other entities for wetland and environmental easement enhancement programs.

If permitted by the Secretary, wetland reserve land may be used for compatible economic uses, including hunting and fishing, managed timber harvest, or periodic haying or grazing if specifically permitted by the conservation plan. Spraying chemicals on or mowing WRP land is prohibited unless permitted by a producer's plan or if Federal or State laws or programs require this (for example, noxious weed control laws or pest treatment programs).

Agricultural Water Quality Protection Program

The Secretary must establish an Agricultural Water Quality Protection Program (AWQPP) as a voluntary incentive program with the goal of enrolling 10 million acres during calendar years 1991-95. USDA will enter into 3- to 5-year agreements with farm owners and operators to develop and implement plans to protect water quality. Unlike most CRP contracts and WRP easements, these agreements do not preclude crop production on the enrolled acreage.

Eligible lands include wellhead protection areas within 1,000 feet of public wells, areas of shallow Karst topography where sinkholes convey runoff water directly into ground water, critical cropland areas (as identified under Section 319 of the Federal Water Pollution Control Act) having priority problems resulting from agricultural nonpoint sources of pollution, areas where agricultural nonpoint source pollution is adversely affecting threatened or endangered species habitats, and other environmentally sensitive areas identified by USDA, the Environmental Protection Agency (EPA), the Department of the Interior, or State agencies.

Participants must agree to implement an approved water quality protection plan; report nutrient, pesticide, and animal waste materials usage rates on management areas for the 3 previous years; and supply production evidence, well test results, soil tests, tissue tests, nutrient application levels, pesticide application levels, and animal waste material usage levels to the Soil Conservation Service (SCS) and the local conservation district for each year of the agreement.

In return, participants may receive an annual incentive payment of up to \$3,500 per person, per year, cost-share assistance of up to \$1,500 per person, per contract, and technical assistance in developing and implementing their plans. If necessary, a discounted lump-sum payment may be made to enable a producer to pay the initial costs of implementing a required practice. These payments cannot be used for other payment limitation calculations under the 1990 Act. During the agreement period, producers' program payment yields and the historical base are protected.

Within 2 years of enactment, the Secretary must also develop resource materials to assist agricultural producers in preparing water quality protection plans.

The Secretary may enter into contracts with farmers to participate in model farm or demonstration programs to educate about, disseminate information on, and demonstrate practical application of agricultural production practices that reduce the potential for contamination or degradation of surface water.

Environmental Easement Program

The new Environmental Easement Program will acquire easements from willing landowners during calendar years 1991-95. These easements are either permanent or for the maximum term permitted under applicable State law. The easement program strives to provide long-term protection of environmentally sensitive lands and to reduce water quality impairment. No acreage mandate or goal is indicated.

Eligible land includes land in the CRP which poses an offsite environmental threat and is likely to return to production upon contract expiration; land in the Water Bank; and other cropland containing riparian corridors, areas of critical wildlife habitats, or environmentally sensitive areas that if cropped would prevent a producer from complying with State or Federal environmental goals. Cropland or pastureland planted to trees while under the CRP is specifically made ineligible for the easement program.

Participants must implement a natural resource conservation management plan on enrolled lands. They must also agree to creating and recording appropriate deed restrictions to reflect the easement. Any existing cropland base and allotment history must be permanently retired. The production of agricultural commodities is permitted on this land only if it will benefit wildlife. Harvesting, grazing, or other commercial use of forage is prohibited unless specifically provided for in the easement or related agreement. The program also prohibits harvesting and commercial sales of Christmas trees and nuts grown on this land. However, activities consistent with customary forestry practices, such as pruning, thinning, or tree stand improvement on lands converted to forestry uses, are allowed. If permitted by the owner, the Secretary must permit the land to be used for wildlife activities, including hunting and fishing.

In return, participants may receive up to 100 percent in cost-share assistance for establishing conservation measures and practices, annual easement payments for up to 10 years, and technical assistance to implement easement plans. Easement payments must not exceed the lower of either \$250,000, or the difference in the value of the land with and without an easement. Owners may also receive payments above this limitation from State and other agencies. The total of easement payments made to one person for any year cannot exceed \$50,000. Payments for perpetual easements are exempted from this limit. These payments will not be included in the calculations under the general payment limitation provisions of the 1990 Act.

State Technical Committees

State technical committees are to be established to assist the Secretary in the technical considerations and guidelines for implementing the conservation provisions established by the 1990 Act. The committees will play an advisory role, providing USDA with information, analysis, and recommendations for determining matters of fact, technical merit, or scientific question. These committees will not have implementation or enforcement authority. However, the Secretary must strongly consider their recommendations.

These State committees are composed of professional resource managers representing a variety of disciplines in the soil, water, wetland, and wildlife sciences. The committees may include representatives from the Soil Conservation Service (SCS), the Agricultural Stabilization and Conservation Service (ASCS), the Forest Service, the Extension Service, Farmers Home Administration (FmHA), the Fish and Wildlife Service, State foresters, State departments of agriculture, various State natural resource and wildlife agencies, and the State association of soil and water conservation districts.

Within 1 year of enactment, the committees must develop technical guides for implementing the wetland preservation and wildlife habitat improvement provisions of the Agricultural Water Quality Protection Program. The committees will also offer (1) recommendations on wetland protection, restoration, and mitigation requirements; (2) criteria to be used in evaluating bids for enrollment of environmentally sensitive lands in the CRP; (3) guidelines for haying or grazing and for the control of weeds to protect nesting wildlife on acreage idled under commodity programs; (4) exemptions and appeals under the highly erodible lands and wetland conservation provisions; (5) programs to control weed and pest problems on CRP land; and (6) guidelines for planting perennial covers for water quality and wildlife habitat improvement on set-aside land.

Integrated Farm Management Program Option

The Secretary must establish a new voluntary Integrated Farm Management Program Option designed to assist producers of agricultural commodities in adopting integrated, multiyear, site-specific farm resource management plans by reducing farm program barriers. The plans should benefit the overall

productivity and profitability of the farm, soil longevity and fertility, and water quality, and assist producers in complying with Federal, State, and local environmental requirements. To the extent practicable, the Secretary will enroll 3-5 million acres during calendar years 1991-95. When enrolling land, the Secretary must consider the effects on a county's economy and ensure that it is not adversely affected by excessive enrollment in conservation programs.

Contract periods are for 3-5 years and may be renewed by mutual agreement of the Secretary and the producer. Participants must apply an approved integrated farm management plan and devote at least an average of 20 percent of their enrolled crop acreage bases to a resource-conserving crop. Resource-conserving crops include legumes, legume-grass mixtures, legume-small grain mixtures, legume-grass-small grain mixtures, and alternative crops.

No approved plans may result in the involuntary displacement of farm tenants or lessees by landowners through the removal of substantial portions of the farm from production of a commodity.

The crop acreage base and farm program payment yields will not be reduced as a result of planting a resource-conserving crop as part of a resource-conserving crop rotation. Farm program payments will not be reduced when resource-conserving crops are planted as part of a rotation on payment acreage. Further, participants must comply with the terms and conditions of any annual acreage limitation program in effect. Acreage devoted to resource-conserving crops, except acreage for which USDA shares the cost of establishing perennial covers, may also be designated as conserving-use acreage for acreage limitation or land diversion programs. Haying and grazing on up to 50 percent of enrolled acreage are allowed unless the Secretary determines that allowing it will result in a significant adverse economic impact on hay or livestock prices in a particular geographic area. Barley, oats, or wheat planted as part of a resource-conserving crop on reduced acreage cannot be harvested in kernel form.

Farmland Protection

FmHA must establish and implement an Agricultural Resource Conservation Demonstration Program. This program will provide Federal loan guarantees and interest rate subsidies for loans made by lending institutions to eligible State trust funds. The loans will enable participating States to acquire an interest in land to protect and preserve important farmlands for future agricultural use. The Secretary may establish an Agricultural Resource Conservation Revolving Fund in the U.S. Treasury.

Eligible States include Vermont and any other State at the option of the Secretary if there are appropriations and if on or before August 1, 1991, the State operates or administers a land preservation fund that invests funds in the protection or preservation of farmland for agricultural purposes.

The Federal Government will reimburse States for all interest costs on loans for the first 5 years of the loan. For the second 5 years of the loan, interest rates are partially subsidized by at least 3 percentage points. Loan guarantees to a State are limited to an amount that is double the funds made available by the State, not to exceed \$10 million per fiscal year. Each State's trust fund must pay the rate of interest and the principal at the end of the 10th year. The program will expire on September 30, 1996.

Agricultural Council on Environmental Quality

An Agricultural Council on Environmental Quality (ACEQ) and an Office of Environmental Quality must be established in USDA. The ACEQ is responsible for coordinating and directing all environmental policies and programs of USDA.

Membership on the Agricultural Council includes the Secretary, the Deputy Secretary, the Assistant Secretary for Natural Resources and Environment, the Assistant Secretary for Science and Education, other under and assistant secretaries designated by the Secretary, and the Director of the Office of Environmental Quality who will serve as the Executive Director.

The Council must develop a departmental and agency-specific environmental quality policy statement that identifies goals and objectives for addressing the effects of agriculture on environmental quality. In addition, the Council must prepare a plan to implement the policy statement. The Council must submit an Environmental Quality Report to Congress each year.

Pesticide Recordkeeping

Certified applicators of restricted-use pesticides are required to maintain records that are comparable with the records maintained by commercial applicators in their State. If there is no State recordkeeping requirement, certified applicators must maintain records that list the product name, amount, approximate date of application, and location of the application and they must keep these records for a 2-year period. Within 30 days of a pesticide application, commercial certified applicators must send a record of their use of pesticides to the person for whom the application was performed.

These records must be made available to State and Federal agencies that deal with pesticide use and related health or environmental issues. In addition, records must be made available to health-care professionals if this information is necessary to provide the appropriate medical treatment to an individual who may have been exposed to pesticides. No government agency may release this data, including the location from which the data were derived, that could directly or indirectly reveal the identity of individual producers.

Certified applicators who fail to maintain records or to make them available may be fined up to \$500 for the first offense. Every subsequent offense may result in a fine of at least \$1,000 or, if the Secretary determines that they made a good faith effort to comply, a lesser fine may be imposed.

USDA and EPA must develop and maintain a data base from the pesticide records and publish an annual comprehensive report concerning agricultural and nonagricultural pesticide use.

When registering a pesticide for minor agricultural use, a registrant does not have to submit field residue data from geographic areas where the pesticide will not be used.

A registrant may request cancellation of a pesticide or terminate one or more of its uses at any time. The request is published in the Federal Register followed by a public comment period of up to 90 days. During this period, a registrant may transfer the registration to another person.

Miscellaneous Provisions

The 1990 Act reauthorizes the Resource Conservation and Development Program through 1995 with an increase in the maximum number of areas from 225 to 450.

The 1990 Act amends the 1974 Federal Noxious Weed Act to have the Secretary of Agriculture and the Secretary of the Interior coordinate Federal agency programs for the control, research, and educational efforts associated with Federal, State, and locally designated noxious weeds. Each Federal agency must designate an office or person adequately trained in the management of undesirable plant species to (1) develop and coordinate an undesirable plant management program for control of undesirable plants on Federal lands under the agency's jurisdiction; (2) establish and adequately fund an undesirable plant management program; (3) complete and implement cooperative agreements with State agencies regarding the management of undesirable plant species on Federal lands under the agency's jurisdiction; and (4) establish integrated management systems to control or contain undesirable plant species targeted under cooperative agreements.

The 1990 Act reauthorizes the Great Plains Conservation Program for 10 years with an authorization of \$1 billion.

The Secretary must identify and compile appropriate methods of composting agricultural wastes and the potential uses of compost. This information must be made available to the appropriate Federal, State, or other private authorities and the general public. The Secretary must conduct research to determine potential uses for compost derived from animal wastes and other waste streams.

The 1990 Act amends the 1954 Watershed Protection and Flood Prevention Act. The Secretary may now provide cost-share assistance to project sponsors to enable them to acquire perpetual wetland or floodplain conservation easements. The easements will strive to perpetuate, restore, and enhance the natural capability of wetlands and floodplains to retain excessive floodwaters, improve water quality and quantity, and provide fish and wildlife habitats. Project sponsors are required to provide up to 50 percent of the cost of acquiring the easements.

Water quality coordination programs must be established in each State. These programs will coordinate State agencies working on water programs and will prioritize the issues for agriculture and water research agendas.

In addition, USDA must establish a coordinated water quality and nutrient management research program. This program will strive to reduce sources of surface and ground water contaminants through the development of farm systems which replace or conserve use of contaminants while maintaining farm profitability. It also will develop the information needed for integrated management strategies that avoid contamination of water. The program will monitor and evaluate the extent of water contamination from agricultural practices. Research must be conducted on water quality issues and farming practices to protect water quality.

USDA must develop and deliver educational programs, technical assistance, and research programs that ensure use, storage, and disposal of agrichemicals by the user are prudent, economical, and environmentally sound. It must also ensure that agrichemical users, dealers, and the general public understand the implications of their actions and the potential effects on water.

Title XV--Agricultural Trade

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Title XV of the 1990 Act continues existing agricultural export programs with some significant modifications. While the priority of objectives and the management of the Public Law (P.L.) 480 food aid program are changed, the manner by which U.S food aid is provided remains similar to before. The 1990 Act continues export credit guarantees, with additional guarantees made available to emerging democracies. The Market Promotion Program (MPP) replaces the Targeted Export Assistance (TEA) Program of the Food Security Act of 1985 and has a slightly broader intent. The Export Enhancement Program (EEP) is continued. Management guidelines for these programs and other mandates are specified.

U.S. Food Aid

U.S. food aid is provided primarily under the Agricultural Trade Development and Assistance Act of 1954, as amended, commonly referred to as P.L. 480, or the Food for Peace Program. The 1990 Act completely rewrites P.L. 480 legislation. Principal changes include establishing direct management responsibilities, a new bilateral grant program, and debt forgiveness.

The 1990 Act restates P.L. 480's policy objectives to emphasize using the abundant agricultural productivity of the United States to promote U.S. foreign policy by enhancing the food security of the developing world. This will be achieved through the use of agricultural commodities and local currencies accruing under this act to (1) combat world hunger and malnutrition and their causes; (2) promote broad-based, equitable, and sustainable development (including agriculture); (3) expand international trade; (4) develop and expand export markets for U.S. agricultural commodities; and (5) foster and encourage the development of private enterprise and democratic participation in developing countries.

Management responsibilities for the P.L. 480 program are specified under the 1990 Act. USDA is required to implement and administer title I, the concessional sales and market development program. The Agency for International Development (AID) is required to implement and administer both title II (donations) and the new title III, the government-to-government grants program. The Secretary of Agriculture and the AID Administrator must cooperate and consult with each other in implementing P.L. 480. Titles I/III and II were previously managed by interagency committees chaired by USDA and AID, respectively.

Title I--Trade and Development Assistance

The 1990 Act continues title I concessional sales (long-term, low-interest credit sales or local currency cash sales) of U.S. agricultural commodities to a foreign country. Credit sales in terms of local currencies are now permitted.

Countries eligible for title I assistance are those developing countries that have a shortage of foreign exchange earnings and have difficulties meeting all of their food needs through commercial channels. Priority is to be given to those countries that demonstrate the greatest food need, are undertaking economic development measures, and are potential commercial U.S. markets. The 1990 Act no longer requires 75 percent of title I allocations be directed toward countries defined as the world's poorest.

Concessional sales have maximum repayment terms of 30 years with a grace period of 7 years, compared with previous terms of a maximum 40-year repayment period with a 10-year grace period. The Secretary can require that payments be made in local currencies and be used to support a variety of market development, agricultural development, and research activities, and also to pay U.S. Government obligations.

Debt under previous title I credit sales may be forgiven by the President for specified reasons but Congress must appropriate funds to do so. New title I credit assistance may not be provided for a 2-year period to a country of which the debt is forgiven unless the President provides justification to Congress.

The 1990 Act declares that the policy of the United States is to assist developing countries that are or have been title II recipients of high-protein, blended, or fortified foods to combat hunger through providing food under title I as well as title II. The Secretary may waive, under set conditions, title I repayments in an amount not to exceed the value of that part of a product that is attributable to the costs of processing, enrichment, and fortification. The Secretary must minimize the effects of the sale of these products on the sale of whole grains.

Title II--Emergency and Private Assistance Programs

The title II program continues to provide grants of U.S. agricultural commodities to governments, private voluntary organizations (PVO's), cooperatives, and the World Food Program (WFP, an intergovernmental food aid agency), mainly for humanitarian and economic development purposes. The purposes of title II include addressing famine and other urgent relief requirements; combating malnutrition; alleviating causes of hunger, mortality, and morbidity; promoting sound environmental practices; and implementing feeding programs. Emergency assistance may be provided through governments, public and private agencies, and intergovernmental organizations. Nonemergency assistance may be provided through PVO's, cooperatives, and intergovernmental organizations. A new provision holds that upon request, AID may provide between \$10 million and \$13.5 million to PVO's and cooperatives to assist them in establishing new programs and meeting specific administrative and other costs. At least 10 percent of the commodities provided for title II nonemergency assistance may be sold, and the local currency generated by the sale may be used for specified, expanded purposes. Title II commodities must be labeled as being furnished by the people of the United States of America.

The minimum tonnage of agricultural commodities to be made available under title II is increased by 25,000 metric tons per year over the next 5 years. The minimum amounts are:

1.925 million metric tons (mmt) in FY 1991,
1.950 mmt in FY 1992,
1.975 mmt in FY 1993,
2.000 mmt in FY 1994, and
2.025 mmt in FY 1995.

About 75 percent of these amounts are to be made available for nonemergency assistance. Both the total and nonemergency minimum levels may be waived by AID under certain circumstances, although reports must be submitted to the House and Senate agriculture committees containing the reasons for the waiver. AID must ensure that at least 75 percent of the nonemergency minimum be processed, fortified, or bagged commodities, although this is subject to waiver.

Other title II provisions of the 1990 Act create a Food Aid Consultative Group to review and address issues concerning the effectiveness of regulations and procedures that govern food aid programs established and implemented under this title and the implementation of related provisions. The group, composed of specified representatives, shall meet regularly with the AID Administrator as chair.

Administrative procedures for handling food aid requests from PVO's, cooperatives, and AID field missions are specified. These deal with deadlines for accepting or rejecting a request, providing reasons for denial, providing notice of final guidelines, development of regulations, deadlines for submission of commodity orders to the Commodity Credit Corporation (CCC), and other administrative matters.

Title III--Food for Development

Under the previous Food for Development Program, or title III, a title I debt could have been forgiven if all the foreign currency generated from the title I commodity sale was used to finance specified development projects. The new program provides government-to-government grants of food assistance to least developed countries as defined in the 1990 Act. Priority is to be given to those countries that demonstrate the greatest food need, the capacity to use food aid effectively, and a commitment to policies to promote food security, and to those countries that have a long-term plan for broad-based, equitable, and sustainable development. Grants by the United States may be made either through the CCC or private trade channels. The commodities may be used by the recipient country for direct feeding programs and development of emergency food reserves, or may be sold in the country by the government. The proceeds of such sales may be held in a jointly programmed account, but must be used for economic development uses (including the purchase of locally produced agricultural commodities). To the extent practicable, at least 10 percent of the proceeds held in the jointly programmed account shall be used to support indigenous nongovernmental organizations and cooperatives for specified purposes. Other uses include support for certain educational institutions.

General Authorities and Requirements Under P.L. 480

Prior to the beginning of each fiscal year, the Secretary of Agriculture must determine the agricultural commodities and the quantity that will be available for food aid, taking into consideration U.S. productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover. The level may be modified during the year given prior congressional notice. No commodity may be made available if providing it as aid would reduce the domestic supply below the amount needed to meet domestic requirements, adequate carryover, and anticipated commercial exports as determined by the Secretary. However, the Secretary may determine that some part of the domestic supply should be used to meet urgent humanitarian needs. Alcoholic beverages may not be provided under P.L. 480 and tobacco and related products may not be provided under specified programs.

For the purposes of this act, the term "agricultural commodity" includes any agricultural commodity or product produced in the United States including wood and processed wood products, fish, and livestock as well as value-added, fortified, or high-value agricultural products. Beginning October 1, 1991, title II commodities must contain only U.S. ingredients to the extent that they are commercially available in the United States at fair and reasonable prices.

For a recipient country to receive an agricultural commodity under P.L. 480, it must have adequate storage facilities to prevent spoilage or waste, and the distribution of the commodity cannot create

substantial disincentives to or interfere with local production or marketing. The United States will consult with other donors to ensure that U.S. food aid will not disrupt the recipient's economy. The United States must also require commitments from recipient countries that the U.S. food aid commodities will not be resold or transshipped to other countries. U.S. and foreign private trade channels, including small businesses, must be used to the maximum extent practicable. The P.L. 480 sales or donations should not unduly disrupt world prices or normal patterns of commercial trade. Recipient countries must publicize that U.S. food aid is being provided through the friendship of the American people as food for peace. Reasonable precautions are required to safeguard usual U.S. marketings and to avoid displacing any commercial U.S. sales. Military distribution of U.S. food aid is prohibited except in specified circumstances. Governments which engage in violations of human rights are ineligible for P.L. 480 agreements. Local currencies generated under P.L. 480 may not be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortion.

Other provisions relating to titles I and III agreements specify that such agreements describe how (1) the local revenues generated under these programs will be integrated into the overall development plans for the recipients, and (2) private sector participation will be encouraged. Agreements must include a statement that it will be subject to necessary U.S. appropriations and commodity availability. With specified exceptions, multiyear assistance may be provided; conditions under which such agreements may be terminated are given.

The deadline for signing titles I and III agreements is, to the extent practicable, November 30 of the fiscal year in which the commodities are to be shipped, or 60 days after the date of enactment of the annual Rural Development, Agriculture, and Related Agencies Appropriations Act for the first fiscal year in which agricultural commodities are to be shipped under the agreement, whichever is later.

Of the funds made available each year for titles I and III, 40 percent shall be made available for each, with the remaining 20 percent to be divided among them. The President may direct that no more than 15 percent of the funds available for any title be used for any other title. Expenditures for P.L. 480 are considered expenditures for international affairs and finance and not for agriculture and agricultural resources. CCC commodities provided under P.L. 480 are to be valued at a price not greater than the export market price at the time the commodity is made available.

The CCC must acquire and make available designated agricultural commodities and may pay specified expenses, such as the cost of acquiring the commodities; packaging, enriching, preserving, fortifying, processing, transporting, and handling the commodities; and ocean freight and other costs.

Administrative provisions relating to the purchase or transfer of commodities are specified. For the most part, title I provisions deal with open, competitive, and responsive bid procedures for commodities and ocean transportation, and with reporting of specified fees to the Secretary. Also, the Secretary or the CCC may serve as the purchasing and/or shipping agent for the importing country. Other provisions deal with fair and reasonable purchasing and shipping agent fees, prohibiting and limiting commissions, and avoiding conflict of interest.

Under titles II and III, AID must transfer and arrange for the transportation of agricultural commodities, and take other steps to make agricultural commodities available. Full and open competition is required when titles II and III commodities and ocean transportation are purchased on the open market.

Local currencies generated under P.L. 480 may not be used to assist in producing competing commodities for export if the President determines that substantial injury to U.S. producers would result. However, the President may provide assistance for economic development of specific countries that are major illicit drug-producing countries to reduce their dependence on drug production.

P.L. 480 expires December 31, 1995. Regulations pertaining to it must be issued within 180 days after the 1990 Act is enacted. Independent evaluations of titles I, II, and III programs are required as are annual reports on program activities and the progress of recipients toward food security. The effective date of the revised P.L. 480 legislation is January 1, 1991. It is the sense of Congress that U.S. food aid should be increased, and that other donors be encouraged to increase their food aid as well.

The Farmer-to-Farmer Program, a research and technology transfer program, is continued and funding increased to at least 0.2 percent of P.L. 480 funds (up from the 0.1 percent specified in the Food Security Act of 1985). At least 0.1 percent is earmarked for developing countries, with the remainder for middle-income countries and emerging democracies.

Enterprise for the Americas Initiative

The 1990 Act establishes a new "Enterprise for the Americas Facility" in the Department of the Treasury. The initiative will encourage and support improving the lives of people of Latin America and the Caribbean through market-oriented reforms and economic growth with interrelated actions to promote debt reduction, investment reforms, and community-based conservation and sustainable use of the environment. The facility will support these objectives by administering debt-reduction operations relating to countries that meet investment reform and other policy conditions.

For eligible countries, the President may reduce title I debt outstanding as of January 1, 1990, depending on the amount appropriated. A new debt obligation may replace the previous debt owed to the CCC. Although repayment of principal on the reduced debt must be made in dollars, repayment of the interest may be made in local currencies if the country enters into an environmental framework agreement and establishes an "Enterprise for the Americas Environmental Fund." Local currencies paid as interest on the reduced debt into the fund may be used for environmental protection and other related activities. Establishment of a board and oversight responsibilities are specified. Provisions also call for the President to encourage other creditors to provide debt reduction. Annual reports are required on the operations of the facility.

Section 416(b) and Other Programs

Food aid is also authorized under section 416(b) of the Agricultural Act of 1949, as amended. The 1990 Act amends section 416(b) to allow provision of surplus CCC commodities to be used for the purposes of P.L. 480 titles II and III and the Food for Progress Program, with certain P.L. 480 restrictions and requirements also applying to section 416(b). Section 416(b) commodities had previously been authorized for use under P.L. 480 title II and also the Food for Progress Program (whereby U.S. food aid was used to help achieve agricultural policy reform).

Food for Progress

The 1990 Act amends the Food for Progress Program to allow the United States to enter into agreements with private voluntary organizations, nonprofit agricultural organizations, or cooperatives,

as well as developing countries and emerging democracies. The Food for Progress Program may be used to enhance the development of private sector agriculture in recipient countries. Also, in addition to any amounts or commodities otherwise made available, the CCC may provide at most \$10 million each year in fiscal years 1991-95 to help strengthen private sector agriculture in recipient countries.

Debt-for-Health-and-Protection Swap

The 1990 Act authorizes a debt-for-health-and-protection swap under which part of the foreign debt a country owes may be canceled in exchange for cooperation in areas of mutual benefit in supporting and promoting the prevention or control of plant and animal pests and diseases in the Western Hemisphere.

Cargo Preference

Cargo preference requirements are changed and may influence the amount of U.S.-flag vessel service to Great Lakes ports. Previous law held that 75 percent of U.S. Government-sponsored exports be shipped on U.S.-flag vessels. The 1990 Act mandates that 50 percent of the bagged, processed, or fortified commodities furnished under P.L. 480 title II be shipped on a lowest landed cost basis, regardless of the country of registration of the vessels, without detriment to any port range. New provisions allow shipments on vessels specifically designated as American Great Lakes vessels to be counted toward cargo preference requirements. At most, Great Lakes ports may be allocated the same share of title II bagged, processed, or fortified shipments that they experienced in 1984. Further, if shipments allocated to Great Lakes ports must be shifted to non-Great Lakes ports to meet cargo preference requirements, the CCC must take steps to offset the loss to Great Lakes ports. The Secretary of Transportation is required to undertake a study of the shipping provisions.

Export Promotion

Export promotion provisions of the 1990 Act continue, and in some cases expand, the range of commercial export activities that assist U.S. agricultural exports, such as export credit guarantees, export market promotion, and export bonuses. Management requirements are tightened and other mandates are specified, and producer protection from the effects of embargoes is reiterated. Authorities granted are in addition to any other authority granted to the Secretary or the CCC.

Export promotion provisions amend the Agricultural Trade Act of 1978 to increase farming profitability and opportunities for U.S. farms and agricultural enterprises. This is accomplished by increasing USDA's effectiveness in formulating and implementing U.S. export policies, improving the competitiveness of U.S. agricultural commodities and products, and coordinating and efficiently implementing all agricultural export programs. A U.S. agricultural commodity is redefined for the export promotion programs, allowing the Secretary to designate an agricultural product that is not composed entirely of U.S. ingredients as a U.S. product under certain circumstances.

The Secretary must develop a long-term agricultural trade strategy every 3 years to be used as a guide in implementing Federal programs designed to promote U.S. agricultural exports. Goals of the strategy are to (1) ensure U.S. agricultural export growth, (2) efficiently use Federal programs designed to promote agricultural exports, (3) provide food aid and improve commercial potential of U.S. agricultural exports in developing countries, and (4) maintain traditional U.S. markets. The trade strategy includes developing a list of priority markets and plans to assist exports to them. Provisions for review and confidentiality of the strategy, and an annual report on the strategy are specified.

Export Credit Programs

The 1990 Act reauthorizes the Direct Credit Sales Program and the Export Credit Guarantee Program and establishes new provisions directed at emerging democracies. The Short-Term Direct Credit Sales Program allows the CCC to offer direct financing of up to 3 years for export sales while the Intermediate-Term Direct Credit Sales Program authorizes credit terms of 3-10 years. The program may be used to increase agricultural exports, compete in world markets, and assist developing countries in particular to meet their food and fiber needs. The CCC determines the funding for this program.

The 1990 Act continues the Short-Term Export Credit Guarantee Program (GSM-102) and the Intermediate-Term Export Credit Guarantee Program (GSM-103). The GSM-102 program guarantees repayment of credit of up to 3 years to finance export sales of privately owned stocks. The new law sets an upper limit on the origination fee of 1 percent of the amount of credit extended under the transaction. The GSM-103 program guarantees repayment of loans of between 3 and 10 years that will directly benefit U.S. agricultural producers. Minimum funding levels for these two programs are \$5 billion and \$500 million per year, respectively. Credit guarantees do not cover financing for the foreign content of an exported product under the programs. Furthermore, the act stipulates that credit guarantees under the GSM-103 program cannot be made available to finance an export sale unless the sale will develop, expand, or maintain the importing country as a foreign market, on a long-term basis, without displacing normal commercial sales; improve the capability of the importing country to purchase and use U.S. commodities on a long-term basis; or, otherwise promote the export of U.S. commodities. Conditions which would make a financial institution ineligible under the credit guarantee programs are stated. Guarantees for fish and processed fish products are to be made available under the same terms and conditions as other agricultural commodities.

The 1990 Act prohibits the direct credit sales and credit guarantee programs from being used for foreign aid, foreign policy, or debt rescheduling purposes and prohibits making guarantees available to countries that cannot adequately service the associated debt. Cargo preference laws are not applicable to the direct sales or credit guarantee programs. Direct export credits and export credit guarantees may be combined to reduce the effective interest rate on export sales.

The 1990 Act adds provisions and a new program aimed at emerging democracies. The use of credit guarantees to promote agricultural exports to emerging democracies is authorized. At least \$1 billion for fiscal years 1991-95 is to be made available to emerging democracies under the export credit guarantee programs, in addition to the amounts authorized for those programs. A portion of these targeted guarantees are to be used to establish or improve handling, marketing, processing, storage, or distribution facilities in emerging democracies in order to promote U.S. agricultural exports. However, credits for which repayment is guaranteed cannot negatively affect the country's political and economic situation by excessively adding to their foreign debt burdens.

The 1990 Act establishes a new program for fiscal years 1991-95 to boost U.S. agricultural exports by making U.S. expertise available for the purpose of assessing food and rural business system needs, and to recommend means and opportunities to enhance the effectiveness of those systems. Funding for this program cannot exceed \$5 million in each fiscal year.

Market Promotion Program

The 1990 Act authorizes the CCC to establish and carry out the Market Promotion Program (MPP) to help develop, maintain, and expand markets for agricultural products. The CCC will share promotion costs with eligible trade organizations that implement a foreign market development program. Either

CCC funds or commodities may be used to fund the MPP. The 1990 Act establishes an annual funding level for the MPP of at least \$200 million from fiscal years 1991-95.

The MPP replaces the Targeted Export Assistance (TEA) Program authorized under the Food Security Act of 1985. The main goal of the MPP, market development, is broader than the goal of the TEA program, to counter or offset the adverse effect on exports of U.S. agricultural commodities of unfair foreign trade practices. Many of the provisions governing the operations of the MPP are similar to the guidelines for the TEA Program.

In order to qualify for the MPP, eligible trade organizations must submit marketing plans to the Secretary that meet the established guidelines. Priority for MPP assistance will be given in the case of an unfair trade practice.

Eligible trade organizations include nonprofit U.S. agricultural trade organizations and regional associations of State departments of agriculture, producer cooperatives and State agencies that promote the sale of agricultural commodities, and, in special cases, private companies that promote the export of agricultural commodities.

Trade organizations can apply for MPP assistance for promotions to be conducted over a single year or for several years. Multiyear promotions will be reviewed annually by the Secretary for compliance with the approved marketing plans.

The Secretary may terminate assistance to a trade organization under the MPP if the participant is not following the program guidelines, implementing the proposed promotion activities, adequately meeting the established goals of the program, or contributing enough of its own resources to the program. The Secretary also may discontinue MPP funding to a participating trade organization if the "unfair trade practice" which justified the assistance is terminated, and MPP assistance is no longer required to offset its effects. Finally, funding to a trade organization may be discontinued if the Secretary determines that terminating the assistance is in the best interest of the program.

The Secretary must also evaluate the impact of the MPP. The Secretary is to review thoroughly the expenditures of all recipients of MPP assistance and the effectiveness of the MPP in developing or maintaining export markets. The Secretary also is required to evaluate whether MPP assistance is necessary to maintain exports to overseas markets. The Secretary will make an initial evaluation of recipient expenditures 15 months after the funds are allocated to program participants.

The costs of MPP promotions are to be shared by the USDA and the trade organizations. The Secretary must justify in writing the level of Federal assistance allocated to each MPP participant, and the trade organization's contribution to MPP promotion costs.

The 1990 Act cites branded promotions as a special category under the MPP, and permits the use of branded advertising to promote the sale of agricultural commodities in export markets under terms to be established by the Secretary. MPP assistance for branded promotions is limited to 50 percent of promotion costs. However, promoters of a commodity which has received a favorable decision by the U.S. Trade Representative (USTR) in a section 301 case may contribute less than 50 percent of branded promotion costs subject to the determination of the Secretary. Private firms currently conducting branded promotions under the TEA Program, with more than 50 percent of the promotion costs paid by the USDA, may face reduced USDA contributions. USDA's share of branded promotion costs of these firms will be decreased in equal shares over a 5-year period.

Barter

Barter authorities are also provided, whereby CCC commodities may be used in exchange for foreign products. Eligible CCC commodities may be provided to exporters to assist them in their barter transactions. Reasonable precautions must be taken to prevent the misuse of eligible commodities in a barter program.

Response to Unfair Trade Practices--The Export Enhancement Program

The 1990 Act continues the Export Enhancement Program (EEP) authorized under the Food Security Act of 1985. In addition, the 1990 Act authorizes the use of other commercial agricultural export programs to counter the effects of unfair trade practices. The 1990 Act provides that the CCC must make available a minimum of \$500 million in CCC commodities or cash each fiscal year to carry out the EEP. A primary objective of the program is to discourage unfair trade practices by using export bonuses to make U.S. agricultural commodities competitive in world markets.

As defined by the trade title, an unfair trade practice is "any act, policy, or practice of a foreign country that violates or is inconsistent with, or otherwise denies benefits to the United States under any trade agreement to which the United States is a party, or is unjustifiable, unreasonable, or discriminatory and burdens or restricts U.S. commerce." The trade title reinforces this definition of an unfair trade practice by requiring that it be consistent with section 301 of the Trade Act of 1974.

The 1990 Act requires the CCC to maintain an established procedure for evaluating program bonus requests, use a clear set of established procedures for measuring transportation and incidental costs included in the bonus calculations, and maintain consistent and effective controls for auditing and reviewing bonus payments. The Secretary may withhold from the public the procedures established to evaluate program bonus requests and to calculate export bonuses if the release of this information would be damaging to the operation of the program.

The 1990 Act continues to require treating domestic and foreign producers equally if U.S. imports of manufactured products made with program commodities would place domestic users at a commercial disadvantage. The CCC may provide bonus awards in commodities other than those exported with program assistance. Price restrictions generally applying to the sales of CCC commodities will not apply to commodities provided as export bonuses.

When promoting the export of wheat under the export bonus program, the Secretary is required to make reasonable efforts to avoid favoring one class of wheat over another. In approving bonus program proposals for dairy cattle and other livestock, the CCC is also to give priority to livestock sale proposals which include technical assistance which would be necessary for adapting the livestock to the foreign environment.

The 1990 Act specifies that the Secretary must avoid using the export bonus program to displace commercial sales. While export bonuses should be used to counter unfair trade practices, the program is not to adversely affect the exports of "fairly-traded" commodities.

The Secretary must establish an objective of annually spending 25 percent of funds or the value of commodities available under an export bonus program for the promotion of high-value and value-added products. Finally, the 1990 Act permits the use of export bonuses in conjunction with other export programs such as commercial credit guarantees.

The 1990 Act authorizes the Secretary to use all available commercial export programs to help offset the effects of an unfair trade practice if the country which employs the unfair trade practice has blocked settlement of a dispute. For each commodity under dispute, the Secretary must consult with industry representatives to develop an integrated marketing strategy utilizing some or all of the commercial export programs to help mitigate or offset the adverse effects of the trade practice which is the subject of the dispute.

Export Program Controls

The 1990 Act establishes controls for the operation of the export credit, export credit guarantee, and export bonus programs. Exporters will be required to maintain records verifying that commodities shipped under commercial export programs have arrived at their destination. The CCC is required to establish procedures to conduct annual audits of export program transactions to ensure that commodities shipped under commercial export programs have not been diverted.

The Secretary must issue regulations requiring all exporters participating in the programs to keep records of program transactions for 5 years and to make these records available to the Secretary upon request. The Secretary may also require exporters to keep records of nonprogram transactions for 5 years and to provide them on request to the extent that these transactions directly relate to program transactions which are under review. Transaction records will be considered confidential information.

If an exporter or other program participant engages in fraudulent program activities or violates program requirements, the CCC may hold the participant liable for losses to the CCC resulting from the fraud or violation, require a refund of program assistance, and collect liquidated damages from the participant. The CCC also may suspend or disbar program offenders.

The Secretary also must issue regulations defining the criteria used to evaluate and approve proposals for each commercial export program, establish a centralized system to permit the Foreign Agricultural Service (FAS) to provide the history and current status of program proposals, regularly audit program transactions for compliance with program objectives and requirements, and establish criteria to evaluate loans eligible for CCC loan guarantees to ensure that the CCC does not assume too much risk. The Secretary must issue regulations regarding each commercial export program no later than 180 days after the date of enactment of the 1990 Act.

Cottonseed and Sunflowerseed Oil Export Assistance

The Secretary is authorized to use \$50 million each year from funds made available under Section 32 of the Agricultural Adjustment Act of 1935 to encourage additional sales of cottonseed and sunflowerseed oil exports. The act emphasizes that appropriated funds for the program are to be utilized fully in years that the funds are made available and the domestic prices of the two types of oil are higher than world prices. The Secretary is required to limit program bonuses to the amounts needed to encourage sales and to ensure that both oils benefit equally from the program. A maximum of \$30 million was appropriated for 1991 from section 32 funds to encourage sales of cottonseed and sunflowerseed oil.

Miscellaneous Provisions

Some provisions restate previous law regarding producer protection in the event of an agricultural trade embargo. Specific provisions give the amount and timing of producer payments and require development of plans to alleviate the adverse effects of embargoes. The President cannot prohibit the

export of any agricultural commodity if the sale was made before the embargo was announced, or under other conditions.

The Secretary may provide technical assistance to the USTR on matters dealing with international trade negotiations. Consultations dealing with agricultural imports are required among USDA agencies and with the USTR. The Secretary may contract with individuals for services outside the United States to assist U.S. exports.

Individuals will be ineligible to participate in specified export programs with respect to the export of any agricultural commodity or product, including vegetable oil, that has been or will be used as the basis for a claim of a refund, as drawback, of any duty, tax, or fee imposed under Federal law on an imported commodity or product.

Further assistance for middle-income countries and emerging democracies is specified in an agricultural fellowship program to provide education for agricultural students from those countries. The purpose of the program is to help eligible countries to develop their agricultural systems and to improve U.S. agricultural trade linkages. Criteria for country and individual eligibility and funding levels are specified.

Economic assistance may be provided for the production, processing, and marketing of agricultural products to a country to reduce dependence on crops used for the production of illicit drugs.

The Secretary is mandated to develop appropriate methodology to determine the world price of livestock and livestock products and gather other information relevant to world price and to aid in the export of U.S. livestock and products.

A variety of reports is mandated. These reports include a study of a North American free-trade area, a rose and flower study, a commodity transportation and technology assessment, and a report on the suspension or termination of section 22 (import restrictions). Various reports on specific programs, some mentioned previously, are also required.

Title XVI—Research

Richard M. Kennedy

Title XVI amends the National Agricultural Research, Extension, and Teaching Policy Act of 1977 and other related acts, and authorizes certain new research and education programs. A new section expands the purposes of agricultural research and extension. Federally funded agricultural research and extension programs will continue to address human food and fiber needs by:

- Enhancing the long-term viability and competitiveness of the food production and agricultural system of the United States within the global economy.
- Expanding economic opportunities in rural America and enhancing the quality of life for farmers, rural citizens, and society as a whole.
- Improving the productivity of the American agricultural system and developing new agricultural crops and new uses for agricultural commodities.
- Developing information and systems to enhance the environment and the natural resource base upon which a sustainable agricultural economy depends.
- Enhancing human health by fostering the availability and affordability of a safe, wholesome, and nutritious food supply that meets the needs and preferences of the consumer.
- Assisting farmers and other rural residents in the detection and prevention of health and safety concerns.

Authorizations for and Extension or Repeal of Existing Programs

The 1990 Act extends the authorizations for programs administered by the Agricultural Research Service (ARS), the Cooperative State Research Service (CSRS), the Extension Service (ES), and other general research programs through 1995. Extended authorizations include those for animal health and disease research, certain agricultural research programs, agricultural research of State agricultural experiment stations; research and pilot project programs to develop supplemental and alternative crops; rangeland research and its advisory board; dairy goat research; and the Critical Agricultural Materials Act which directs the Secretary to carry out demonstration projects to promote the development or commercialization of critical crops.

Repealed programs include biomass energy research, solar energy research and development programs, and the special technology development research program. The 1990 Act also repeals the program related to developing technologies that could be used effectively by small- and medium-sized farming operations.

Joint Council on Food and Agricultural Sciences

The 1990 Act extends the Joint Council on Food and Agricultural Sciences with revisions until 1995. The Joint Council includes representatives from State cooperative institutions; USDA agencies with research, extension, and teaching responsibilities; public colleges and universities with demonstrable capacity in food and agriculture research, extension, and teaching; colleges and universities conducting food and agriculture research; private organizations or corporations; foundations funding

research in food and agricultural sciences; farmers; the Office of Science and Technology Policy; other Federal agencies; and the National Academy of Sciences.

New responsibilities of the Joint Council include providing an annual review and prioritization of requests for agriculturally related special research and construction grants, analyzing budgets and making budget recommendations for the agricultural research, extension, and teaching budgets of the various Department agencies, determining high-priority research subjects, and reviewing the effectiveness of the system concerning all federally supported agriculture research or extension projects. Existing reporting requirements are extended to cover agricultural research activities of other Federal agencies.

The National Agricultural Research and Extension Users Advisory Board

The Users Advisory Board (UAB) is continued through 1995 with altered structure and responsibilities. The Board must be composed of not less than 21 members representing:

- Producers from farm cooperatives, general farm organizations, and other groups from various geographic regions.
- Agricultural farm suppliers and food and fiber processors (one representative from each).
- Animal health interests.
- Transportation.
- Labor.
- Food marketing.
- Private nonprofit organizations involved in agricultural research.
- The private sector involved with developing countries.
- Nonresearch agencies of USDA.
- Rural development.
- Human nutrition.
- Nonprofit environmental protection organizations.
- Consumers through two representatives.

New UAB responsibilities include (1) providing recommendations to the Secretary, Federal agencies, and private organizations on the allocation of agricultural research funds; (2) identifying emerging issues and suggesting solutions to technology transfer problems; and (3) evaluating the results and effectiveness of agricultural research programs in meeting priorities established in this title. By July 1 of each year, the UAB will brief the Secretary and prepare an annual written report on their

recommendations, findings, and evaluations. The Secretary must also submit a report to House and Senate agriculture committees that describes the manner in which the UAB recommendations have been incorporated.

The UAB may establish technical panels to assist in defining research and technology transfer needs, delineating alternatives and recommending approaches to research and technology transfers, identifying centers of expertise, and making recommendations regarding the overall mix of available funding.

Agricultural Science and Technology Review Board

A new Agricultural Science and Technology Review Board is established through the Joint Council. The Board is required to provide technical interpretation and translation of current and emerging agricultural and environmental science issues for use by the Joint Council and UAB when setting priority activities. The Board also must provide technology assessment of current and emerging public and private agricultural research and technology transfer initiatives that would influence the well-being of urban and rural communities.

By December 31 of each year, the Board will write an annual report which will include recommendations on how research could advance the priorities established in this title as well as an assessment of activities conducted by the Secretary, agricultural research universities, and the private sector, to be submitted to Congress, the Secretary, and other interested Federal agencies.

The Board may assess the extent to which agricultural research and extension programs develop effective farming systems, genetics research, farm systems appropriate to climatological uncertainty, research to increase the demand for current farm products and to develop new farm crops and enterprises, research to enhance economic and societal well-being, research to develop rural economic development strategies, innovative extension and education programs, and broadened extension programs.

National Agricultural Library

The National Agricultural Library (NAL) is given a statutory base and is authorized to serve as the primary agricultural information resource. The NAL now may work with and receive funds from any State or other entity to carry out this authority. A charge for copying and reproducing library materials is authorized, along with other library services, at prices that cover costs or more.

Veterinary Medicine Facilities Grants

The 1990 Act permits the Secretary to set aside some grants to achieve full participation of minority groups in the Nation's veterinary schools. Grants are to be given to schools which have clinical training programs that emphasize care and preventive medical programs for food animals and companion animals and which support industries of major economic importance.

Grants and Fellowships for Food and Agricultural Sciences Education

The Secretary may make grants to land-grant colleges and universities, to colleges and universities that teach food and agricultural sciences or have the capacity to do so, and to colleges and universities that have a significant minority enrollment. The Secretary shall set aside funds for grants to students to pursue agricultural science careers. The Secretary must provide grants and technical assistance in support of continuing education special programs with colleges and universities and organizations in the private sector. The Secretary may set aside a portion of the funds to achieve full representation of minority groups in agriculture.

The Secretary must conduct programs to develop, analyze, and provide data and information essential to the evaluation of the quality of teaching programs. The Secretary must also conduct programs that design and implement innovative education programs. A new teaching awards program is established.

Research on Alcohol and Industrial Hydrocarbons

The 1990 Act extends the authorization of grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products. The Secretary may award grants to colleges, universities, and Federal laboratories to conduct research related to alcohol fuels, industrial oilseed crops, other forms of biomass fuels, and other industrial hydrocarbons made from agricultural commodities and forest products. Grants may also be awarded to develop the most economical and commercially feasible means of producing, collecting, and transporting agricultural crops, wastes, residues, and byproducts for the production of alcohol and other forms of biomass energy and for the development of new markets for byproducts. At least 50 percent of the amounts appropriated must be devoted to grants for research relating to increasing the energy efficiency and commercial feasibility of alcohol production.

Food Science and Nutrition Research Center

The Secretary may award a grant for the establishment of at least one food science nutrition research center for the Southeast region of the United States. This center must be part of a land-grant college that benefits from a dedicated non-Federal nutrition endowment of at least \$100 million.

Animal Health and Disease Research Authorizations

The Animal Health Science Research Advisory Board is extended until 1995 with its authority broadened to cover all animal health and disease programs under the Secretary's responsibility. The Board must advise the Secretary on the implementation of all animal health and disease research programs. A new member is added who must represent an organization concerned with the general protection and well-being of animals. The Secretary must commission the National Academy of Sciences, working through the Board on Agriculture of the National Research Council, to conduct a study of the system used to provide farmers and ranchers with animal care and veterinary medical services.

Grant Programs for 1890 Land-Grant Colleges, Including Tuskegee University

The Secretary must make grants to 1890 land-grant colleges, including Tuskegee University, to promote and strengthen higher education in the food and agricultural sciences. Grants are to be used to strengthen institutional educational capacities, attract and support undergraduate and graduate students, facilitate cooperative initiatives to maximize the development and use of resources, and conduct undergraduate scholarship programs to help meet national needs for training food and agricultural scientists. Eligible institutions must demonstrate the capacity to carry out the teaching of food and agricultural sciences. The Secretary may set aside a portion of the funds appropriated to make grants to eligible institutions to achieve full representation of minority groups that are underrepresented in the Nation's food and agricultural sciences work force.

Grants to 1890 institutions are authorized for the acquisition and improvement of facilities and equipment through the purchase of equipment and land; the planning, construction, alteration, or renovation of buildings; or, at the institutions' discretion, in support of research, extension, and resident instruction.

The Secretary is authorized to make competitive grants to five national research and training centennial centers located at 1890 colleges (or a consortia of such colleges), including Tuskegee University, that have been designated by the Secretary as national research and training centennial centers. These centers must have the best demonstrable capacity to provide administrative leadership for goat research and training, for agricultural engineering, for water quality in relation to agricultural production, for sustainable agriculture, and for domestic and international trade. The grants may be used to pay expenses for research; for printing and disseminating such research results; for planning, administering, and directing such research; and for altering or repairing buildings necessary to conduct such research. The Secretary must give priority to those centennial centers that will assure dissemination of information and that will attract students and needed professionals.

International Agricultural Science, Education, and Development and International Trade Development Centers

This provision allows the Secretary to (1) expand the operational coordination of USDA with institutions and other people throughout the world performing agricultural and related research and extension; (2) enter into cooperative agreements with departments and ministries of agriculture in other nations, land-grant universities, the Agency for International Development (AID), international organizations, and individuals and other organizations to promote a sustainable global agricultural system; and (3) assist colleges and universities in strengthening their research and extension capabilities which are relevant to agricultural development in other countries. These cooperative agreements could include developing a global system for plant genetic resources conservation; expanding collaboration with AID; and establishing an arid land research program to be coordinated through the International Arid Land Consortium.

The Secretary must determine the location and funding of international trade development centers and make grants on a competitive basis based on a national plan for agricultural export promotion through international trade development centers.

Aquacultural Assistance Program

The aquacultural research program is continued through 1995. Authority is expanded to make research grants to study the safety and wholesomeness of certain species and products, including the development of reliable supplies of seed stock and therapeutic compounds.

The number of authorized aquacultural research centers is increased from four to five. Two grants are authorized to continue to develop and expand research facilities at Illinois State University and Virginia Polytechnic Institute and to conduct basic and applied research for intensive water recirculating aquaculture systems.

The interagency aquaculture coordinating group is directed to compile a listing of Federal and State laws, rules, and regulations materially affecting the production, processing, marketing, and transportation of aquacultural commodities. The listings are to be made publicly available by January 1, 1992, and are to be updated by January 1, 1996.

The Secretary must implement a fish disease program that includes research on new diagnostic procedures, the effect of the water environment on fish immune systems, and the development of systems for control of fish diseases.

The Secretary must conduct a study, in consultation with the interagency aquaculture coordinating group, to assess the economic impact of animal damage to the U.S. aquacultural industry,

with a report of results to be submitted to the appropriate congressional committees by January 1, 1992.

National Competitive Research Initiative

Six high-priority research areas are established in which the Secretary may award competitive grants for up to 5 years which support basic and applied research focusing on both national and regional research needs (and methods to transfer such research to onfarm and inmarket practice). The high-priority research areas include plant systems; animal systems; nutrition, food quality, and health; natural resources and the environment; engineering, products, and processes including new uses and new products; and markets, trade, and policy. Grants also are authorized for improving research capabilities in the agricultural, food, and environmental sciences.

Special Research Grants

This provision amends existing legislation by broadening the eligibility for special grants not to exceed 5 years for research to expand promising breakthroughs in the food and agricultural sciences. Eligible institutions now include State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals. State agricultural experiment stations, land-grant colleges and universities, research foundations established by land-grant colleges and universities, certain other colleges and universities, and accredited schools or colleges of veterinary medicine are eligible for grants to support food and agricultural research programs that promote excellence in research on a regional and national level, promote the development of regional research centers, promote research partnerships in support of regional research efforts, and that help coordinate research among States through regional grants.

Conflicts of Interest Minimization Under the Smith-Lever Act

The Smith-Lever Act is amended to require the Secretary to ensure that each college or university seeking funds has in place appropriate guidelines to minimize actual or potential conflicts of interest among its employees whose salaries are funded in whole or in part with such funds.

Sustainable Agricultural Research and Education

This subtitle encourages research on agricultural production systems that maintain and enhance the quality and productivity of the soil and the quality of surface and ground water, protect the health and safety of persons involved in the food and farm system, promote the well-being of animals, and increase employment opportunities in agriculture.

"Sustainable agriculture" is defined as an integrated system of plant and animal production practices having a site-specific application that will, over the long term, satisfy human food and fiber needs; enhance environmental quality and the natural resource base upon which the agricultural economy depends; make the most efficient use of nonrenewable resources and onfarm resources and integrate, where appropriate, natural biological cycles and controls; sustain the economic viability of farm operations; and enhance the quality of life for farmers and society as a whole.

Best Utilization of Biological Applications

The Secretary is directed to conduct research and extension projects aimed at reducing, to the extent feasible and practicable, the use of chemical pesticides, fertilizers, and toxic natural materials in agricultural production; improving low-input farm management; and promoting crop, livestock, and enterprise diversification. The Secretary must study agricultural production systems in areas with various soil, climate, and physical characteristics; study farms using production practices that rely on low-input and conservation practices; use the experience and expertise of farmers and ranchers through their direct participation and leadership in projects; transfer practical, reliable, and timely information to farmers and ranchers concerning low-input sustainable farming practices and systems; and promote a partnership between farmers, nonprofit organizations, agribusiness, and public and private research and extension institutions.

These projects are to be achieved through agreements entered into with land-grant colleges or universities, other universities, State agricultural experiment stations, the State cooperative extension services, nonprofit organizations with demonstrable expertise, or Federal or State governmental entities. The Secretary must draw upon the advice of a new National Sustainable Agriculture Advisory Council, assisted by a minimum of four regional administrative councils, in selecting and establishing priorities for projects. The Advisory Council must be composed of representatives of seven specific USDA agencies, State cooperative extension services and agricultural experiment stations, the Environmental Protection Agency, the Board on Agriculture of the National Academy of Sciences, private nonprofit organizations, farmers who use sustainable agricultural practices, the U.S. Geological Survey, agribusiness, and other specialists in agricultural research or technology transfer.

The Secretary must establish a matching grant program to assist States in the creation or enhancement of sustainable agricultural research, extension, and education programs. To apply, a State must submit a 5-year plan for the approval of the appropriate regional administrative council and the Secretary. The 5-year plan will detail the proposed program and sources of matching State funding and will provide for extensive and direct participation of farmers in the development, implementation, and evaluation of the program.

Integrated Management Systems

The Secretary must establish a research and education program that focuses on integrated resource management and integrated crop management in order to enhance research related to farming operations, practices, and systems that optimize crop and livestock production potential and are environmentally sound.

"Integrated resource management" is defined as livestock management which utilizes an interdisciplinary systems approach integrating all controllable agricultural production practices to provide long-term sustained productivity and profitable production of safe and wholesome food in an environmentally sound manner. "Integrated crop management" means an agricultural management system that integrates all controllable agricultural production factors for long-term sustained productivity, profitability, and ecological soundness.

The purposes of the program include developing knowledge about integrated management and encouraging producers to adopt it.

The Secretary must develop and widely distribute handbooks and technical guides, and any other educational materials that are appropriate, that describe sustainable agriculture production systems and

practices by November 28, 1992. The materials are intended to provide practical instructions that aid producers in adopting practices in support of sustainable agriculture.

National Training Program

The Secretary must set up a National Training Program in sustainable agriculture to be administered by the ES. The program will provide education and training for Cooperative Extension Service (CES) agents and other professionals to help them educate and communicate the concepts and technical information concerning sustainable agriculture to farmers and urban residents. The Secretary must designate a coordinator for each State from CES personnel who is responsible for developing and implementing a statewide training program for appropriate field office personnel. The Secretary must ensure that all CES agricultural agents have completed this training within the next 5 years.

The Secretary must designate at least two regional training centers to coordinate and administer educational activities in sustainable agriculture. A competitive grants program must be established to award grants to organizations to carry out sustainable agriculture training for county agents and others. Training will consist of workshops and short courses designed to familiarize participants with the concepts and importance of sustainable agriculture. Regional specialists in sustainable agriculture may be designated within each State.

National Genetics Resources Program

A National Genetics Resources Program, to be administered by ARS, must be established to emphasize current activities. This program will maintain and enhance the collection, preservation, and dissemination of genetic material important to American food and agricultural production. The Secretary must also (1) conduct research on the genetic materials collected and on methods for their storage and preservation; (2) coordinate the program's activities with those of similar domestic activities; (3) make available upon request, without charge and without regard to the country from which such requests originate, the genetic material which the program assembles; and (4) expand the types of genetic resources included in the program to develop a comprehensive program dealing with a broad range of genetic resources important to food and agriculture.

The director, appointed by the Secretary to administer this program, must prepare a biennial report to the Secretary and to Congress. An initial report is to be transmitted by November 28, 1991. The initial report will describe the projected needs over a 10-year period in each of the expanded areas of genetic resources, including the identification of existing components of a comprehensive program, policies, and activities needed to coordinate those components, and additional elements not in existence which are required for the development of a comprehensive genetic resources program. The report will also contain an assessment of related international efforts and activities and their effects upon and coordination with the program and an evaluation of the potential effects of various national laws, including national quarantine requirements, as well as treaties, agreements, and the activities of international organizations on the development of a comprehensive international system for the collection and maintenance of genetic resources of importance to agriculture.

National Agricultural Weather Information System

The Secretary must establish a National Agricultural Weather Information System, which will be administered by a new Agricultural Weather Office within USDA. The system aims to meet the weather and climate information needs of agricultural producers by providing nationally coordinated agricultural weather information. Weather information will be obtained from participating universities, State programs, Federal agencies, and the private weather consulting sector. The system

will help collect, organize, and disseminate advisory weather and climate information; provide for related research and education activities; encourage greater private-sector participation in the system's activities; strengthen its ability to provide site-specific weather forecasting for agriculture; and ensure that the related data bases are accurate, documented, and easily accessible for remote computer access.

Agricultural Weather Office and Advisory Board

The Agricultural Weather Office may enter into cooperative projects with the National Weather Service to support operational weather forecasting and observation, to sponsor joint workshops to train agriculturalists, to jointly develop improved computer models and computing capacity, and to enhance the quality and availability of weather and climate information. The office may also obtain standardized weather observation data collected in near real time through State agricultural weather information systems; make competitive grants through CSRS for research in atmospheric sciences and climatology; make grants to States for planning and administering State agricultural weather information systems; coordinate the Weather Office's activities with the weather and climate research activities of the CSRS, the National Academy of Sciences, the National Sciences Foundation Atmospheric Services Program, and the National Climate Program; and encourage private sector participation in the National Agricultural Weather Information System. The Secretary must establish an Advisory Board on Agricultural Weather. The Board must be composed of nine members, appointed by the Secretary, consisting of agricultural producers, scientists, and individuals who provide private meteorology services.

The Secretary may make competitive grants to institutions and individuals to carry out research in all aspects of atmospheric sciences and climatology important to understanding, forecasting, and delivering agricultural weather information.

The Secretary must make grants to at least 10 eligible States to plan and administer advisory programs for State agricultural weather information systems.

Funds appropriated are to be allocated as follows:

- Between 15 and 25 percent each fiscal year for cooperative work with the National Weather Service.
- Fifteen to 25 percent to the CSRS for the competitive grants program.
- Twenty-five to 35 percent divided equally among States participating in the State Agricultural Weather Information System.
- The remainder for general use by the Agricultural Weather Office and ES in carrying out this program.

Producing, Preparing, Processing, Handling, and Storing Agricultural Products Research

The Secretary must set up a research program which will establish a statistical framework to (1) measure microbiological and chemical agents in or affecting agricultural products that seriously undermine product wholesomeness and fitness, (2) identify any microbiological or chemical agent within that framework, and (3) identify the means to avoid, control, or reduce such agents that affect agricultural products. The Secretary may award competitive grants for up to 5 years to persons and governmental entities carrying out research in these areas. Recipients are required to provide matching funds.

The Secretary must establish an advisory committee to set research priorities, evaluate grant applications for the research projects authorized above, and review the results of completed projects. After receiving the committee's recommendations on priorities for awarding research grants, the Secretary must publish them in the Federal Register together with a request for written comments. After a review of the comments, the Secretary must establish final research priorities by notice in the Federal Register. The Secretary must refer grant applications to the committee for its recommendations. The committee shall establish peer review panels to review the scientific and technical merits of those research proposals. The peer review panels will report their findings and recommendations to the committee. Both the committee and the panels are to identify whether proposals are for basic or applied research.

The Secretary must submit a report on the implementation of this subtitle by November 28, 1991, to the House and Senate agriculture committees. The Secretary must also submit an annual report to those committees regarding the research findings from projects financed by grants under this subtitle during the fiscal year, as well as any recommendations for implementing the research results.

Plant and Animal Pest and Disease Control Program

This subtitle directs the Secretary to conduct research regarding integrated pest management. Integrated pest management is defined as a pest or disease population management system that uses all suitable techniques, such as biological and cultural controls as well as pesticides, in a total production system to anticipate and prevent pests and diseases from reaching economically damaging levels. This legislation does not limit or repeal the authority of the Administrator of the Environmental Protection Agency (EPA) to conduct research regarding integrated pest management mandated under the Federal Insecticide, Fungicide, and Rodenticide Act.

Data Base and Pesticide Resistance Monitoring

The Secretary must establish and maintain a data base (by crop, animal, and pest or disease) on materials and methods of pest and disease control that are currently available to agricultural producers. The data base will also include information on the extent of pest or disease resistance as developed by an established mandatory national pesticide resistance monitoring program. Information in the data base must be made available through the National Agricultural Library and be provided annually to EPA.

Exotic Pests

The Secretary is directed to expand research and grant programs designed to control infestations of exotic pests. Areas of ongoing research slated for expansion include the release of sterile insects and the development of safer pesticides. Special emphasis is given to the expansion of research capacity for developing new methods of pest control, including containment of pests for research purposes.

Biology and Behavior of Chinch Bugs

The Secretary must set up a research and education program to study the biology and behavior of chinch bugs.

Alternative Agricultural Research and Commercialization

Title XVI also authorizes research to modify agricultural commodities in order to develop and produce marketable products other than food, feed, or traditional forest or fiber products; to commercialize such products; to encourage cooperative development and marketing efforts among manufacturers, financiers, universities, and private and government laboratories; to focus research and commercialization efforts on products that can be raised by family-size agricultural producers; and to foster economic development in rural areas through the introduction of such products obtained from agricultural commodities.

Institutional Arrangements

The Secretary must set up an Alternative Agricultural Research and Commercialization Center as an independent entity within USDA to carry out the purposes of this subtitle. The Secretary must also establish an Alternative Agricultural Research and Commercialization Board to supervise the Center and regional centers created by the subtitle. The Board's responsibilities include determining the areas of commercialization to receive high priority for assistance; reviewing grants, contracts, or cooperative agreements to be made by the Center; making the final decisions, by majority vote, on the award of assistance; establishing program policy, objectives, research and development, and commercialization priorities; and developing a budget plan and long-term operating plans.

The regional centers are to be created by the Board on a competitive basis, with matching funds, in two to six different States that reflect different climatic and rural economic conditions, but only if at least \$5 million has been appropriated for that fiscal year to carry out this subtitle. Their functions are similar to the Center, but with a regional focus.

The Board must also appoint an advisory council to advise the Board and regional centers on applications for assistance, to monitor the progress of ongoing projects and the operations of the regional centers, and to provide technical and business counseling to nonapplicants who are engaged in similar activities.

Research and Development Grants, Contracts, and Agreements

Individuals and institutions are eligible to compete for grants, contracts, or cooperative agreements with the Center for a research, development, or demonstration project as provided in this section, subject to a peer-review process. At least two-thirds of project funding must be allocated to applicants who themselves commit substantial funding and support to the proposed project and who have agreements with U.S. commercial companies that also provide funds for the project and are involved in its commercialization. No more than 25 percent of funding may be devoted to projects that are concerned only with new nonfood, nonfeed products derived from animal sources.

The Center, with the Board's approval, may provide loans or loan insurance, interest payment subsidies, venture capital in the form of convertible debentures, or repayable matching grants to eligible entities for projects commercializing new nonfood, nonfeed products using agricultural commodities. Institutions of higher education, nonprofit organizations, cooperatives, and business concerns are eligible entities. Requirements similar to those governing applicants for grants, contracts, and cooperative agreements by the Center are also applied here.

Alternative Agricultural Research and Commercialization Revolving Fund

The Secretary must establish a revolving fund in the U.S. Treasury to be known as the Alternative Agricultural Research and Commercialization Revolving Fund. The fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this subtitle.

Miscellaneous Research Provisions

Title XVI also includes the following miscellaneous provisions.

Biotechnology Risk Assessment Research

This program is intended to support environmental assessment research. This research will address general concerns about environmental effects of biotechnology and help regulators develop policies, as soon as practicable, concerning the introduction of such technology into the environment. Grants may be awarded to any public or private research or educational institution or organization for research designed to develop methods to monitor the dispersal of genetically engineered animals, plants, and microorganisms; to develop methods to contain such organisms once they are introduced into the environment; and to further existing knowledge of rates of gene transfer that may occur among genetically engineered and related wild and agricultural organisms. The Secretary must establish this program within CSRS and ARS. The Secretary must withhold at least 1 percent from USDA outlays devoted to biotechnology research for this program.

USDA Graduate School

Federal agencies or their major organizational units may enter into interagency, cost-reimbursable agreements with the USDA Graduate School for training and other incidental services.

Livestock Product Safety and Inspection Program

The CSRS special grants program may provide assistance to eligible entities on a 50-50 cost basis to help research institutions improve the efficiency and effectiveness of safety and inspection systems for livestock products. Assistance is to be provided equally, to the extent practicable, to eligible entities representing the beef, pork, lamb, poultry, and aquacultural industries. Eligible entities include land-grant colleges and universities, colleges and universities that demonstrate capability in the agricultural sciences, individual research institutions, or a consortia of such institutions.

Plant Genome Mapping Program

The Secretary will conduct a competitive research grants program aimed at supporting basic and applied research and technology development dealing with plant genome structure and function, providing U.S. leadership in biotechnology, and providing crop varieties that may be cultivated profitably without damaging the environment. A broad range of individuals and institutions is eligible to receive these competitive grants. The Secretary must submit to Congress a detailed plan for awarding these grants by February 26, 1991. The Secretary must also submit to Congress an annual report describing the operations of the program during the preceding fiscal year.

Specialized Research Programs

The Secretary is encouraged to fund research for the development of technology to ascertain the lean content of animal carcasses to be used for human consumption.

The ARS facility at Peoria, Illinois--to be referred to as the National Center for Agricultural Utilization Research--is authorized to enter into cooperative agreements, contracts, and the exchange of scientific information with the Department of Energy in order to carry out ethanol research.

The Secretary must conduct a research program to determine the presence of aflatoxin in the food and feed chains. Among other research areas to be covered are the safe levels for aflatoxin in the food and feed chains, various areas involving the development and assessment of control methods, the development of resistant plants, the improvement of sampling and analysis methods, the effect of aflatoxin on animal disease through immunosuppression, the interaction with other disease agents, and the economic consequences of aflatoxin contamination.

The Secretary must conduct a research program to develop enhanced production methods and commercial uses of mesquite through the awarding of competitive grants for up to 5 years to State agricultural experiment stations, colleges or universities, or a consortium of such entities. Grants are to be awarded for research on (1) the development of techniques to produce, from small-diameter, short-length, or otherwise irregular mesquite logs, solid-wood products useful as flooring, furniture parts, turning blanks, and other such uses as may have potential economic value; (2) the development of management techniques to improve stands for quality lumber production from mesquite; and (3) other methods to provide markets and commercialized mesquite as a cash crop.

The Secretary must conduct a research program to investigate enhanced genetic selection and processing techniques for prickly pears. Competitive grants for up to 5 years are to be awarded to investigate, through genetic selection, the development of prickly pear varieties with improved growth, freeze tolerance, and harvest characteristics; to develop techniques to produce and process prickly pears as a food source; and to investigate the nutritional value and health benefits of prickly pears.

The Secretary must set up a grant program for colleges and universities for research relating to immunoassay used to detect agricultural pesticide residues on agricultural commodities for human consumption, and to diagnose animal and plant diseases. The Secretary may give preference to those colleges and universities that already conduct research in this area.

Research and extension grants are authorized for the development of agricultural production and marketing systems to serve niche markets located in nearby metropolitan areas. Particular attention is to be given to areas with a high concentration of small farming operations that experience difficulty in delivering products to market because of geographic isolation.

The Secretary may establish a research program on the disease of scrapie in sheep and goats and may coordinate it with other programs dealing with encephalopathies, particularly spongiform encephalopathy in cattle.

The Secretary may conduct fundamental and applied research related to the development of new commercial products derived from natural plant materials for industrial, medical, and agricultural applications. The Secretary may participate with colleges and universities, other Federal agencies, and private sector entities in conducting such research.

Agricultural Telecommunications Program

The Secretary must set up a program intended to encourage the development and utilization of an agricultural communications network to facilitate and to strengthen agricultural extension, resident education and research, and domestic and international marketing of U.S. agricultural commodities and products through a partnership between eligible institutions and USDA. The network will employ

satellite and other telecommunications technology to disseminate and to share academic instruction, cooperative extension programming, agricultural research, and marketing information. The program's other objectives include training students for careers in agriculture and food industries, more interacting among leading agricultural scientists, enhancing the ability of U.S. agriculture to respond to environmental and food safety concerns, identifying new uses for farm commodities, and stimulating both domestic and foreign demand for U.S. agricultural products.

The program, administered by the Assistant Secretary for Science and Education, is to provide financial and technical assistance generally on a 50-50 cost basis to eligible institutions of higher education that distribute programs consistent with the program's objectives.

Commission on Agricultural Research Facilities

The Secretary must establish an Agricultural Research Facilities Planning and Closure Study Commission to review all currently operating and planned agricultural research facilities (including those of the Forest Service) that use Federal funding or are under the jurisdiction of the Secretary. The Commission must also identify those facilities that should be closed, realigned, consolidated, or modernized; develop recommendations concerning agricultural research facilities; and evaluate and recommend improvements of the system used by USDA to acquire and modernize agricultural research facilities.

The Commission must consist of 14 members, with 2 members who are private citizens or members of the Executive Branch appointed by the Secretary, and the remaining 12 appointments divided equally among the chairs of the Senate and House agriculture committees and the ranking minority member of each committee. The Commission may hold hearings and must submit a report concerning the findings and recommendations that it has been directed to develop within 240 days of enactment of the 1990 Act.

National Centers for Agricultural Product Quality Research

The Secretary must award competitive grants for the establishment of National Centers for Agricultural Product Quality Research. The Centers are to serve as focal points for regional or commodity-specific research and education dealing with agricultural product quality. The Centers will:

- Involve one or more university and Federal participants.
- Establish linkages between universities and other entities with expertise in basic biology and engineering, the development of new technology, the practical application of technology, and related quality assurance and regulatory activities.
- Develop and enhance explicit relationships (including the possible sharing of the cost of Center operations) between the research and development community, USDA and other Federal agencies, and the involved industries.
- Provide a mechanism for dealing with the safety and wholesomeness of new food products and processes that use biotechnology (including transgenic plants and animals).
- Provide continuing factual public information about agricultural product quality and wholesomeness.

- Build on existing institutional strengths and commitments in addressing these issues and in linking the efforts of the related public and private operating units.

The Centers are to be based regionally and are to conduct a broad spectrum of research, development, and education programs to assure the safety and wholesomeness of food. The primary institution involved in a Center shall be a land-grant college, but cooperating entities may be located in more than one State. The Centers are to involve multidisciplinary and interdisciplinary approaches and may include multi-institutional linkages between universities or related Federal laboratories. The Centers are to serve as a management focal point for grants that deal with agricultural product quality research, extension, and teaching and are to provide a mechanism for sharing resources between cooperating institutions. Each Center shall conduct research and education on the full spectrum of production, processing, transportation, and marketing for classes of commodities.

Grants may be made for up to 5 years, and may be renewed competitively with demonstration of adequate performance. USDA must develop a plan for the program and submit it to Congress for review at least every 3 years.

Reservation Extension Agents

The ES is directed to establish extension education programs on Indian reservations and tribal jurisdictions in consultation with the Bureau of Indian Affairs, the Intertribal Agriculture Council, and the Southwest Indian Agriculture Association. The programs are to be developed and delivered with the advice and counsel of reservation or tribal program advisory committees. A committee to give overall policy and program advice to the State Extension Director may be created by the Secretary at the Director's request with the assistance of the tribal authorities. Program advisory committees may also be formed to assist extension staff to develop and conduct program activities.

Extension agents are employed by and administratively responsible to CES of the State within which the reservation or tribal jurisdiction is located. The Secretary determines administrative responsibility when the jurisdiction spans more than one State. Agent and specialist staff must, insofar as possible, include representatives of the tribal group being served. Programs must emphasize training and employment of local people in positions such as program aides, master gardeners, and volunteers. Staffing at particular locations depends on the needs and priorities of that location, as identified by the advisory committees and the State Extension Director. The number of extension offices and their placement is to be determined jointly by the State Extension Directors and tribal authorities, taking into consideration the agricultural acreage, soil classification, and population of the reservation or tribal jurisdiction.

Special Grant To Study Constraints on Agricultural Trade

The Secretary is directed to provide at least two special grants to land-grant colleges and universities. These grants will be used to conduct a study evaluating the trade impacts of technical barriers, quality factors, and end-use characteristics in agricultural trade to determine the consistency of their impact among commodities. These studies must aim to identify and analyze the constraints related to end-use characteristics in trade and competition, to lessen the impacts of production and processing techniques, and to identify national and international public policy alternatives that might reduce the impact of such trade restrictions. The Secretary must ensure that the awarded grants provide for the joint development of the methodology and techniques between the recipients to meet the program's objectives. The Secretary shall report the results of the study grants within 18 months of enactment of the 1990 Act to House and Senate agriculture committees.

Pilot Project for Food and Nutrition Education Programs

The Secretary must establish a 5-year pilot project to award competitive grants to at least two States for implementing plans providing for the full coordination of the conceptual design and delivery of food and nutrition education programs for potential participants within those States. The plans are to provide for the greatest possible coordination of these programs with related State programs.

Technology Program To Assist Farmers with Disabilities

The Secretary, in consultation with appropriate Federal agencies, must make demonstration grants to support cooperative programs between State CES agencies and private nonprofit disability organizations to provide onfarm agricultural education and assistance directed at accommodating the disability of individuals and their families in farm-related occupations. Grants may be awarded to support programs serving individuals and their families and must be awarded directly to State CES agencies to enable them to enter into multiyear contracts with private nonprofit community-based direct-service organizations.

The Secretary must award a competitive grant to a national private nonprofit disability organization to enable it to provide technical assistance, training, information dissemination, and other activities to support community-based direct service programs of onsite rural rehabilitation as well as technology to assist individuals with disabilities, and their families, who are engaged in farm-related occupations.

Research on Honeybee Diseases

It is the sense of Congress that the Secretary give priority attention to the funding of research regarding certain diseases that pose a threat to the continued well-being of the general honeybee population.

Title XVII—Food Stamp and Related Provisions

Masao Matsumoto

Title XVII, which may be cited as the Mickey Leland Memorial Domestic Hunger Relief Act, contains provisions on the Food Stamp and Commodity Distribution Programs. The 1990 Act reauthorizes the Food Stamp Program and certain Federal commodity distribution programs; the instituted changes are generally of a minor nature. In essence, the various programs will continue to operate as they have in the last several years.

Food Stamp Program

The Food Stamp Program (FSP) was established in 1964 to aid needy households with food purchases. The FSP was revamped in 1977 to better serve such households.

Food Stamp Eligibility and Benefits

The 1990 Act amends several provisions of the Food Stamp Act of 1977 relating to eligibility requirements and benefits of the Food Stamp Program. Most of these amendments are related to special categories of FSP recipients.

Recipients of benefits for the blind, elderly, and/or disabled in the territories of Guam and the Virgin Islands may be treated as independent households when living in approved group living arrangements and may be allowed to use food stamps for meals served in the group house as well as in senior citizen centers, private establishments offering reduced price meals, and other approved facilities. U.S. residents currently have this opportunity.

The homeless are permitted to use food stamps at authorized restaurants that contract with State agencies to provide meals at concessional (reduced) rates, in addition to soup kitchens and homeless shelters.

The 1990 Act extends automatic or categorical eligibility to recipients of State or local general assistance (GA) benefits where the GA programs already meet standards set by the Secretary for automatic eligibility. The expansion to local general assistance recipients could be implemented up to 6 months after the expansion to State general assistance recipients. However, even if GA recipients were to be eligible for food stamps under this new provision, they may be ineligible for food stamps under other provisions of the Food Stamp Act of 1977, which disqualifies certain households from receiving benefits.

The 1990 Act extends the existing exclusion for income from all education loans, grants, and scholarships from income determination for food stamp eligibility purposes--if they are used for tuition and mandatory fees, or rental or purchase of equipment, materials, and supplies required to pursue a course of study; or they do not exceed the allowance determined by the school for books, transportation, and other miscellaneous personal expenses; and they include any origination fees or insurance premiums. The 1990 Act extends the educational use of such excludable funds for post-secondary education, schools for the handicapped, vocational training, and for other programs that provide for the completion of a secondary school diploma or an equivalent degree.

Any "back-to-school" clothing allowances provided by a State agency to a household may be excluded from income calculations for food stamp eligibility purposes. However, the Secretary may not permit such exclusion in States that reduce their Aid to Families with Dependent Children (AFDC) grants in the month such clothing allowances are provided.

Any household's medical expenses deducted from income for food stamp eligibility calculations must be based on reasonable estimates of expected medical expenses. Requiring further reporting of a change in medical expenses is prohibited if the change was anticipated in a certification period.

States must develop standards to identify resources that households will be unlikely to sell for a significant return. These resources are excluded from eligibility determination for food stamp purposes.

Emergency allotments to eligible households to replace food destroyed in a disaster are required. Replacement of the value of food actually lost cannot exceed the applicable maximum monthly allotment for the household size.

The Secretary is required to exclude the housing assistance payments made to a third party for transitional housing for a homeless person or a homeless family when determining their income for food stamp eligibility purposes except for an amount equal to 50 percent of AFDC's maximum shelter allowance.

Monthly reporting and retrospective budgeting for households that live on American Indian reservations are prohibited. Staggered issuance throughout the month on American Indian reservations is required.

Although students enrolled in higher education usually are not eligible for food stamps, student eligibility has been expanded to include students that are under 18 years of age or over 50, disabled, receiving AFDC, or assigned to an institution of higher learning by an employment and training program; full-time students who are single parents caring for children under 12 for whom adequate child care is not available; or students who are employed at least 20 hours a week or are participating in a "work-study" program.

Expanded Employment and Training Program

Each State must have an employment and training (E&T) program to assist food stamp recipients in obtaining skills, training, and experience to increase their chances of finding employment. The 1990 Act specifically includes literacy training and self-employment training as components of an E&T program. Nonliquid resources needed for a self-employment E&T component that is approved by a State are excluded from countable resources when determining financial assets. The performance standards implementation date is extended from April 1991 to October 1991. Two States are authorized to give priority in E&T to volunteers.

Electronic Benefit Transfer (EBT)

The FSP will continue to encourage the testing of the use of electronic benefit transfer (EBT) technology to determine the feasibility of using this technology to deliver monthly benefits. The Secretary must issue regulations by April 1, 1992, that establish standards to determine the economic and administrative feasibility of EBT equipment in retail outlets. Any State may implement an online EBT system with the prior approval of the Secretary. The Secretary will not approve an EBT system unless a sufficient number of eligible retail food stores in an area participate to ensure the following: service to minority-language populations, the choice among stores is not significantly reduced, competitive pricing by participating stores, and minimal increased transportation costs for participants. EBT systems must be cost effective and the capital expenditures and reasonable startup costs must be prorated. USDA may continue to conduct EBT demonstration projects.

Miscellaneous Provisions

The 1990 Act requires that the minimum benefits a State agency can issue to a household participating in the FSP must be adjusted each October 1 to reflect the percentage change in the thrifty food plan (see Appendix II--Glossary), rounded to the nearest \$5. At present, the minimum benefit for a household of one or two persons is \$10.

The 1990 Act prohibits co-located wholesale-retailer food stores from being authorized to accept and redeem food stamp coupons as a retail food store unless a food wholesaler-retailer does a substantial level of retail food business, or the Secretary determines that failure to authorize the wholesaler-retailer to accept and redeem food stamp coupons would cause hardship to food stamp households.

The 1990 Act also contains a number of provisions to discourage and deter fraud and illegal trafficking of FSP coupons. If a store or concern sells firearms, ammunition, explosives, or controlled substances for coupons, the Secretary may permanently disqualify this store or concern from accepting food stamps. The Secretary is also permitted to impose a civil money penalty of up to \$20,000 for each violation instead of disqualification if the ownership or management did not know of, approve of, benefit from, or participate in violations. Fines may be imposed if a store or concern accepts food coupons not accompanied by a corresponding book cover. Any unauthorized third party who accepts food stamps may also be fined. New penalties for persons using authorization cards in an inappropriate manner are included. In addition, stiffer penalties are provided for a person who knowingly violates certain provisions if the value of the coupons or authorization cards exceeds \$5,000. The violator may be guilty of a felony and may be fined up to \$250,000 and imprisoned up to 20 years. The fines for felony trafficking are increased from \$10,000 to \$20,000.

Administration

The 1990 Act includes a number of provisions to simplify and reduce the amount of paperwork necessary to apply for food stamps, including simplified instructions to applicants, standardized estimates for shelter costs for the homeless, aggregated allotments for households applying for food stamps under expedited service requirements, mail issuance in remote areas, and coordination of GA and FSP application forms in States where those programs are administered by the same agency. The Secretary may assign the Cooperative Extension Service to provide nutrition education to eligible households.

Provisions of the 1990 Act also reauthorize pilot demonstration projects to assess the benefits of a cash-out of FSP benefits for Social Security and elderly recipients and authorizes projects to evaluate the effects of (1) issuing aggregate allotments at intervals of up to 3 months, (2) excluding the value of licensed vehicles from the financial resources determination for FSP eligibility requirements, and (3) targeting outreach to increase participation among rural people, elderly, homeless, families with children, and non-English-speaking minorities. The Secretary cannot approve demonstration programs using another form of food assistance than coupons unless each participating household has its allotment increased to compensate for any State or local sales tax that may be collected in their area on these benefits and unless the tax on purchases of food is waived, or the Secretary determines that the increased allotment is unnecessary. The State agency conducting the demonstration project must pay the cost if allotments are increased.

Two other provisions authorize competitive grants for food stamp outreach activities and for developing cost effective ways to inform people eligible for food stamps about nutrition, resource management, and community nutrition education programs.

The 1990 Act also includes provisions to encourage FSP administration to be more closely coordinated with other welfare or assistance programs including AFDC, GA, and Social Security Insurance (SSI) to simplify application forms, audit procedures, and program activities.

Nutrition Assistance Program in Puerto Rico

The Nutrition Assistance Program (NAP) in Puerto Rico is a block grant program. Funds are intended to finance 100 percent of the food assistance provided to needy persons and 50 percent of the administrative expenses related to providing assistance to eligible Puerto Rican households. NAP was initiated in 1982 to replace the FSP in Puerto Rico. The Comptroller General (General Accounting Office) is required to conduct a study of the nutritional needs and the potential alternative means of providing nutritional assistance in Puerto Rico.

Commodity Distribution Programs

The 1990 Act reauthorizes various commodity programs through fiscal year 1995 and explicitly extends commodity assistance to hospitals and facilities caring for needy infants and children by identifying them as charitable institutions.

For the Commodity Supplemental Food Program (CSFP), the 1990 Act increases the portion of administrative funds based on the appropriation to 20 percent and discontinues the portion based on the value of donations. The CSFP may operate sites that serve only the elderly. The 1990 Act requires that CSFP provide adult participants and applicants with information on and referrals to other programs including food stamps, AFDC, Medicaid, child support enforcement, and SSI, and requires the program to provide State agencies with advanced warnings of price increases that are likely to cause participation declines.

The 1990 Act deletes the word "temporary" from the title of the Temporary Emergency Food Assistance Act of 1983 and extends the program through fiscal year 1995. The Emergency Food Assistance Program (TEFAP) must be given "equal" consideration with other commodity recipient agencies in the donation of surplus commodities owned by the Commodity Credit Corporation (CCC). The legislation allows the use of administrative funds at the local level for repackaging and processing.

The 1990 Act makes certain food bank demonstration projects permanent and includes food banks as recipient agencies represented on the National Commodity Distribution Advisory Council. It also changes commercial warehousing requirements to limit the requirements to child and elderly nutrition programs, excludes States in which no fees are charged for any aspect of warehousing or distribution, and requires that indirect and direct costs to recipients be compared with commercial costs to determine the most efficient and lowest cost system. A study by the Comptroller General regarding processing of entitlement commodities used in the child nutrition programs is required.

The 1990 Act extends the section regarding soup kitchen commodities of the Hunger Prevention Act of 1988 through fiscal year 1995. The 1990 Act reauthorizes two nutrition education programs. The

1990 Act specifically authorizes the distribution of 9 million pounds of cheese and 4 million pounds of nonfat dry milk to the Commodity Supplemental Food Program if CCC inventories permit. This distribution will take precedence over the distribution of these commodities to other programs, such as the National School Lunch Program.

The National Commodity Processing Program is extended through 1995. The Secretary is authorized 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 pending receipt of reimbursement from the State. Pilot projects in no more than three States in 1992 and 1993 are required which allow Nutrition Programs for the Elderly that receive commodities rather than cash assistance to secure processed commodity products through the National Commodity Processing Program.

The Secretary may assist States and private nonprofit organizations in establishing a Gleaning Clearinghouse to collect unharvested crops from the fields of farmers, or to obtain agricultural products from farmers, processors, or retailers without charge. These products would then be distributed to needy individuals, including unemployed and low-income individuals.

The Secretary is required to study the school lunch program and report on the quantity of bonus commodities lost since 1988, charges for reduced price meals, and trends in school and student participation. The Secretary must also report on the cost to produce school lunches and breakfasts, reasons for a school's nonparticipation, State administrative costs for school programs, and reasons for nonparticipation by eligible children.

Title XVIII--Credit

Steven R. Koenig

Title XVIII contains many provisions which amend the Consolidated Farm and Rural Development Act. The provisions affect agricultural lending policies and programs of the Farmers Home Administration (FmHA). A few provisions affect the Farm Credit System institutions by amending the Farm Credit Act of 1971.

Some provisions, and the authority to set future credit program funding levels, were amended by the 1990 Budget Act.

Farmers Home Administration Loans

Title XVIII assists the transition of FmHA borrowers from insured (direct) loans to guaranteed loans, strengthens assistance to beginning farmers and ranchers, tightens debt-restructuring rules, and imposes further conservation requirements to the disposition of inventory property.

Farm Debt Restructuring

This title modifies FmHA debt-restructuring rules granted to direct borrowers by the Agricultural Credit Act of 1987. Notices to farm borrowers with loan payments 180 days or more past due must now include a description of available debt settlement programs (loan buyout, leaseback, homestead protection) along with the currently supplied details on preservation loan-servicing programs (reduced interest rates, debt consolidation, reamortization, and debt writedowns). The time allowed for borrowers to apply for such programs increases from 45 days to 60 days; time allowed to process applications increases from 45 to 90 days.

Debt-restructuring rights (preservation loan-servicing and debt settlement programs) provided to borrowers by the 1987 Credit Act are curtailed by this legislation. Under the 1990 Act, borrowers are now ineligible for debt restructuring if they possess assets that are not already pledged as collateral, that are not essential for covering family living expenses or farm operating expenses, and that could be applied against the loan to make it current. Also, when determining the Government's net recovery value of a loan (value of collateral after subtracting estimated foreclosure expenses) for loan buyout or debt writedown purposes, equity in nonessential assets must be included in these debt-forgiveness calculations. These calculations must also include all assets on the security agreement, regardless if some assets are no longer on the farm or were disposed of without approval. Before the 1990 Act, it was possible to obtain farm debt-restructuring benefits without including certain nonfarm assets, equity, and farm collateral in the calculations, allowing some to reap unintended financial rewards.

When restructuring a borrower's loan(s), the Secretary must now assume a 5-percent debt-servicing margin (income exceeds expenses and debt payments by 5 percent). Before, no margin was required, which meant that, if a borrower's income fell slightly short of expectations, there would be insufficient income to repay all debts, causing the loan(s) to become delinquent once again.

Debt Settlement Limitations

In order for borrowers with delinquent loan payments to be eligible to buy out (buy back) a loan at the Government's net recovery value or to lease back property lost to FmHA, borrowers are required to have acted in "good faith" when dealing with FmHA and their payment tardiness must have resulted from factors beyond their control. The "good faith" criteria are not to be applied to

homestead protection rights. Borrowers who do act in "good faith" are given 90 days instead of 45 days to execute a buyout. The credit title restricts leaseback and buyout rights to farm and ranch real estate and to the principal residence, taking these rights away from other FmHA indebted assets.

Debt buyouts must now carry a 10-year recapture agreement with the Secretary, instead of 2 years. The agreement requires the former borrower to repay any gain on real estate collateral sold within the period, thereby reducing the potential of a financial windfall to the former borrower. Recapture will now be calculated as the difference between the net recovery value and the fair market value of the property at the time of sale by the former borrower. The amount recaptured by the Secretary cannot exceed the principal and interest outstanding on the loan at the time of buyout. Recapture is not activated if the sale or transfer is to a spouse or child who is actively engaged in farming on the property and results from death or retirement of the former borrower.

To limit the potential for financial windfall and reduce the incentive to remain delinquent, borrowers with loans made after January 6, 1988, are limited to one lifetime debt buyout or writedown. Borrowers with loans made prior to January 6, 1988, and who have these loans restructured after that date become subject to the one-time limitation. Regardless of when the borrower's loan was made, lifetime debt forgiveness of principal and interest is now limited to \$300,000 per borrower. Prior legislation did not restrict the number of or the amount of debt forgiveness that a borrower could receive.

Disposition of Inventory Property

The credit title modifies rules governing the disposal of FmHA's inventory property. Farm real estate classified as suitable for an FmHA-eligible borrower must now be held in inventory for purchase by an eligible borrower for 1 year instead of 3 years. When selling suitable property, preference is to be given to beginning farmers and ranchers. When two or more applicants are eligible to purchase an inventory parcel, the Secretary will randomly select among the applicants. The credit title also grants persons leasing real property from FmHA that became inventory before January 6, 1988, the right to exercise purchase rights for 90 days after enactment of the 1990 Act.

An inventory farm or ranchland classified as suitable must now be priced at its appraised market value. Other property classifications can be sold at values determined by advertised bids or negotiated sales. With respect to inventory property once held by an Indian borrower within a reservation, the credit title grants tribal members, an Indian corporation, or the tribe the option to exercise purchase or leasing rights for up to 180 days after enactment of the 1990 Act. If the rights are not exercised, the land is transferred to the Secretary of the Interior.

Disposition of Inventory Property with Wetlands

In accordance with the conservation title of the Food Security Act of 1985, the Secretary must establish perpetual wetland conservation easements to protect and restore wetlands or converted wetlands that exist on inventory property. To avoid adverse effects on the productivity of cropland, conservation easements are to be limited to 10 percent of the existing cropland for wetlands that have been in cropland use and converted to that use prior to December 23, 1985, and to 20 percent of existing cropland on wetlands that have been frequently planted. For property with wetlands and a history of haying or grazing, conservation easements are required, but cannot exceed 50 percent of the parcel's existing forage lands. If establishment of easements would prevent an inventoried parcel from being suitable for sale or lease by a beginning farmer or rancher, then the easement size can be reduced.

Cancellation of Debt for Conservation Easements

The credit title strengthens rules introduced by the Food Security Act of 1985 permitting cancellation of borrower debt in return for granting FmHA conservation easements for wetlands, upland areas, and highly erodible land associated with the loan. Existing direct FmHA borrowers with delinquent loans issued after December 25, 1985, and qualifying applicants purchasing suitable inventory property, can now apply. The amount of debt canceled is to be in the same proportion as the conservation easement's share of the total acreage securing the loan. For borrowers with delinquent loans, debt cancellation is not to exceed the value of the land acquired for the easement or the difference between the parcel's value and the amount owed against it; for new applicants, the cancellation is limited to 33 percent of the loan amount.

Soil and Water Loan

The cap on soil and water loans has been lowered to \$50,000 per borrower. The caps were previously \$300,000 for guaranteed loans and \$200,000 for direct loans. For the first time, loans can be made at limited-resource (subsidized) interest rates. When issuing loans, priority is to be given to purposes that comply with the conservation title of the Food Security Act of 1985. The 1990 Act includes broader and more current definitions of conservation practices that qualify for such loans. These practices include installing conservation structures, including terraces, sod waterways, permanently vegetated stream borders and filter strips, windbreaks, shelterbelts, and living snow fences; establishing forest cover for sustained yield timber management and erosion control; establishing or improving permanent pasture; converting to and maintaining USDA approved sustainable agricultural production systems; as well as other approved soil and water conservation practices. Loans are not to be made for draining, dredging, filling, or otherwise altering an existing wetland as defined by the Food Security Act of 1985.

Authorized Loan Amounts

Authorization levels for FmHA farmer loan programs were amended by the 1990 Budget Act. The 1990 Budget Act sets fiscal years 1991-95 funding levels for insured (direct) and guaranteed farm ownership and farm operating loan programs (table 3). However, actual lending authority for different programs each year is determined by a formula which specifies how much lending authority is to be transferred from insured to guaranteed lending. The amount transferred between farm ownership and operating loans is to be proportional to the original authorization.

For a given year, the formula specifies that if more than 70 percent of guaranteed loans in the previous fiscal year were issued to persons who had not previously received an insured loan, then the transfer of funding from insured to guaranteed loan programs must be reduced. The amount transferred is then multiplied by the ratio of persons not previously receiving a guaranteed loan or an insured loan, to the total number of borrowers issued guaranteed loans in the previous fiscal year. This formula reduces the funding transfer to guaranteed loan programs if the percentage of borrowers with guaranteed loans who are receiving assistance for the first time is very low.

Credit Supervision

The credit title strengthens the credit supervision and the loan application process. FmHA is required to standardize the evaluation of loan applications and can now perform evaluations through contracted third parties. Borrowers may now be certified eligible for FmHA loans for up to 2 years by the county committee, instead of 1 year. Direct loans must now be reviewed at least biannually and guaranteed loans at least annually to assess the progress of a borrower in meeting the operation goals of the farm or ranch. Loan forms, credit terminology, and loan underwriting standards similar to

Table 3--FmHA authorization levels for farmer loan programs, fiscal years 1991-95

Type of loan	1991	1992	1993	1994	1995
<u>Million dollars</u>					
Direct (insured) loans:					
Farm operating	936	973	1,012	1,053	1,095
Farm ownership	83	87	90	94	97
Total direct loans	1,019	1,060	1,102	1,147	1,192
Guaranteed loans:					
Farm operating	2,412	2,509	2,609	2,713	2,822
Farm ownership	744	774	805	837	871
Total guaranteed loans	3,156	3,283	3,414	3,550	3,693
Annual authorization level transfer from direct to guarantee loan programs <u>1/</u>	482	614	760	859	907

1/ The amount the Secretary must transfer from direct to guaranteed funding. If more than 70 percent of guaranteed loans in the preceding fiscal year went to borrowers not previously receiving direct loans, then the transfer is reduced by the ratio of the number of guaranteed borrowers not previously receiving a direct or guaranteed loan to the total number of borrowers provided guaranteed loans. The amount transferred must be proportional to the original authorization shares for farm operating and farm ownership programs.

those used by private sector lenders are to be adopted. But, regulations for these are not to be issued until a study of their effects on borrowers is issued to Congress.

Training

As a condition of receiving a direct or guaranteed loan, borrowers may now be required to undergo training on financial and farm management concepts, as determined by the county committee. The Secretary may contract with State or private providers of farm management services to provide the training. FmHA is required to provide county committee members annual training and supply them with a training manual covering laws and regulations.

Limited-Resource Rates

Limited-resource interest rates (the subsidized rate available to the most needy borrowers, as determined by the Secretary) for direct farm ownership and farm operating loans are to be set at half of the current average yield on U.S. Government obligations having maturities of 5 years, but not set below 5 percent. The Secretary can add up to 1 additional percentage point to the calculated rate. Also, the Secretary is authorized to charge interest on interest payments that are less than 90 days past due.

Assistance for Farm Ownership

Authority was given to appropriate \$2.5 million annually for fiscal years 1991 to 1995 to fund a farm ownership outreach program that will provide loans to help socially disadvantaged individuals purchase farms or ranches (see "Title XXV--Other Related Provisions"). The Secretary must extend for an additional year a demonstration project with the Farm Credit System that provides FmHA loan guarantees and reduced interest rates for the purchase of farmland held by the Farm Credit System.

Guaranteed Loans Encouraged

The credit title contains provisions to facilitate better use of the guaranteed farm loan programs. To assist borrowers in graduating from insured (direct) loans to guaranteed loans supplied by private sector lenders, FmHA must establish a market placement program for borrowers who are able to graduate. Lenders participating in the loan guarantee programs are no longer required to fully liquidate a guaranteed loan to receive loss payments from FmHA. Partial liquidations can help the borrower avoid foreclosure, helping some borrowers remain in farming.

The Secretary must repeal the matching requirement of the Interest Rate Buydown Program. Borrowers can still receive interest rate writedowns on guaranteed loans of up to 4 percentage points, but lenders are no longer required to contribute half of the writedown. The period of interest rate assistance is no longer limited to 3 years and authority for the program extends through fiscal year 1995.

Other Provisions

The credit title includes the following miscellaneous provisions.

Appraisals

If a borrower, based on an independent appraisal, objects to an FmHA appraisal, the borrower may request a third appraisal be completed by a mutually agreed upon independent appraiser. The borrower must cover half of this cost. The average of the two closest appraisals becomes the final appraisal value.

American Indian Land Acquisition

Annual appropriations for the Indian Tribe Land Acquisition loans for fiscal years 1991-95 increase from \$1 million to \$8 million. Funds are to be distributed on a reservationwide basis instead of a countywide basis. Loans become eligible for limited-resource interest rates.

State Farm Loan Mediation Programs

The credit title extends the authority of the Secretary to provide matching funding for State-sponsored farm loan mediation programs through fiscal year 1995.

"Bad Faith" and Normal Income Security

If a borrower sold a normal income security without approval prior to October 14, 1988, and used the proceeds for usual living and operating expenses, and if the borrower would have been eligible for release under current regulations, then the borrower is not considered to have acted in "bad faith" with FmHA.

Farm Credit System

The credit title includes the following provisions relating to the Farm Credit System.

Secondary Market for FmHA-Guaranteed Loans

To further lender participation in the Farmers Home Administration's guaranteed lending programs, the Farm Credit Act of 1971 is amended to allow the Federal Agricultural Mortgage Corporation (Farmer Mac) to establish and operate a secondary loan market for FmHA-guaranteed agricultural loans.

Farm Credit System Lending Authority

The credit title makes other amendments to the Farm Credit Act of 1971, but most changes are technical in nature. Farm Credit Banks and Production Credit Associations are no longer prohibited from making loans to marketers and processors of agricultural commodities where less than 20 percent of the facilities throughput was derived by the owners' production. However, loans to owners with less than 20 percent throughput are not to exceed 15 percent of aggregate bank or association volume for a district. The California Livestock Production Credit Association is allowed to leave the Farm Credit System with \$1 million in capital. Farm Credit Banks will be required to increase their regulatory reporting requirements, especially concerning the use of government guaranteed loans.

Study On Credit

The Comptroller General (General Accounting Office) is required to report to Congress within 2 years on the cost, adequacy, and availability of rural and agricultural credit. The report is to pay particular attention to pricing policies, competitiveness, and financial strength of the Farm Credit System.

Title XIX--Agricultural Promotion

Bruce H. Wright

Title XIX authorizes new assessment-funded research and promotion programs for soybeans, pecans, mushrooms, limes, and fluid milk. It also amends the Potato Research and Promotion Act; the Cotton Research and Promotion Act; the Honey Research, Promotion, and Consumer Information Act; and the National Wool Act of 1954.

Pecan Promotion and Research Act of 1990

The Pecan Promotion and Research Act authorizes a nationally coordinated pecan research and promotion program. Pecans used for nonfood purposes may be exempted from the program.

The program will be conducted under a pecan promotion and research order. A proposal for a pecan program will be published in the Federal Register for comment. The order, as proposed or modified, is effective no later than 150 days after its publication.

The Secretary will appoint a Pecan Marketing Board to carry out the program. This 15-member Board will consist of eight growers, four shellers, one handler, one importer, and one public representative.

The Secretary will hold a referendum within 2 years following the formation of the pecan promotion and research program. This referendum will determine whether the program will continue. If a majority of those voting support the program, it will continue.

Growers and grower handlers will pay assessments to first handlers who will pay the assessments to the Board when purchasing or marketing U.S. pecans. Importers will pay the assessments when pecans enter the United States. The rate of assessment will initially be one-half cent per pound for in-shell pecans. After the referendum is held, the rate is 2 cents per pound. The rate for shelled pecans is twice the rate for in-shell pecans. States may require a special assessment to fund State marketing board research.

Mushroom Promotion, Research, and Consumer Information Act

The Mushroom Promotion, Research, and Consumer Information Act authorizes a nationally coordinated program for mushroom promotion, research, and consumer information.

The program would be conducted under a mushroom promotion, research, and consumer information order. A proposal for such an order is to be published in the Federal Register no later than 60 days after the receipt of a request and proposal by an interested person or when the Secretary determines to propose an order. An order will become effective no later than 180 days following its publication, if approved by a majority of producers and importers voting in a referendum, who represent more than 50 percent of the total annual mushroom production and imports.

An appointed Mushroom Council will carry out the order. The Council will consist of between four and nine members. Members will represent regions that annually produce or import at least 35 million pounds of mushrooms.

A referendum among mushroom producers and importers must be conducted to determine whether the order will go into effect. The Secretary must conduct a referendum again in 5 years.

Assessments would be levied on those who produce or import over 500,000 pounds of mushrooms per year. The rate of assessment would be up to one-quarter cent per pound the first year, one-third cent per pound the second year, one-half cent per pound the third year, and no more than 1 cent per pound thereafter.

Potato Research and Promotion Act Amendments

This section amends the Potato Research and Promotion Act to permit the elimination of the refund provision; to permit the assessments on imported tablestock, frozen, processed, or seed potatoes; to propose representation of potato importers on the National Potato Promotion Board; to extend coverage of the Potato Act to Alaska and Hawaii; to extend comparable reporting and recordkeeping requirements of domestic handlers to importers; and to change referendum approval requirements from two-thirds to a majority.

The National Potato Promotion Board shall carry out the plan. The Board is currently composed of 95 producers and one public representative. Up to five importers must be added if the amendments are approved in a referendum.

The amendments to include importers in the potato program and to eliminate refunds of assessments must be published in the Federal Register for comment within 60 days after receipt of a request by a producer or by a producer organization. The Secretary shall issue final amendments to the plan no later than 150 days after publication.

The Secretary must conduct a referendum within 2 years to determine whether to continue the amendments. These amendments are continued if a majority of the producers and importers voting in the referendum support their adoption. Since importers would be included under the order, the Secretary must conduct a referendum among importers to determine if they favor the plan.

Lime Research, Promotion, and Consumer Information Act

The Lime Research, Promotion, and Consumer Information Act enables domestic producers, producer-handlers, and importers of fresh limes to develop, finance, and carry out a nationally coordinated program for lime promotion, research, and consumer information.

The program would be conducted under a lime research, promotion, and consumer information order regulated by the Secretary. A proposal for an order will be published in the Federal Register for comment. The order would be administered by a Lime Research and Promotion Board appointed by the Secretary. Board members would include seven producers, three importers, and one public representative.

Within 2 years of enactment of the 1990 Act, the Secretary will hold a referendum to determine if the program should continue. In order to continue the program, a majority of the producers, producer-handlers, and importers voting in the referendum must vote in favor of the program.

Assessments would be levied on those who produce or import more than 35,000 pounds of limes per year. The maximum assessment rate would be 1 cent per pound of fresh limes.

Soybean Promotion, Research, and Consumer Information Act

The Soybean Promotion, Research, and Consumer Information Act provides authority to generate funds to conduct research, promotion, and consumer information programs for soybeans and soybean products.

A proposal for a soybean promotion, research, and consumer information order is to be published in the Federal Register for comment within 30 days after receipt. The order would become effective no later than 180 days following its publication.

The program would be carried out by the U.S. Soybean Board appointed by the Secretary. The Board will consist of members representing different geographical soybean-producing areas.

A referendum is required 18-36 months after issuance of the order to determine whether the order would be continued. A majority of those producers voting in the referendum would have to approve continuing the order.

The assessment rate shall be one-half of 1 percent of the net market price of soybeans sold by the producer to the first purchaser. Each first purchaser of soybeans from a producer shall collect the assessment from the producer.

Honey Research and Promotion Act Amendments

The 1990 Act amends the Honey Research and Promotion Act to revise the provisions concerning the board and committee nominations, give exemptions to home use and donation honey and to producers whose production is less than 6,000 pounds, and revise provisions for importer refunds. Assessments are 1 cent per pound.

National Wool Act Amendments

The 1990 Act amends the National Wool Act of 1954 to change the vote for referendum approval from two-thirds to a majority of producers or a majority of production.

Cotton Research and Promotion Act

Title XIX amends the Cotton Research and Promotion Act to provide the authority to assess imports, to include importers on the Cotton Board, to increase the amount the Secretary can be reimbursed for conducting a referendum, to exempt de minimis imports as established by the Secretary, to terminate the producer's right to demand a refund of assessments, and to review once every 5 years whether a referendum is needed to determine if cotton producers and importers favor continuing or implementing the 1990 amendments.

These amendments become effective when a majority of those producers and importers voting in a referendum approve them. The Secretary must conduct a referendum within 8 months.

The assessment rate for the order shall be \$1.00 per bale of cotton handled, supplemented by an additional per bale amount that does not exceed 1 percent of the value of the cotton as determined by the Board and the Secretary. The rate of assessment on cotton imports shall be established by the Secretary in a fair and equitable manner.

Fluid Milk Promotion Act

The fluid milk promotion provisions provide for developing, financing, and carrying out a nationally coordinated program of advertising designed to strengthen the position of the dairy industry and to maintain and expand markets and uses for fluid milk products produced in the United States.

A processor-funded milk promotion order is issued by the Secretary if fluid milk processors who market 30 percent or more of all fluid milk products propose such an order. The proposal will be published in the Federal Register for comment. The program will apply to milk products with less than 20 percent total milkfat solids. The program will not include evaporated or condensed milk, or infant formula. The order would be prohibited from any advertising using private brand names.

The Secretary will appoint a National Processors Advertising and Promotion Board to carry out the program. The Board will consist of 12-15 fluid milk processors representing geographic regions and 5 additional at-large members, of which 3 must be processors and at least 1 a public representative.

The Secretary must conduct a referendum to determine whether the order is implemented. If a majority of the processors voting approve the order, it is established. In addition, these voting processors must represent 60 percent or more of the volume of the fluid milk products marketed by all processors.

The rate of assessment may not exceed 20 cents per hundredweight of fluid milk products marketed. The assessment shall not reduce the prices paid under the Federal milk marketing orders or in any other way reduce the price paid to milk producers.

Miscellaneous Provisions

Prior to introducing regulations for or amending any research or promotion order or plan that provides for an assessment on imports, the Secretary must consult with the U.S. Trade Representative (USTR) regarding the consistency of the provisions with U.S. international obligations. The Secretary must take all necessary and appropriate steps to ensure that any order or plan or amendments to them and the implementation and enforcement of any order or plan as it relates to imports are nondiscriminatory and comply with the U.S. international obligations as interpreted by the USTR.

Title XX—Grain Quality

Lori Lynch

Title XX, the Grain Quality Incentives Act of 1990, establishes a 10-year USDA Committee on Grain Quality and a Grain Quality Coordinator whose duties include reviewing and investigating information and activities relating to grain quality. Exported corn must be tested for aflatoxin contamination, unless a contract between the buyer and seller exempt the corn from testing. The Secretary must establish premiums and discounts in price support loans related to quality standards.

Grain Quality Committee and Coordinator

The Secretary must establish a Committee on Grain Quality and appoint a Grain Quality Coordinator. In coordination with the Committee, the Coordinator must evaluate the concerns and problems with grain quality expressed by buyers, must develop and implement an effort to inform and educate foreign buyers about contract specifications so they may obtain the quality of grain they desire, must review USDA programs and activities for consistency with the provisions of this title, must coordinate grain quality activities or programs in the Federal Government, and must investigate USDA actions taken on grain quality issues and communicate findings to House and Senate agriculture committees.

Grain Standards

Title XX amends the U.S. Grain Standards Act by adding to the congressional declaration of policy that the official U.S. standards for grain should reflect economic value-based characteristics of the end-uses of grain. Grain standards should also accommodate scientific advances in testing and new knowledge concerning factors related to the end-use performance of grain.

The 1990 Act also provides that, if after a comprehensive study of changing standards the Administrator of the Federal Grain Inspection Service (FGIS) determines to do so, then the Administrator of FGIS must establish or amend grain grades and standards to include "economically and commercially practical levels of cleanliness" (such as dockage and foreign material) for wheat, corn, barley, sorghum, and soybeans meeting the requirements of grade U.S. No. 3 or better. Any standards would be phased in by incremental decreases in the levels of objectionable material permitted in shipments of grade 3 or better. The requirements are to be fully implemented no later than 6 years from enactment of the 1990 Act. The 1990 Act also provides that official grade-determining factors and factor limits be included in the grain standards to reflect the levels of soundness and purity that are consistent with end-use performance goals of each grain. For grades 3 and better, the factors and factor limits should strive to provide users with the best possible information to determine end-use product quality.

FGIS may prohibit the contamination of sound and pure grain with nongrain substances, grain unfit for ordinary commercial purposes, and grain exceeding the Food and Drug Administration's action limits or the residue tolerance level set by the Environmental Protection Agency. The blending of an entire grade of grain, however, cannot be prohibited. However, no prohibition enacted by FGIS may be interpreted as restricting the marketing of any grain so long as the grade or condition of the grain is properly identified.

FGIS may work with the National Institute for Standards and Technology and the National Conference on Weights and Measures to identify inspection instruments requiring standardization, establish performance criteria for inspection instruments, develop a program to approve such instruments, and develop standard reference materials for calibration or testings. FGIS will develop practical and cost-effective procedures for commercial inspection of grain that result in premiums and

discounts to ensure all producers are treated uniformly. In addition, the 1990 Act provides for the establishment of uniform standards for aflatoxin testing equipment. In addition, FGIS must establish uniform testing procedures and sampling techniques for processors, refiners, operators of grain elevators and terminals, and any others to accurately detect the level of aflatoxin contamination of corn in the United States.

Quality Standards for Farmer-Owned Reserve and Commodity Credit Corporation Grains

The Secretary must review standards concerning the quality requirements of grain entering into the Farmer-Owned Reserve (FOR) to encourage the entry of only quality grain in the program.

Beginning with the 1991 crops of wheat, feed grains, and soybeans, the Secretary must establish premiums and discounts related to cleanliness factors, in addition to any other premiums or discounts related to quality, for use in the price support program.

Also, the Secretary must establish minimum-quality standards for grain stored by the Commodity Credit Corporation (CCC). Factors related to the ability of grain to withstand storage and assurance of acceptable end-use performance must be considered in developing these standards. The CCC will use FGIS approved procedures to inspect and evaluate the condition of grain.

Aflatoxin Testing of Corn

Title XX directs FGIS to require that all corn exported from the United States be tested for aflatoxin contamination. However, the contract between buyer and seller can stipulate that aflatoxin testing not be conducted. (Almost 95 percent of U.S. corn exported is currently tested for aflatoxin contamination.)

Other Provisions

Grain submitted for public testing must be evaluated for specific agronomic performance and intrinsic end-use performance characteristics. The Secretary must conduct, compile, and publish a periodic survey of grain varieties commercially produced in the United States. Varieties must be analyzed to determine intrinsic quality characteristics and trends in production. Information on varietal performance must be disseminated to plant breeders, producers, and end-users.

The Secretary may provide technical assistance to grain producers and elevator operators for installing or improving grain cleaning, drying, or storing equipment.

Title XX also encourages the Agricultural Research Service and land-grant universities to place increased emphasis on grain variety evaluation and on the development of objective tests for end-use properties of grains.

Title XXI—Organic Certification

Lori Lynch

Title XXI, the Organic Foods Production Act of 1990, requires the Secretary to establish an organic certification program setting national standards for the production and handling of organically produced foods. Congress seeks to establish national standards governing the marketing of certain agricultural products as organically produced products, to assure consumers that organically produced products meet a consistent standard, and to facilitate interstate commerce in fresh and processed food that is organically produced. Within 540 days of enactment of the 1990 Act, the Secretary must issue proposed regulations to carry out these provisions.

National Standards for Organic Production

The Secretary must establish an organic certification program for producers and handlers of agricultural products that have been produced using organic methods. The Secretary must consult with the National Organic Standards Board (defined below) in developing this program and in developing the national list (also defined below). The Secretary shall implement the program through certifying agents. Certifying agents are State officials and any persons, including private entities, who have been accredited by the Secretary to certify farms or handling operations as certified organic farms or handling operations. Procedures that allow producers and handlers to appeal an adverse administrative determination must be provided for in the certification program.

The organic certification program requires that certifying agents annually conduct onsite inspections of each farm and handling operation. If certifying agents become aware of a violation of applicable laws relating to food safety, they are required to report the violation to the appropriate health agencies. The Secretary, the applicable State official, or the certifying agent must conduct an investigation to determine if the organic certification program has been violated, and may require the producer or handler to prove that a prohibited substance was not applied to the product.

The certification program must provide for appropriate and adequate enforcement procedures which have been determined by the Secretary to be necessary and consistent. In addition, the program must provide for public access to documents and laboratory analyses pertaining to certification. The collection of reasonable fees from producers, certifying agents, and handlers participating in the program is permitted.

The organic certification program must provide that any agricultural product sold or labeled as organically produced must be produced only on certified organic farms, be handled only through certified organic handling operations, and be produced and handled in accordance with the program. Organic producers and handlers must establish an organic plan (defined below). Each certified organic farm and handling operation must annually certify to the Secretary, the applicable State official, and the certifying agent that they are following the standards for organically produced foods established through this legislation.

The organic certification program may certify an entire farm. It also may certify specific fields if (1) they have distinct, defined boundaries and buffer zones separating these fields from fields not being cultivated using organic methods; (2) records for all organic operations are kept separately from records relating to other operations; (3) these records are available at all times for inspection by the Secretary, certifying agents, and applicable State official; and (4) appropriate physical facilities, machinery, and management practices are established to prevent the possibility of mixing organic and nonorganic products or a penetration of prohibited chemicals and other substances on certified areas.

The program may also provide reasonable exemptions from specific requirements of the legislation if agricultural products produced on certified organic farms are subject to a Federal or State emergency pest or disease treatment program.

Producers who operate certified farms or handling operations must maintain records concerning the production or handling of organic products for 5 years. These records must include a detailed history of substances applied to the fields or the agricultural products, the dates, rates, and method of application of the substances, as well as the names and addresses of the person who applied the substances.

If a production or handling practice is not prohibited or restricted by this legislation, the practice must be permitted unless it is determined that it would be inconsistent with the applicable organic certification program.

To be sold or labeled as an organically produced agricultural product, an agricultural product (1) must have been produced and handled without the use of synthetic chemicals except for the exemptions to be determined and specified on the national list; (2) must not have been produced on land to which any prohibited substances, including synthetic materials, have been applied during the preceding 3 years (excluding livestock products); and (3) must have been produced and handled according to an "organic plan" approved by the certifying agent. Organic food labels may indicate that the product meets USDA standards for organic production and may incorporate the USDA seal.

On or after October 1, 1993, no one may use a label or provide other market information about an agricultural product if the label or information directly or indirectly implies that the product is produced and handled using organic methods if the product has not been produced using the organic methods specified in this legislation. Farmers who annually sell less than \$5,000 in value of agricultural products are exempted from certain provisions of the legislation. If the Secretary determines that imported agricultural products have been produced and handled under an organic certification program which has equivalent requirements to the U.S. program, then these imported products may be sold or labeled as organically produced.

Prohibited Crop Production Practices and Materials

Producers must not apply materials to or engage in practices on seeds or seedlings that are inconsistent with the organic certification program. Producers who want their farms certified must not use fertilizers containing synthetic ingredients or any commercially blended fertilizers containing prohibited materials, or use phosphorous, lime, potash, or any other materials that are inconsistent with the organic program as a source of nitrogen. Producers must not use natural poisons such as arsenic or lead salts that have long-term effects and persist in the environment, use plastic mulches unless they are removed at the end of each growing or harvest season, or use transplants that are treated with any synthetic or prohibited materials.

Organic Plan

A producer or handler seeking certification must submit an organic plan to the certifying agent and the State organic certification program if applicable. The certifying agent will review the plan and determine if it meets the requirements of the organic program. An organic plan must not include any production or handling practices that are inconsistent with this legislation.

An organic plan for crop production must contain provisions designed to foster soil fertility, primarily through the management of the organic content of the soil through proper tillage, crop rotation, and manuring. The plan must also contain terms and conditions that regulate manure application to crops.

The plan may provide for raw manure applications only to green manure crops, perennial crops, and crops not for human consumption. Raw manure may only be applied on a crop for human consumption if this crop is harvested after a reasonable period of time to ensure the safety of the crop, but never less than 60 days after the raw manure application. This organic plan must prohibit raw manure from being applied to any crop in a way that significantly contributes to water contamination by nitrates or bacteria.

An organic livestock plan must contain provisions designed to foster the organic production of livestock consistent with the legislation.

An organic handling plan must contain provisions designed to ensure that agricultural products that are sold or labeled as organically produced are produced and handled in a manner consistent with this legislation.

An organic plan for harvesting wild crops must designate the area from which the wild crop will be gathered or harvested and include a 3-year history of area management showing that no prohibited substances have been applied. It must also include a plan for harvesting or gathering in an environmentally nondestructive way that will sustain the growth and the production of the wild crop. The plan must also include provisions that producers will not apply any prohibited substances.

Residue Testing

The Secretary, the applicable State official, and the certifying agent must conduct residue testing of products sold or labeled as organically produced to assist in the enforcement of the organic food standards. The Secretary, applicable State official, or the certifying agent may require preharvest tissue testing of any crop grown on soil suspected of harboring contaminants. If products sold or labeled as organically produced contain any detectable pesticides, other nonorganic residues, or prohibited natural substances, the Secretary, the applicable State official, or the certifying agent must conduct an investigation to determine if the organic certification program has been violated. Producers and handlers may be required to prove that no prohibited substance was applied to the product. If it is determined that the residue is a result of an intentional application of a prohibited substance or that the residue is greater than unavoidable residual environmental contamination as prescribed, the product cannot be sold or labeled as organically produced.

State Organic Certification Programs

Each governing State official may submit a plan for the establishment of a State organic certification program for the Secretary's approval. This plan must meet the requirements of this legislation and with the Secretary's approval, may contain additional, more restrictive certification, production, and handling requirements. Any additional requirements must further the purposes of and be consistent with the Organic Foods Production Act. A State cannot restrict agricultural commodities organically produced according to the Federal regulations in other States from being sold in its State. Before implementing a State program, the Secretary must approve it; after approval, the Secretary must review it within every 5-year period. Any substantive changes to a State program must be submitted by the applicable State official for the Secretary's approval before the changes are implemented.

Animal Production Practices and Materials

Any livestock that is slaughtered, sold, or labeled as organically produced must be raised according to the organic standards to be established by this legislation. Breeder stock may be purchased from any source if not in the last third of gestation. For organic livestock, producers must feed the animals organically produced feed that meets the requirements of this legislation, and they must not use feed

containing plastic pellets for roughage, feed formulas containing urea, or manure refeeding. No growth promoters and hormones, whether implanted, ingested, or injected, including antibiotics and synthetic trace elements used to stimulate growth or production of livestock, may be used. Producers must not use subtherapeutic doses of antibiotics, must not use synthetic internal parasiticides on a routine basis, or must not administer medication other than vaccinations in the absence of illness.

Except for day old poultry, all poultry from which eggs or meat will be sold or labeled as organically produced must be raised and handled according to the national organic food standards prior to and during the sale period. Dairy animals, from which milk and milk products will be sold or labeled as organically produced, must be raised and handled according to the organic food standards for at least 12 months prior to labeling the product organically produced. Producers must ensure that organically produced meat does not come in contact with nonorganically produced meat. To be certified as an organic livestock farm, producers must keep adequate records and maintain a detailed, verifiable audit trail for each animal or flock so that each can be traced back to the farm. These records must include amounts and sources of all medications administered, and all feeds and feed supplements bought and fed to the animals.

The National Organic Standards Board must recommend additional standards for the health care of livestock to ensure that livestock are organically produced. The Secretary must hold public hearings and must develop detailed regulations, with notice and public comment, to guide the implementation of the standards for livestock products.

Handling Operations

The organic certification program may provide for certification of an entire handling operation or parts of a handling operation. The operators of the handling operation must maintain records of all organic operations separate from records of other operations and make these records available for inspection at all times to the Secretary, the applicable State official, and the certifying agent. The operators also must have appropriate physical facilities, machinery, and management practices to prevent the possibility of a mixing of organic and nonorganic products as well as the penetration of prohibited chemicals and other substances into the certified area.

For a handling operation to be certified as organic, employees must not add any synthetic ingredient to any agricultural product during processing or any post-harvest handling of the product. They must not add any ingredient known to contain levels of nitrates, heavy metals, or toxic residues in excess of those permitted by the applicable organic certification program. Handling employees must not add any sulfites, nitrites, or nitrates, or use water that does not meet all Safe Drinking Water Act requirements. They must not add any ingredient that is not organically produced unless the ingredients are included on the national list and represent no more than 5 percent of the weight of the total finished product (excluding water and salt). No packing materials, storage containers, or bins that may contain synthetic fungicides, preservatives, or fumigants may be used. Bags or containers that have previously been in contact with a substance that may compromise the organic quality of the product may not be used.

If a processed product contains at least 50 percent organically produced ingredients by weight, excluding water and salt, the word organic may be permitted by the Secretary on the principal display panel only to describe the organically produced ingredients. If a processed product contains less than 50 percent organically produced ingredients by weight, excluding water and salt, the word organic may be permitted by the Secretary in the ingredient listing panel to describe only those ingredients that are organically produced.

National Organic Standards Board

The Secretary must establish a National Organic Standards Board (NOSB) to assist in developing standards for substances to be used in organic production and to advise the Secretary on other aspects of the legislation's implementation. The Board will be composed of 15 members of which:

- Four must own or operate an organic farming operation.
- Two must own or operate an organic handling operation.
- One must own or operate a retail establishment with significant trade in organic products.
- Three must have expertise in areas of environmental protection and resource conservation.
- Three must represent public interest or consumer interest groups.
- One must have expertise in the fields of toxicology, ecology, or biochemistry.
- One must be a certifying agent.

The Secretary must appoint NOSB members from nominations received from organic certifying organizations, States, and other interested persons and organizations. Members of the NOSB will serve a 5-year term without compensation. A member cannot serve consecutive terms unless the member served an original term that was less than 5 years. The NOSB must provide recommendations to the Secretary regarding the implementation of this title. The NOSB must develop the proposed national list and proposed amendments to the national list. Prior to the establishment of the national list, the Board must review all botanical pesticides used in agricultural production and consider whether any of them should be included in the list of prohibited natural substances. Botanical pesticides are natural pesticides derived from plants. The NOSB must also advise the Secretary concerning residue testing of organic products and the rules for exemptions from specific requirements of the legislation for products produced on certified organic farms that are subject to Federal or State emergency pest or disease treatment programs.

In evaluating substances considered for inclusion in the proposed national list, the NOSB must consider:

- The potential of such substances for detrimental chemical interactions with other materials used in organic farming systems.
- The toxicity and mode of action of the substance and of its breakdown products or any contaminants, and their persistence and areas of concentration in the environment.
- The probability of environmental contamination during manufacture, use, misuse or disposal of such substance.
- The effect of the substance on human health.
- The effects of the substance on biological and chemical interactions in the agroecosystem, including the physiological effects of the substance on soil organisms (including the salt index and solubility of the soil), crops, and livestock.

- The alternatives to using the substance in terms of practices or other available materials.
- Its compatibility with a system of sustainable agriculture.

National List

The Secretary must establish a national list of approved and prohibited substances for organic production and handling standards governing products to be sold or labeled as organically produced. The list must be itemized by specific use or application of each synthetic substance permitted or each natural substance prohibited. The national list must be based upon a proposed national list or proposed amendments developed by the NOSB. The Secretary may not include exemptions that allow the use of specific synthetic substances in the national list other than those proposed by the NOSB. Before establishing or amending the national list, the Secretary must publish NOSB's proposed national list or any proposed amendments in the Federal Register for public comment. The Secretary must include in this notice any changes to the proposals that the Secretary recommends. After evaluating all comments received regarding the proposed list or proposed amendments, the Secretary must publish the final national list in the Federal Register, along with a discussion of comments received. If the NOSB has not reviewed the exemptions or prohibitions within 5 years of adoption or last review and the Secretary has not renewed them, the exemptions and prohibitions of the national list become invalid.

The national list may provide for the use of substances that are otherwise prohibited only if:

- The Secretary determines that the use of such substances would not be harmful to human health or the environment, that it is necessary to the production or handling of an agricultural product because a wholly natural substitute product is unavailable, and that it is consistent with organic farming and handling.
- The substances are used in production and contain an active synthetic ingredient in the following categories: copper and sulfur compounds; toxins derived from bacteria; pheromones, soaps, horticultural oils, fish emulsions, treated seed, vitamins and minerals; livestock paracitocides and medicines; and production aids including netting, tree wraps and seals, insect traps, sticky barriers, row covers, and equipment cleansers.
- The substances are used in production and contain synthetic inert ingredients that are not classified by the Environmental Protection Agency as inerts of toxicological concern.
- The substances are used in handling and are nonsynthetic but are not organically produced.

The use of specific natural substances which are otherwise allowed may be prohibited if the Secretary determines that the use would be harmful to human health or the environment, is inconsistent with organic farming or handling, and is not consistent with the purposes of this legislation. The national list cannot permit any substance whose presence in food has already been prohibited by Federal regulatory action.

Accreditation Program

The Secretary must establish and implement a program to accredit the applicable State official and any private person who meet the requirements as certifying agents to certify farms or handling operations as organic. To be accredited, a State official or private person must submit an application and have sufficient expertise in organic farming and handling techniques as determined by the Secretary. Agents will be accredited for a period of no more than 5 years. An accreditation may be renewed.

To be accredited, a State official or private person must be able to fully implement the applicable organic certification program. An agent must employ a sufficient number of inspectors to implement the program. Agents must keep records concerning their activities for at least 10 years. USDA and State officials must have access to all of these records. If certifying agents dissolve or lose their accreditation, all records or copies of their records must be transferred to the Secretary and be made available to the applicable State official. Certifying agents must agree to carry out the provisions of this legislation and agree to other terms and conditions as the Secretary deems appropriate. They must also maintain strict confidentiality with respect to their clients and may not disclose any business-related information regarding a client to any third party except the Secretary or applicable State official.

Certifying agents must not inspect an operation in which they or their employees have or have had a commercial interest including providing any consulting services. They also must not accept payments, gifts, or favors from inspected businesses except the prescribed fees, or provide advice concerning organic practices or techniques for a fee except under the organic certification program. If the Secretary or State official determines that a certifying agent is not properly adhering to the organic provisions, then the Secretary or State official may suspend the accreditation. If accreditation is suspended, the Secretary or State official must promptly determine whether farming or handling operations certified by this agent may retain their organic certification.

The Secretary may establish a peer review panel of three or more people who have expertise in organic farming and handling methods to assist in evaluating the applications for accreditation of certifying agents. The peer review panel must have at least two members that are not USDA employees or employees of the applicable State government. In determining whether to approve an application for accreditation, the Secretary must consider the evaluation report prepared by the peer review panel.

Violations of Organic Standards

Any person who knowingly sells or labels a product as organically produced that has not been produced and handled according to this legislation is subject to civil penalties of no more than \$10,000. A person who makes a false statement, mislabels a product, or otherwise violates the purposes of the organic certification program, after notice and an opportunity to be heard, cannot be eligible to receive organic certification for 5 years. The Secretary may reduce or eliminate the period of ineligibility if the Secretary determines that a modification or waiver is in the best interests of the applicable organic certification program. Certifying agents must immediately report any violations to the Secretary or State official. If certifying agents violate the provisions of this legislation, they will lose their accreditation and will be ineligible to be accredited as an agent for at least 3 years.

Title XXII--Crop Insurance and Disaster Assistance

Lori Lynch

Title XXII amends title V of the 1938 Act (Federal Crop Insurance Act) which authorized federally subsidized insurance for most crops that are commercially grown. In addition, the title amends the Disaster Assistance Act of 1989 and extends disaster assistance for 1990 crops.

Crop Insurance

Crop insurance is currently available for a wide variety of crops, but is not always available in each location where a crop is grown.

Ensuring Actuarial Soundness and Information Collection

The Federal Crop Insurance Corporation (FCIC) must adopt rates and coverage that will improve the actuarial soundness of the current crop insurance policies. The FCIC must compile the insurance rates necessary to achieve actuarial soundness by region and by crop within 180 days after enactment of the 1990 Act. Premium rates for any rate deemed not actuarially appropriate may not be increased more than 20 percent per year from the previous year's comparable rates.

Beginning in the 1992 reinsurance year (July 1, 1991, through June 30, 1992), the FCIC must revise its reinsurance agreements so that the reinsured companies bear an increased share of any potential loss.

The 1990 Act encourages innovative policy development, such as insurance based on area losses. These policies must be submitted to the FCIC Board for approval. The Board may approve innovative policies if it finds that they adequately protect producers and that the premiums are actuarially sound.

To participate in the multiple-peril crop insurance program, all parties that hold 5 percent or more beneficial interest in a policy must submit their Social Security and employer identification numbers to the FCIC. Any person who intentionally provides false or inaccurate information may be fined up to \$10,000 and be disqualified from crop insurance benefits for up to 10 years.

The Board must establish standards to ensure all claims are adjusted in a uniform and timely manner to the extent practicable.

FCIC must provide to the Secretary current and complete Federal crop insurance information and a listing of agents for referral to be distributed to producers through local USDA offices.

Agricultural Stabilization and Conservation Service Yields and Dollar-Denominated Coverage

The 1990 Act authorizes FCIC to offer crop insurance coverage on the basis of the adjusted program yield established by the Agricultural Stabilization and Conservation Service (ASCS) rather than the recorded or appraised yield as established by the FCIC, when the ASCS yield is higher. Additional premiums that the Board determines actuarially sufficient are required to reflect the increased risk involved with the higher yield. This additional premium is not eligible for premium or administrative subsidies.

Beginning in the 1992 crop year, the FCIC will establish a price level for each commodity for insurance purposes. These levels cannot be less than the projected market price for the respective

commodity. Producers may then elect insurance coverage on the basis of any price election which is equal to or below this price level; the coverage is quoted in terms of dollars per acre.

Disaster Assistance

The Commodity Credit Corporation (CCC) has provided disaster assistance in recent years in counties where natural disasters have lowered farmers' production or prevented them from planting crops.

Clarifications of 1989 Disaster Assistance

A 1989 sugarcane producer will receive prevented planting credit for all acreage not planted due to disaster conditions beyond the producer's control minus the 1989 quantity of acreage of recoverable sugar. Sugarcane producers must apply for disaster assistance by January 15, 1991. If an application was received before enactment of the 1990 Act, the Secretary will recompute the amount of assistance due within 90 days of enactment.

If the Secretary determines that because of a natural disaster, producers had reduced yields for their 1989 crops of soybeans and nonprogram crops, then disaster payments must be made to them. Payments may also be made to producers of valencia oranges when yields were reduced by a freeze. Payments will be made on a crop-by-crop basis taking into account markets and uses of the crops. Payment levels will be determined separately for each crop. When determining the quantity of 1989 valencia oranges a producer was able to harvest, the Secretary must exclude 100 percent of the commodity that could not be sold in normal channels of trade due to a freeze. For soybeans and nonprogram crops, the Secretary must exclude 70 percent of the quantity which cannot be sold in normal channels due to weather damage. Any producer of valencia oranges is eligible for disaster payments if affected by a freeze and located in a county declared a disaster area by the President in 1989. Producers must submit applications by January 15, 1991. If an application was received before enactment of the 1990 Act, the Secretary must recompute the amount of assistance due within 90 days of enactment.

Amendments to the Disaster Assistance Act of 1989

The following disaster program payments are authorized by the 1990 Act, but payments can only be made if funds are specifically appropriated for these payments.

In the case of 1989 nonprogram crops that are historically double cropped (including two crops of the same commodity), the Secretary will treat each cropping activity separately when determining the level of weather damage to a crop and the total harvestable quantity. This applies in counties declared a disaster area by the President for that crop. Replacement crops are not eligible for disaster assistance.

To encourage tree owners to reestablish trees damaged by Hurricane Hugo, the Secretary will share up to 75 percent of the total costs of reforestation, site preparation, and other timber stand establishment practices with private timber stand owners. A private timber stand is defined as a stand of trees held for commercial purposes by a private individual, group, association, corporation, American Indian tribe or other American Indian group, or other legal entity, owning 1,000 acres or less of land planted to trees. The Secretary may consider, in determining the total cost of implementing eligible practices, any revenues from the sale of timber from private timber stands. Owners must submit a management plan developed in cooperation with the appropriate State official. Requests must be submitted by December 31, 1993. Payments are limited to \$50,000 per person. The assistance is available only in counties declared a disaster area by the President as a result of Hurricane Hugo.

If the production of 1990 sugarcane on any farm is less than 60 percent of county average yield multiplied by the acreage planted for harvest due to a disaster or a Presidentially declared emergency in Louisiana, then the Secretary must make reduced yield disaster payments. These disaster payments will equal 50 percent of the loan level multiplied by the shortfall in production greater than 60 percent of the crop.

Emergency Crop Loss Assistance

Although the following assistance is authorized, these payments are subject to appropriation of funds by Congress.

For 1990 program participants, the Secretary must make disaster payments if the Secretary determines that due to damaging weather or related conditions in 1989 or 1990, the 1990 production of the crop is less than 60 percent (for producers with crop insurance, less than 65 percent) of the farm program payment yield multiplied by the permitted acreage prevented from being planted. These payments will equal 65 percent of the target price multiplied by any shortfall in production greater than 40 percent (or for producers with crop insurance, 35 percent). To be eligible for payments, producers must agree to obtain multiperil crop insurance for their 1991 crops. The quantity of the crop on which deficiency payments will be paid will be reduced by the quantity on which disaster payments are made.

Producers who, due to 1989 and 1990 weather conditions, are unable to harvest a quantity equal to the farm program payment yield multiplied by the sum of the acreage planted for harvest and prevented plantings, will not be required to refund advance deficiency payments on the portion of the production shortfall that does not exceed 35 percent for crop insurance holders, and 40 percent for noninsured producers. Producers who have not elected to receive advance deficiency payments may elect to receive them within 30 days of the enactment of the 1990 Act. If the Secretary determines that some portion of the advance deficiency payments for the 1990 crops must be refunded, the refunds for the portion of the crop on which disaster payments are made will not be required before July 31, 1991. To be eligible for disaster payments, producers must agree to obtain multiperil crop insurance for their 1991 crops.

For producers who did not participate in the commodity programs for 1990 crops, the Secretary must make disaster payments if the Secretary determines that, due to damaging weather or related conditions in 1989 or 1990, the harvested quantity of the 1990 crop is less than 40 percent (for producers with crop insurance, less than 35 percent) of the county average yield multiplied by the sum of the planted and prevented planted acreage. Payments will equal 65 percent of the basic county price support rate multiplied by any production losses greater than 40 percent (or for producers with crop insurance, 35 percent). The maximum acreage eligible for prevented planting credit may not exceed the greater of either the 1989 planted and prevented planted acreage minus acreage actually planted for harvest in 1990, or the average of 1987, 1988, and 1989 planted and prevented planted acreage minus acreage actually planted in 1990. The disaster payments will be reduced by a factor equivalent to the Acreage Reduction Program (ARP) percentage. To be eligible for disaster payments, producers must agree to obtain multiperil crop insurance for their 1991 crop.

Peanuts, Sugar, and Tobacco

The Secretary must make disaster payments available for 1990 crops of peanuts, sugar beets, sugarcane, and tobacco, if the Secretary determines that, due to natural disaster in 1989 or 1990, a producer harvests less than 60 percent (or for producers with crop insurance, 65 percent) of the county average yield (or the program yield for peanuts) multiplied by the sum of the acreage planted and prevented planted. Prevented planted acreage cannot exceed the higher of either the acreage

planted and prevented planted to the commodity for harvest in 1989 minus any acreage planted in 1990, or the average of the 1987, 1988, and 1989 planted and prevented planted acreage minus acreage actually planted in 1990. The Secretary can make adjustments to the prevented planting credit to account for crop rotation practices and any quota changes for the 1990 tobacco crop. To be eligible for payments, producers must agree to obtain multiperil crop insurance for their 1991 crop.

These payments will be made on the production losses greater than 40 percent of the crop (35 percent for producers with crop insurance). For a producer of burley tobacco or flue-cured tobacco, payments will be made on the production losses greater than 40 percent of the farm's effective 1990 marketing quota (35 percent for producers with crop insurance). For peanuts, the payment rate will be 65 percent of the price support level for quota peanuts or the price support level for additional peanuts depending on which type of peanuts were deficient in production. For tobacco, the payment rate will be 65 percent of the national average price support rate for the type of tobacco involved, or, if no price support rate exists, then 65 percent of the market price. For sugar beets and sugarcane, the payment rate will be determined by the Secretary at a fair and reasonable level relative to their 1990 price support levels.

When calculating the production deficiency for quota peanuts, the quantity of peanut poundage quota that has been transferred from the farm will be subtracted. The quantity of undermarketings of 1990 quota peanuts from a farm cannot be used to claim future quota increases if payments are received on the deficiency of production. (For an explanation of undermarketings, see "Title VIII--Peanuts.")

The quantity of undermarketings of 1990 quota tobacco from a farm cannot be used to claim future quota increases if payments are received on the deficiency of production. The Secretary cannot consider these disaster payments in determining the CCC's net losses for the tobacco program.

When determining the total harvestable quantity of 1990 sugarcane, the Secretary must use the quantity of recoverable sugar.

Soybeans, Sunflowers, and Nonprogram Crops

The Secretary must make disaster payments available for 1990 soybeans, sunflowers, and nonprogram crops, if the Secretary determines that due to natural disaster in 1989 or 1990, for which assistance was not made under the Disaster Assistance Act of 1989, producers had reduced yields. Disaster payments will be made to soybean and sunflower producers who are able to harvest less than 60 percent (or for producers with crop insurance, 65 percent) of the product of the State, area, or county yields (adjusted for adverse weather conditions during the 1987, 1988, and 1989 crop years) multiplied by the sum of the acreage planted for harvest and the acreage for which prevented planting credit is approved by the Secretary. For nonprogram crop producers, disaster payments will be made if harvest is less than 60 percent (or for producers who obtained crop insurance, 65 percent) of the product of the yield established by the Commodity Credit Corporation multiplied by the sum of the acreage planted for harvest and the acreage for which prevented planting credit is approved by the Secretary. Nonprogram crops include all crops for which crop insurance through the FCIC was available for crop year 1990 and other commercial crops (including ornamentals, turf, and sweet potatoes), but do not include soybeans, sunflowers, peanuts, sugar, and tobacco.

Prevented planted acreage cannot exceed the higher of either the acreage planted and prevented planted to the commodity for harvest in 1989 minus any acreage planted in 1990, or the average of 1987, 1988, and 1989 planted and prevented planted acreage minus acreage actually planted for harvest in 1990. The payment rate will equal 65 percent of the simple average market price for the previous 5 years, dropping the high and low years. Payments will be made on the production losses greater than 40 percent (or for producers with crop insurance, 35 percent) for soybeans, sunflowers,

and nonprogram crops. To be eligible for payments, producers must agree to obtain multiperil crop insurance for their 1991 crop.

For nonprogram crops, if a producer can provide satisfactory evidence of actual crop yields for at least 1 of the immediately preceding 3 years, the CCC will base the farm yield on the proven yield. If the farm yield data do not exist, then the CCC will use a county average yield determined from the best available information.

The Secretary must make disaster payments available, if the Secretary determines that, due to natural disaster in 1989 or 1990, a 1990 honey producer harvested less than 60 percent (or for producers with crop insurance, 65 percent) of the historical annual yield and if disaster assistance had not been made under the Disaster Assistance Act of 1989. Payments will be made on the deficiency in production greater than 40 percent (or for producers with crop insurance, 35 percent). To be eligible for payments, producers must agree to obtain multiperil crop insurance for their 1991 crop.

If a crop is historically double cropped (including two crops of the same commodity), the Secretary will treat each cropping separately when determining whether each crop was affected by a natural disaster, and the eligible quantity for disaster payments. Replacement crops are not eligible for disaster payments.

When determining harvested quantities, the Secretary must exclude commodities that cannot be sold in normal commercial channels of trade, and dockage if dockage is not included in determining yields.

Crop Quality Reduction Disaster Payments

To ensure that all producers of 1990 crops are treated equitably, the Secretary may make additional disaster payments to producers who incurred losses of 35-75 percent resulting from a crop's reduced quality caused by natural disasters in 1989 or 1990 as determined by the Secretary. The per unit reduced quality disaster payments may not exceed 10 percent of the target price for program crops, of the basic county price support rate for program nonparticipants, and of the disaster payment levels established for peanuts, sugar, tobacco, soybeans, sunflowers, honey, and other nonprogram crops. Producers will be eligible for these payments on the portion of the actual harvested crop that has reduced quality.

Adjustments to Disaster Payments for Producers with Crop Insurance

If a producer has crop insurance for the 1990 crop, the Secretary must reduce the amount of disaster payments made available, if the sum of the net of crop insurance indemnity payments (gross payments minus premiums paid) received for the production loss and the disaster payments for the crop exceeds the product of 100 percent of the yield used to calculate disaster payments, multiplied by the sum of planted and prevented planted acreage, multiplied by either (1) the target price for program participants, (2) the 1990 basic county price support rate for program nonparticipants, (3) the disaster payment level for sugar, tobacco, and peanuts, or (4) the simple average market price for the preceding 5 years, excluding high and low years, for soybeans, sunflowers, honey, and other nonprogram crops.

Crop Insurance Coverage for the 1991 Crops

Producers must agree to obtain multiperil crop insurance for their 1991 crop if they wish to be eligible for disaster payments, emergency loans for crop losses due to natural disasters, or forgiveness for refunding advance deficiency payments. A producer will be exempt from obtaining 1991 crop

insurance only if a producer's production losses for the crop exceed 65 percent; crop insurance is not available to the producer; the annual premium rate would be greater than 125 percent of the county's 1990 premium rate; the annual premium rate would exceed 25 percent of payments, loans, or advance deficiency repayments sought; or if either ASCS or Farmers Home Administration (FmHA) county committees find that the purchase of crop insurance would pose an undue financial hardship on a producer. The Secretary must ensure that nonexempt producers obtain crop insurance. If producers cancel the insurance any time before the end of the 1991 crop year, they must repay disaster payments, emergency loans, and advance deficiency payments.

Payment Limitations

The total amount of payments that a person may receive under one or more programs related to natural disasters (including livestock emergency benefits) is \$100,000. A person may not receive double benefits of disaster payments and livestock emergency benefits for lost feed production in 1990. A producer may elect to receive disaster payments, livestock emergency benefits, or a combination of these payments and benefits.

Crop Insurance Program Yields

The Secretary may permit each eligible producer of wheat, feed grains, cotton, rice, or soybeans, who had multiperil crop insurance for his or her 1989 or 1990 crops, to substitute the crop insurance yield for the farm yield when determining the producer's eligibility and the amount of disaster payments. (When crop insurance was not available in 1990, the producer can substitute the 1989 crop insurance yield.) If producers choose to use the crop insurance yield, the amount of the advance deficiency payment they will be eligible to waive equals the amount of production eligible for disaster payments using the crop insurance yield minus the amount of production eligible for disaster payments using the farm program payment yield.

Orchard and Forest Crops

The Secretary must assist eligible orchardists if more than 35 percent of their trees die (adjusted for normal mortality) because of damage caused by a freeze, earthquake, or related condition in 1990 as determined by the Secretary. An eligible orchardist is a person who produces annual crops from trees for commercial purposes and owns 500 acres or less of such trees. Eligible tree farms that planted tree seedlings in 1989 or 1990 and lost over 35 percent (adjusted for normal mortality) because of natural disaster will also be assisted. An eligible tree farmer is a person who grows trees for harvest for commercial purposes and owns 1,000 acres or less of such trees. The Secretary may reimburse 65 percent of the costs in excess of the 35 percent mortality of replanting trees or provide sufficient seedlings to reestablish the stand. Payments are limited to \$25,000 per person, in payments or in seedling equivalents.

No person may receive double payments from the Emergency Crop Loss Assistance provisions, forestry incentives program, agricultural conservation program, or other Federal programs.

Ineligibility for Disaster Payments

A person with qualifying gross revenues of over \$2 million per year cannot receive any disaster payments or other disaster benefits. Qualifying gross revenues equal gross revenues received from farming, ranching, and forestry operations if a majority of a person's annual income is derived from these sources. If less than a majority of income comes from farming, ranching, and forestry operations, qualifying gross revenue equals a person's income from all sources.

Assistance for Big Horn River Drainage System

Disaster assistance will be paid to producers who suffered losses of 1990 crops due to drought if they were affected by a lack of water due to the Indian Tribal water rights ruling on a portion of the Big Horn River drainage system. This portion is located on the Wind River Indian Reservation, Wyoming. Eligible crops include wheat, barley, oats, grass hay, and alfalfa hay. Total assistance is limited to a fund of \$250,000. Producers may apply for emergency crop loss, livestock, and loan assistance. Producers will not be required to obtain multiperil crop insurance to be eligible for assistance.

Producers will not be required to refund advance deficiency payments for their 1990 wheat and feed grain crops for production losses up to 40 percent (for producers with crop insurance, 35 percent). Producers who did not choose to receive advance deficiency payments prior to the enactment of the 1990 Act may choose to do so. A producer will have until July 31, 1991, to repay any deficiency payment the Secretary determines is necessary.

Program nonparticipants will receive prevented planting credit for acreage which they could not plant in 1989 and 1990 due to drought. Prevented planted acreage cannot exceed the higher of either the 1989 acreage planted and prevented planted to the commodity for harvest minus any acreage planted in 1990, or the average of 1987, 1988, and 1989 planted and prevented planted acreage minus acreage planted in 1989. Adjustments will be made to take into account crop rotation practices.

The Secretary must make disaster payments as soon as is practicable after enactment of the 1990 Act. Before producers will receive payments, a complete application must be approved by the Secretary. Disaster payment applications are due 180 days after the enactment of the 1990 Act. Payments under this program are not subject to an advance appropriation by Congress.

These producers may elect to request and receive a 12-month deferral on payments of principal and interest due on farm loans insured or underwritten by a U.S. agency. These requests must be made within 60 days of enactment of the 1990 Act.

Emergency Grants To Assist Low-Income Migrant and Seasonal Farmworkers

The Secretary may provide emergency grants to assist low-income migrant and seasonal farmworkers. Grants would be made to public agencies or private organizations that have experience in providing emergency services to these individuals. These grants may be made when the Secretary determines an emergency or disaster has caused these farmworkers to lose income. People eligible for this assistance include those who have worked on a farm for wages during any consecutive 12-month period within the preceding 24 months, who have received at least half their total income or been employed half of their total work time in farm work, and who have an annual family income that does not exceed the higher of the poverty level, or 70 percent of the lower living standard income level. Grants may not exceed \$20 million per year.

Title XXIII—Rural Development

Thomas D. Rowley

Title XXIII consolidates the rural development efforts of USDA within a newly created Rural Development Administration. This title also provides for two pilot programs, the Rural Partnership Investment Board and the State Rural Economic Development Review Panels, in up to five States each. These programs would create revolving loan funds and institute a State-level review process for funding requests. In addition, the title mandates programs to improve rural water and wastewater services, to provide access to telecommunications services, and to provide technical assistance.

Rural Development Administration

The 1990 Act amends the Consolidated Farm and Rural Development Act by establishing a Rural Development Administration (RDA) in USDA. The RDA is required to administer Farmers Home Administration (FmHA) Community and Business Programs and such other USDA rural development programs as the Secretary deems necessary. These programs include business and industry, water and waste disposal systems, and the community facility programs. FmHA will retain authority over farm lending and housing programs.

Coordination of Rural Development Efforts

The 1990 Act authorizes two 5-year programs, the Rural Investment Partnerships and the Rural Economic Development Review Panels. Up to five States may apply to participate in each of these two programs. State Governors must apply to the Secretary who will then select the States.

Rural Investment Partnerships

The 1990 Act creates a 5-year Rural Partnerships Investment Board to provide lines of credit to eligible entities in up to five States to establish local revolving loan funds. The Board will consist of the Administrators of the Rural Electrification Administration (REA), RDA, and Extension Service, and two Presidential appointees. The revolving funds would be used to leverage private and public funds to invest in or guarantee loans to local rural businesses. Local revolving funds are not required to repay the Federal seed capital.

Local rural businesses with fewer than 100 employees would be eligible for loans. No business may receive more than \$250,000 of Federal funds in 1 year. No limits are placed on the total amount of loans, investments, or guarantees that each local business may receive from other sources.

All types of entities may apply to administer a revolving fund, including State and local governments, private and public nonprofit organizations, and American Indian tribes. However, to be approved, an entity must match the Federal contribution to the revolving fund with cash or commitments to participate in the investment program. Commitments can be letters of credit from banks, financial institutions, local or State governments or other entities, or other means that demonstrate a commitment by financial institutions to participate in the lending program. For low-income rural areas, revolving funds must match only 50 percent of the Federal credit line. Eligible American Indian tribal entities are exempt from matching requirements.

Financial institutions must match loans made by the local revolving fund on at least a 50-50 basis. Each local revolving loan fund may receive a line of credit up to \$750,000 in Federal funding the first year, and up to \$2.25 million total over the 5 years. State agencies may receive a line of credit up to \$1.25 million in each year, up to a total of \$3.75 million over the 5 years. The maximum

amount to be received by all eligible entities in any State over the 5-year period is \$10 million. A program targeting 5-15 percent of the benefits of the revolving funds to rural areas and residents with special needs must be implemented. Special needs include distressed areas and businesses which provide beneficial services like health clinics.

State Rural Economic Development Review Panels

The State Rural Economic Development Review Panels will consist of 16-member panels in up to five States and will assess, review, and prioritize requests for USDA rural development funds (such as business and industry, water and waste, and community facility program funds) within those States. The panels will rank projects based on several factors and recommend which applications should be funded by USDA. The Secretary will have final authority in deciding which applications are funded.

To be eligible for USDA rural development funds, projects must be consistent with a long-range area rural development plan. That plan, generated at the area level, must identify the geographic boundaries of the service area and establish goals and time lines based on a realistic assessment of the area's needs, resources, and potential.

Panel membership consists of up to 16 voting members who are representatives of rural areas, including the Governor or Governor's designee, representatives of statewide associations, the State director of the Federal Small Business Development Center, the State representative of the Federal Economic Development Administration, and an appointee of the Secretary.

Water and Waste Facilities

The 1990 Act removes the cap on authorization for water and waste grants.

Under another provision of the 1990 Act, the REA is authorized to lend the lower of up to 10 percent of total insured REA loans for that year, or \$40 million to REA borrowers such as rural electric cooperatives for water and waste facility services. REA must prioritize communities which would not otherwise be served and are in great need of these loans. However, REA may lend only 50 percent of a proposed project's cost to REA borrowers. The balance must come from the borrower. The Secretary may reduce the interest rate on loans to assist borrowers in obtaining the balance from private lenders.

The Farm Credit System's Banks for Cooperatives may now make loans to cooperatives and municipalities for the installation, expansion, or improvement of water and waste disposal facilities in rural areas.

Rural Wastewater Treatment Circuit Rider Program

The 1990 Act creates the Rural Wastewater Treatment Circuit Rider Program to finance hiring technical specialists for wastewater systems to be shared by rural communities.

The 1990 Act also permits the Secretary to make grants to nonprofit organizations. These grants will fund regional technical assistance to local governments and related agencies to reduce water pollution, as well as to improve the planning and management of solid waste disposal facilities. These grants may cover 100 percent of the cost of providing this technical assistance.

Emergency Community Water Assistance Grant Program

The Emergency Community Water Assistance Grant Program will provide grants to assist communities in developing water sources, and in treating, storing, or distributing water. In addition, grants would be given to assist communities in complying with the requirements of the Federal Water Pollution Control Act and the Safe Drinking Water Act. At least 75 percent of the funds allocated must be given to rural communities of 3,000 or fewer inhabitants.

A new Water and Waste Facility Loans and Grants Program is established to provide grants and loans to very small, distressed rural communities which do not have access to adequate water and waste systems and are facing significant health risks. The program gives preference to colonias--rural subdivisions characterized by substandard housing, inadequate roads and drainage, and lack of adequate water or waste facilities. Loans may be given to connect water systems to individual residences.

Enhancing Human Resources

The following incentive programs are authorized to improve rural opportunities.

Distance Learning and Medical Link Programs

Incentives, in the form of loans and grants, are provided to local telephone exchange carriers, rural community facilities, and rural residents to improve the quality of phone service, to provide access to advanced telecommunications services and computer networks, and to improve rural opportunities.

REA may provide grants to encourage and improve the use of telecommunications, computer networks, and related technologies by rural end-users, including students and teachers, medical professionals, and rural community facilities. These grants can be used to fund up to 100 percent of project costs.

Rural Business Development

The Secretary may make loans at subsidized or market interest rates to improve telecommunications services in rural areas and to increase access to advanced telecommunications services and computer networks. This program strives to improve job opportunities and the business environment in rural areas.

Loans at subsidized and market interest rates are authorized for businesses, partnerships of businesses, local governments, or public agencies in rural areas to fund facilities in which loan recipients share telecommunications terminal equipment, computers, computer software, and computer hardware.

Rural Business and Emergency Assistance

This assistance is provided through grants, loans, and technical assistance.

Local Technical Assistance Grants

The Secretary is authorized to make grants to public bodies, private nonprofit community development organizations, and similar entities to identify and analyze business opportunities, as well as for training, business creation and support, regional planning, and leadership development. Such activities are to be coordinated with the Extension Service. These grants may not exceed \$15 million annually.

Rural Emergency Assistance Loans

The Secretary must establish and implement a program to make short-term loans of up to \$50,000 to towns or cities with a population of less than 20,000 to correct emergency conditions. These short-term loans allow communities some additional time to look for alternative financing. These loans must be repaid within 2 years.

REA Technical Assistance Unit

REA will establish a technical assistance unit for rural electric and rural telephone borrowers that will provide advice on investing in rural development, provide technical assistance on programs and systems, establish and administer pilot projects, act as an information clearinghouse, provide information on financial assistance for borrowers, and promote local partnerships and cooperation. The 1990 Act requires at least 2 percent of REA administrative funds to be applied to this new unit.

Deferment of Payment on Economic Development Loans

REA borrowers may defer their loan payments for up to 10 years if this money goes to finance rural development. The amount cannot exceed 50 percent of the cost of the development project being financed. The borrower must make a cushion of credit payment to REA equal to the amount deferred.

Rural Economic Development

By amending the Rural Electrification Act of 1936, the 1990 Act assigns additional powers and duties to REA. The powers and duties are identical to those outlined under the REA Technical Assistance Unit above. In addition, REA will also administer a Rural Business Incubator Fund.

Rural Business Incubator Fund

REA will establish a Rural Business Incubator Fund in the U.S. Treasury to provide grants and reduced interest loans to REA borrowers and to nonprofit organizations in areas sparsely served by REA borrowers. These funds will be used to promote, create, or operate business incubators in rural areas. A business incubator receiving assistance under this title is a facility in which small businesses can share premises, support staff, computers, software, hardware, telecommunications terminal equipment, machinery, janitorial services, utilities, or other overhead expenses, and where such businesses can receive technical assistance, financial advice, business planning services, or other support.

Extension Service

To encourage States to hire additional rural development specialists through the Cooperative Extension Service, the Secretary will fund 60 percent of their salaries. The Secretary will fund 100 percent of the salaries for specialists at 1890 land-grant institutions.

The Extension Service will also administer a program to provide rural citizens with training and technical and management assistance in entrepreneurship, telecommunications, and business and financial planning. In addition, the program will provide leadership training.

In cooperation with the Rural Information Center of the National Agricultural Library, the Extension Service will develop and provide a catalog of programs available to rural communities.

Rural Technology Grants

The Secretary will make grants to nonprofit institutions to establish and operate centers for rural technology or cooperative development. Such centers will strive to improve rural economic conditions through promoting the development and commercialization of new goods and services, new production processes, and new value-added enterprises.

Rural Development Research Assistance

The 1990 Act establishes a competitive research grant program for institutions examining (1) factors which influence rural economic development, (2) methodologies for investigating rural economic policy options, (3) effects of development policies and programs, (4) strategic planning of economic investments, (5) ways to improve human resources, and (6) ways to improve rural data bases used for decisionmaking. The provisions also call for a program of competitive grants to rural areas to serve as demonstration models.

Rural Electrification Provisions

The Rural Telecommunications Improvements Act in the 1990 Act amends the 1936 Rural Electrification Act. These provisions update definitions, encourage telephone company investments, and set forth general duties and prohibitions. The Rural Telephone Bank and REA should make loans that will facilitate the development and enhancement of the rural telecommunications infrastructure, making modern technology and services available at affordable rates to rural residents.

Rural Revitalization Through Forestry

The Extension Service and the Cooperative Extension Service must establish the Economic Development and Global Marketing Program to implement educational programs and provide technical assistance to create jobs, raise incomes, and increase public revenues from national forest lands in an environmentally sensitive manner. Making full use of Extension resources, the program seeks to transfer technology to natural resource-based industries, help businesses identify global marketing opportunities, and train local leaders in strategic economic development.

National Forest-Dependent Rural Communities Economic Diversification Act of 1990

The 1990 Act seeks to provide assistance to certain rural communities to diversify their economies beyond forest-based goods and services to improve their well-being. The 1990 Act specifically calls for action teams comprised of Forest Service personnel and other USDA personnel, as well as employees from other Federal and State departments and the private sector. These teams will formulate and implement plans to upgrade existing industries to use forest resources more efficiently and diversify the economic base of rural communities. Grants and loans are also authorized to help communities secure technical assistance and services to aid them in forming and implementing their action plans. Funding is authorized at 5 percent of the revenue generated from national forest lands. The Federal contribution cannot exceed 80 percent of the total cost of implementation.

Miscellaneous Provisions

The 1990 Act includes the following miscellaneous provisions to promote rural development.

National Rural Information Center Clearinghouse

The Secretary must establish a National Rural Information Center Clearinghouse. The Clearinghouse will be coordinated with the Extension Service and housed within the National Agricultural Library. The Clearinghouse is to provide and distribute information and data about programs and services for rural assistance. To the extent possible, the National Agricultural Library will use telecommunications technology to disseminate information to rural areas.

Monitoring the Economic Progress of Rural America

The Bureau of Census must expand its data collection efforts and obtain data on rural conditions, such as employment, poverty, income, and other information about the rural labor force.

Other Provisions

Other provisions in the 1990 Act call for:

- Loan rates for health care facilities based solely on the income of the area to be served.
- Debt restructuring and loan servicing for FmHA community hospital and health care facility loans.
- An Office of Technology Assessment study of the feasibility of ensuring that rural citizens in their homes and schools can access information in a national library through computers.
- Grants to statewide private nonprofit public television systems with predominantly rural coverage to demonstrate the effectiveness of providing information to rural residents.
- Grants to financially stressed farmers, dislocated farmers, and rural families for counseling and crisis management assistance, and for developing income and employment alternatives.
- The Rural Health and Safety Education Act of 1990 to provide grants for health education and farm safety education programs.
- A grant to establish a demonstration project for improving rural health infrastructure.
- The inclusion of questions about agricultural accidents and farm safety in the 1992 Census of Agriculture.
- Encouragement of private contracting in rural areas to replace government enterprises where feasible to promote local job creation and private sector investment in rural communities.

Title XXIV—Global Climate Change

Susan L. Pollack

Title XXIV establishes the Global Climate Change Program in USDA, under the leadership of a program director designated by the Secretary. The director is to coordinate policy analysis, long-range planning, research, and response strategies relating to climate change issues; act as liaison with other Federal agencies through the Office of Science and Technology Policy; inform USDA of scientific developments and policy issues relating to effects of climate change on agriculture and forestry; recommend alternative courses of action to the Secretary; and ensure that USDA's research, planning, and decisionmaking recognize the potential of climate change.

The Secretary must study the effects of global climate change on agriculture and forestry. The study must address the effects of simultaneous increases in temperature and carbon dioxide on crops of economic significance, more frequent or more severe weather events on such crops, and potential changes in hydrologic regimes on current yields. The study must also address the economic effects of widespread and increased drought frequency in the South, Midwest, and Plains States, and changes in pest problems due to higher temperatures. If the results of the study warrant, the Secretary must conduct further studies to address ways of mitigating the effects of global climate change on crops of economic significance. A study also is required for the effects of climate change on forests. The results of the studies are due within 3 years for crops and 6 years for forestry to the House and Senate agriculture committees. Interim studies, with recommendations for actions which may mitigate the negative effects and for adaptation to global climate changes are due to the House and Senate agriculture committees each year. The Secretary must also establish a technical advisory committee to provide advice concerning the major study areas.

International Forestry

The Secretary must establish an Office of Deputy Chief for International Forestry within the Forest Service within 6 months of enactment of the 1990 Act. The Secretary must also expand the Institute of Tropical Forestry in Puerto Rico and the Institute of Pacific Islands Forestry. These institutes must conduct research on forest management and natural resources.

Renewable Resources

This provision amends the Forest and Rangeland Renewable Resources Planning Act of 1974. It requires the Secretary, when preparing the Renewable Resource Assessment, to include analyses of (1) the potential effects of global climate change on the condition of renewable resources on domestic forests and rangelands, and (2) the rural and urban forestry opportunities to mitigate the buildup of atmospheric carbon dioxide and reduce the risk of global climate change. The next assessment is not due until 1999.

The 1990 Act amends the Renewable Resource Program to include within its recommendations to the Forest Service an account of the effects of global climate change on forest and rangeland conditions, including potential effects on the geographic ranges of species, and on forest and rangeland products.

Urban Forestry Demonstration Projects

The Secretary is authorized to undertake a study and pilot project to demonstrate the benefits of retaining and integrating forests in urban development. These programs are to be set up through the Forest Service's Northeastern Area State and Private Forestry Program.

Biomass Energy Demonstration Projects

The Secretary, in consultation with the Secretary of Energy, may set up projects that demonstrate the potential of short-rotation silvicultural methods to produce wood for electricity production and industrial energy needs.

Interagency Cooperation To Maximize Biomass Growth

The Secretary may enter into an agreement with the Secretary of Defense to study reforestation and improved management of Department of Defense military installations and lands and to develop a program to manage these areas to maximize their potential for biomass growth and to sequester carbon dioxide.

Title XXV--Other Related Provisions

Susan L. Pollack

Title XXV contains a variety of provisions largely independent of the other titles. These provisions include assistance for socially disadvantaged farmers and ranchers, pet protection, control and eradication of plant and animal pests and pseudorabies, and various studies and reports. The Secretary is also authorized to rank by priority the studies and reports of the 1990 Act and determine which ones will be completed. At least 12 studies or reports must be completed.

Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers

The Secretary must provide outreach and technical assistance to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms and ranches and to participate in agricultural programs. Socially disadvantaged is defined as being one of a group that has been subjected to racial or ethnic prejudice.

The assistance should include information on application and bidding procedures, farm management, and other information essential for participating in farm programs. Also, the Secretary must designate, from existing Federal personnel, resource persons to work with State Cooperative Extension Services to implement activities for socially disadvantaged farmers and ranchers.

The Secretary may make grants and enter into contracts and other agreements with any community-based organization or post-secondary educational institutes originally developed for those considered socially disadvantaged. These organizations and institutions have to demonstrate experience in providing agricultural education or similar services to socially disadvantaged family farmers.

The Secretary must report to the House and Senate agriculture committees by September 30, 1992, and every 2 years thereafter, on the efforts of the Secretary to improve participation of socially disadvantaged farmers and ranchers in agricultural programs, on the specific participation goals established for each program and the results achieved for each, and USDA's progress toward meeting the goals it set. The Secretary must also analyze USDA's affirmative action programs and policies and present a report to the agriculture committees within 1 year of enactment of the act.

Narrowing the Defense Exception to the Farmland Protection Policy Act

This provision would allow the acquisition or use of farmland for defense purposes only during a national emergency.

Protection of Pets

The Animal Welfare Act is amended to extend protection for pets. The amendment requires government-owned pounds or shelters, privately owned establishments which operate as a pound or shelter, or research facilities which acquire a dog or cat to hold the animal for at least 5 days so that it can be recovered by the original owner or adopted before it is sold to a dealer. To prevent trafficking in stolen pets, dealers are prohibited from selling dogs and cats they did not breed themselves without proper certification. Other recordkeeping and reporting requirements are also established to protect these animals.

Control and Eradication of Plant Pests and Animal Disease

Under these provisions, the Secretary's authority to cooperate with foreign countries to control plant pests and communicable animal disease as well as ways of transmitting them is expanded to include all countries.

Pseudorabies Eradication

The Secretary must establish and carry out a program to eradicate pseudorabies in the U.S. swine population.

Inspection Services

The Secretary may enter into reimbursable agreements with operators or owners of vessels or aircraft to provide inspection services at points of entry that are not normally staffed as points of entry in the United States. The purpose of the inspection services is to carry out regulations prohibiting or restricting entry of materials that may harbor pests or disease in addition to the regular or on-call services currently available in connection with these vehicles.

The Secretary may set and collect fees to cover the cost of providing agricultural quarantine and inspection services in connection with animals and plants arriving in U.S. territories. The provision covers commercial vessels, aircraft, trucks, rail cars, and passengers. Also, the Secretary may set and collect fees to cover costs associated with importation of animals, export certification of animals and plants and their products, and the provisions of the veterinary diagnostic services.

Commodity Program Budget Forecast Accuracy and Costs of Production

To improve the accuracy of commodity program benefit forecasts, the Secretary should designate a single organization to manage the forecasting and establish a quality control program to systematically identify the source of forecasting errors. This organization will also maintain records of data used for supply and demand forecasts, document its forecasting methods, and correct weaknesses in its various components.

The Secretary must annually publish a report analyzing the return on assets resulting from the production of upland cotton, rice, corn, oats, barley, grain sorghum, soybeans, peanuts, and sugar from sugar beets and raw sugar from sugarcane. In the analysis, the Secretary must consider returns from agricultural price support programs, the effects of these programs on cost of production, the factors currently used by USDA cost of production data, current land value, and any other information considered necessary to accurately reflect return on the production of these crops.

Farm Value of Agricultural Products

The Secretary must develop a system for informing the ultimate consumer of the approximate amount of money paid to the agricultural producer for each primary commodity contained in retail products. The Secretary must submit an annual report to Congress with this information.

Commodity Reports

The Secretary must gather data from producers to be used to develop crop reports to be distributed during the growing season. The reports must contain a statement on crop conditions by State, with explanations, comparisons, and other information that will be useful for illustrating the reports.

In addition to these reports, the Secretary also must annually survey producers for information for reports regarding supply, acreage, production, disposition, and prices for commodities. The commodities, as determined by the Secretary, include: 25 fresh market vegetables, 3 processing vegetables, 6 fruits and nuts, 17 forage and turf seeds, 50 vegetable seeds, and maple syrup. The Secretary must prepare a report each year with the results of the surveys in States determined by the Secretary.

The Secretary must survey producers for information for reports regarding fruit tree and nut tree inventories. These surveys and reports shall be done every 3 to 5 years, as determined by the Secretary.

Scarce Federal Resources

After concurrence with the chairperson and ranking members of the House and Senate agriculture committees, the Secretary may rank by priority the studies or reports authorized by the 1990 Act and determine which ones will be completed. At least 12 studies or reports must be completed.

Study of Transportation of Fertilizer and Agricultural Chemicals to Farmers

The Secretary must study the transportation of fertilizer, agricultural crop protection chemicals, and agricultural hazardous use materials, such as fuel, to the farm. The study must include a review and analysis of (1) the transportation of fertilizer, fuels, and agricultural pesticides to farms by farmers, hired farm labor, and agribusiness, including safety practices used, the type of equipment used, roads traveled, employees engaged in the transportation, and any significant distinctions between transportation by retail dealers and transportation by farmers; (2) Federal and State requirements imposed on the transportation of fertilizer, fuel, and agricultural pesticides by these individuals, including commercial driver's license requirements, driver qualification requirements, alcohol and drug testing requirements, and worker safety requirements; (3) the compliance by farmers and retail dealers and their employees with Federal and State requirements and the cost associated with compliance; (4) the safety history associated with transporting fertilizers, fuel, and pesticides by farmers and retail dealers and their employees; and (5) the effect on rural communities, employment, and the cost and availability of these products associated with complying with requirements.

The Secretary must publish a report of the study within 18 months after the enactment of the 1990 Act.

Appendix I: The Omnibus Budget Reconciliation Act of 1990

Susan L. Pollack

Title I of the Omnibus Budget Reconciliation Act of 1990, entitled the Agricultural Reconciliation Act of 1990, contains several provisions which reduce the amount of USDA spending by an estimated \$14 billion over 5 years. The 1990 Budget Act also includes technical corrections to the 1990 Act. These corrections have already been incorporated in this text.

Triple Base Provision

The triple base provision amends the wheat, feed grains, upland cotton, and rice provisions of the 1949 Act. For 1991-95 program crops, instead of receiving deficiency payments based on 100 percent of the crop acreage base less any reduced acreage (Acreage Reduction Program [ARP] or any Paid Land Diversion Program [PLD]), payments will be based on 85 percent of the crop acreage base less any reduced acreage. The 15-percent difference is referred to as normal flex acreage (NFA). The flexibility provisions in the 1990 Act still apply to the NFA (see "Title XI--General Commodity Provisions"). Producers also have the option of flexing an additional 10 percent of the farm's base (called optional flex acreage) as provided under the 1990 Act.

Calculation of Deficiency Payments Based on 12-Month Average

For the 1994-95 crop years, deficiency payment computations will be based on the lesser of either the 12-month national weighted average price (using the marketing year for wheat and feed grains and the calendar year for rice), or the national weighted market average for the first 5 months plus 10 cents per bushel for wheat, plus 7 cents per bushel for feed grains, or plus an appropriate amount that is determined to be fair and equitable in relation to wheat and feed grains for rice.

This calculation is a change from the present 5-month average. Cotton is already calculated on a calendar year basis. Eligible producers of 1991 winter wheat crops can choose between either receiving deficiency payments based on the 12-month period or accepting the 15-percent triple base provision.

Acreage Reduction Program for 1991 Wheat and Corn Crops

The maximum wheat ARP for 1991 is 15 percent. The ARP for the 1991 corn crop must be at least 7.5 percent.

Acreage Reduction Programs for 1992-95 Crops

Minimum ARP's for wheat are set for the following crop years at:

6 percent for 1992,
5 percent for 1993,
7 percent for 1994, and
5 percent for 1995.

The minimum ARP for corn, grain sorghum, and barley for these crop years is set at 7.5 percent.

If the Secretary estimates the stocks-to-use ratio for wheat will be less than 34 percent, or for corn, grain sorghum, and barley less than 20 percent, then the minimum ARP levels will not apply to the respective crop.

If the Secretary determines that the quantity of U.S. soybeans on hand on the first day of the 1991 soybean marketing year (excluding any of the 1991 crop) will be less than 325 million bushels, these minimum ARP levels will not apply to any of the 1992 through 1995 crops of wheat and feed grains.

Loan Origination Fees, Marketing Assessments, and Reduction in Price Received

Loan origination fees and assessments are imposed as follows:

- Oilseeds--A loan origination fee equal to 2 percent of the national average loan level on the quantity of oilseeds pledged as collateral for a price support loan or the quantity of oilseeds on which a loan deficiency payment was made.
- Peanuts--An assessment equal to 1 percent of the national average quota or additional peanut support rate to be shared by producers and handlers.
- Sugar--An assessment equal to 0.18 cents per pound of raw cane sugar on all sugar processed from domestically produced sugarcane and an assessment equal to 0.193 cents per pound of beet sugar on all sugar processed from domestically produced sugar beets.
- Honey--An assessment in an amount equal to 1 percent of the national average price support level on all domestically produced honey extracted and marketed through handlers.
- Wool and mohair--An assessment equal to 1 percent of the incentive payments.
- Tobacco--An assessment in an amount equal to 0.5 percent of the national average price support level for a crop of tobacco to be paid by both the producers and the buyers.

For dairy there is a reduction in the price received by producers for all milk produced in the United States equal to 5 cents per hundredweight (cwt) for calendar year 1991 and 11.25 cents per cwt for 1992-95. Producers who can prove they did not increase their milk marketings from year-earlier levels will be refunded the reduced amount.

Other Agricultural Programs

The 1990 Budget Act also amends the credit title and the Rural Electrification Act as well as includes a General Agreement on Tariffs and Trade (GATT) trigger to enable the Secretary to implement changes in the farm programs should the GATT negotiations fail.

Rural Electrification Administration Loans

The Rural Electrification Administration (REA) must reduce direct electric and telephone loans for each of the next 5 fiscal years. Insured loans from the REA may be made for each fiscal year in amounts equal to the following levels reduced by 25 percent (see table 4).

The funds made available from the reductions in insured loans in each fiscal year may be used for guaranteed loans. The amount of the guarantee must be 90 percent of the principal of, and interest on the loan, and made only upon the borrower's request. No guarantees may be made for loans made by the Federal Financing Bank, the Rural Telephone Bank, or other Federal lending agencies.

Table 4--REA authorization levels, fiscal years 1991-95

Type of loan	1991	1992	1993	1994	1995
<u>Million dollars</u>					
Direct (insured) loans	896	932	969	1,008	1,048
Guaranteed loans	224	234	244	256	267

The reduction in the insured loans must be allocated between the electric and telephone programs for each fiscal year in proportion to the amount of insured funds made available for each program in the annual appropriations acts. If the amount of an insured/electric loan is reduced, the borrower may choose to obtain capital to replace the reduced amount with the assistance of a guaranteed loan, from internally generated funds of the borrower, from private credit sources with a lien accommodation provided by the Administrator of REA, or from other private sources.

Farmers Home Administration Loans

The Farmers Home Administration (FmHA) must make substantial reductions in direct (insured) loans by shifting a certain amount each fiscal year to guaranteed loans (see table 3 in "Title XVIII--Credit" for original levels). The amounts of reduction, which will be made available for guaranteed loans for each fiscal year are:

\$482 million in 1991,
 \$614 million in 1992,
 \$760 million in 1993,
 \$859 million in 1994, and
 \$907 million in 1995.

The ratio of insured farm ownership to total insured loans is to remain the same after the reduction. If more than 70 percent of the number of loans guaranteed in each fiscal year have been guaranteed to someone who has not previously received an insured loan, the amounts which will apply for the immediately succeeding fiscal year, in lieu of the dollar amounts specified above for transfer to guaranteed loans, will each be the dollar amount, multiplied by the quotient of the number of persons provided with guaranteed loans in the fiscal year who did not previously receive an insured or guaranteed loan under this act, divided by the total number of persons provided with guaranteed loans in the fiscal year.

To facilitate the offset, the existing Interest Rate Reduction Program is modified by eliminating the matching requirement for private lenders. Also, the program is extended for 2 years, until 1995; its Demonstration Project for Purchase of Farm Credit System Land is extended another year until 1992.

Inspection User Fee

The Animal and Plant Health Inspection Service (APHIS) is authorized to collect fees to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival of international passengers on commercial vessels and aircraft.

GATT Trigger

A two-tier trigger mechanism is established that would require specific commodity and export program adjustments to be implemented or considered by the Secretary in the event an agreement on agricultural trade reform is not achieved in the Uruguay Round of multilateral trade negotiations under the GATT.

If the United States has not entered into such an agreement by June 30, 1992, the Secretary may waive any minimum level of any acreage limitation program for any 1993-95 program crops. In addition, the Secretary must increase the export promotion programs by \$1 billion during fiscal years 1994 and 1995, and establish marketing loan programs for the 1993-95 wheat and feed grain crops. These measures would not be required if the President certified that the failure to enter into an agricultural trade agreement in the Uruguay Round resulted, in part or in whole, because the "fast track" procedures were not available with respect to legislation necessary to implement an agreement.

Also, if an agreement has not been entered into force for the United States by June 30, 1993, the Secretary must consider waiving all or part of the reductions in agricultural spending required by title I of this act, increasing the level of funds made available for export programs, and establishing a marketing loan program for the 1993-95 wheat and feed grain crops.

Appendix II: Glossary

Acreage reduction program (ARP). A voluntary land retirement program conducted by the Commodity Credit Corporation (CCC) in which participating farmers idle a prescribed portion of their crop acreage base of wheat, feed grains, cotton, or rice. The base is the average of the acreage planted for harvest and considered to be planted for harvest for the previous 5 years. Acreage considered to be planted includes any acreage not planted because of acreage reduction and diversion programs during a period specified by law. Farmers are not given a direct payment for ARP participation, although they must participate to be eligible for benefits such as CCC loans and deficiency payments. Participating producers are sometimes offered the option of idling additional land under a paid diversion program, which gives them a specific payment for each idled acre.

Advance deficiency payments. A portion of eligible deficiency payments made to crop producers when they sign up for Federal commodity programs. The Secretary is required to make advance payments when an ARP is in effect and deficiency payments are expected to be paid. Advance deficiency payments can range from 30 to 50 percent of expected payments, depending on the crop. Up to 50 percent of the advance payment may be made as commodity certificates. If total deficiency payments are less than the advance amount, producers must refund the excess portion.

Agricultural Marketing Service (AMS). A USDA agency that administers a variety of programs concerning the marketing of agricultural commodities. These programs include grading and inspection, marketing orders, and research and promotion programs. AMS's responsibilities include establishing standards for grades of cotton, tobacco, meat, dairy products, eggs, and fruits and vegetables. The agency also operates the Federal-State market news service, in cooperation with 44 States, the District of Columbia, and 3 territories, reporting up-to-the-minute information on prices, supply, and demand for most agricultural commodities.

Agricultural Research Service (ARS). A USDA agency which conducts basic, applied, and developmental research of regional, national, and international scope. ARS conducts research in the areas of livestock; plants; soil, water, and air quality; energy; food safety and quality; nutrition; food processing, storage, and distribution efficiency; nonfood agricultural products; and international development.

Agricultural Stabilization and Conservation Service (ASCS). A USDA agency delegated responsibility for administering farm price and income support programs, including Commodity Credit Corporation programs, as well as some conservation and forestry cost-sharing programs, environmental protection programs, and emergency programs. ASCS offices are maintained in nearly all farming counties.

Alternative agricultural product. A new use, application, or material that is derived from an agricultural commodity.

Alternative farming. Production methods other than energy- and chemical-intensive one-crop farming (monoculture). Alternatives include using animal and green manure rather than chemical fertilizers, integrated pest management instead of chemical pesticides, reduced tillage, crop rotations especially with legumes, alternative crops, or diversification of the farm enterprise.

Animal and Plant Health Inspection Service (APHIS). A USDA agency that conducts regulatory and control programs to protect animal and plant health.

Aquaculture. The production of aquatic plants or animals in a controlled environment, such as ponds, raceways, tanks, or cages, for all or part of their life cycle. In the United States, baitfish,

catfish, clams, crawfish, freshwater prawns, mussels, oysters, salmon, shrimp, tropical (or ornamental) fish, and trout account for most of the aquacultural production. Less widely established but growing species include alligator, hybrid striped bass, carp, eel, red fish, northern pike, sturgeon, and tilapia.

Assessment programs. Programs requiring producers to pay a fee per unit of production in order to share program costs with the Government.

Basic commodities. Six crops (corn, cotton, peanuts, rice, tobacco, and wheat) specified by legislation as price supported commodities.

Biotechnology. The use of technology, based on living systems, to develop processes and products for commercial, scientific, or other purposes. These include specific techniques of plant regeneration and gene manipulation and transfer.

Blended credit. A form of export subsidy which combines direct government export credit and credit guarantees to reduce the effective interest rate.

Byproduct. A secondary product resulting from the processing of a primary product. For example, bloodmeal and bonemeal used as fertilizers are byproducts of livestock slaughter.

Cargo preference. A law that requires a certain portion of goods or commodities financed by the U.S. Government to be shipped on U.S. flag ships. The law has traditionally applied to P.L. 480 and other concessional financing or donation programs.

Carryover. Existing supplies of a farm commodity at the beginning of a new harvest for a commodity (end of the marketing year). It is the remaining stock carried over into the next year.

Checkoff programs. Research and promotion programs authorized by law and financed by assessments. The programs are paid for by specified industry members such as producers, importers, and handlers.

Child and Adult Care Food Program. Provides cash reimbursements and USDA-donated foods or cash equivalents to nonprofit family and group day-care homes, child-care centers, after-school-hours centers, and adult day-care centers based on the number of breakfasts, lunches, suppers, and snacks served.

Class I, II, and III milk. A system to divide Grade A milk under Federal milk marketing orders (and most State regulations) based on the products made from the milk. The prices for each class of milk are different. Some Federal milk marketing orders have three classes and others only two. The products included in each class vary according to the number of classes in the order.

In orders with three classes:

Class I is milk used in fluid milk products (whole, lowfat, skim, flavored, and buttermilk).

Class II is milk used to produce soft manufactured products such as cream, sour cream, ice cream, cottage cheese, and yogurt.

Class III is milk used in other (hard) manufacturing products such as cheese, butter, canned milk, and nonfat dry milk.

In orders with only two classes, Classes II and III are combined into Class II.

Commodity certificates. Payments issued by the Commodity Credit Corporation (CCC) in lieu of cash payments to program participants. Holders of the certificates may exchange them with the CCC for CCC-owned commodities.

Commodity Credit Corporation (CCC). A federally owned and operated corporation within the USDA. The CCC was created to stabilize, support, and protect farm income and prices through loans, purchases, payments, and other operations. The CCC functions as the financial institution through which all money transactions are handled for agricultural price and income support and related programs. The CCC also helps maintain balanced, adequate supplies of agricultural commodities and helps in their orderly distribution. The CCC does not have any operating personnel or facilities.

Commodity distribution. Donation of food products by the Federal Government to needy persons, schools, and institutions, generally through the States. The commodities donated are generally in surplus, meaning supplies exceed requirements or prices are below desired levels.

Commodity Supplemental Food Program (CSFP). A program initiated in 1968 to provide benefits to infants, children up to age 6, women during pregnancy and up to 6 weeks postpartum, and breastfeeding women up to 12 months postpartum. Under the CSFP, USDA purchases foods, such as fruit juice, beef, egg mix, and canned corn, and distributes them to eligible women, infants, and children through State and local agencies. USDA's Food and Nutrition Service determines the quantity of food required and makes allocations.

Concessional sales. Credit sales of a commodity in which the buyer is allowed more favorable payment terms than those on the open market. For example, title I of the Food for Peace Program (P.L. 480) provides for financing sales of U.S. commodities with low-interest, long-term credit.

Conservation compliance provision. Requires farmers with highly erodible cropland to implement an approved conservation plan. The plan must be completed by 1995 for the farm operation to remain eligible for specified Federal program benefits.

Conservation district. Any unit of local government formed to carry out a local soil and water conservation program.

Conservation easement. A partial interest in land usually held by a government entity which limits the uses of the property, or prohibits certain actions, in order to achieve certain conservation objectives. When using the farm of a reserved interest deed, the grantee acquires all rights, title, and interest in a property, except those rights that might run with the land expressly reserved by a grantor.

Conservation plan. A combination of land uses and practices to protect and improve soil productivity and to prevent soil deterioration. A conservation plan must be approved by the local conservation district for acreage offered in the Conservation Reserve Program. The plan sets forth the conservation measures and maintenance that the owner or operator will carry out during the term of the contract.

Conservation practices. Methods which reduce soil erosion and retain soil moisture. Major conservation practices include conservation tillage, crop rotation, contour farming, stripcropping, terraces, diversions, and grassed waterways.

Conservation Reserve Program (CRP). This program was authorized by the Food Security Act of 1985. It is designed to reduce erosion on 40-45 million acres of farmland. Under the program, producers who sign contracts agree to convert highly erodible cropland to approved conservation uses for 10 years. In exchange, participating producers receive annual rental payments and cash or payments-in-kind to share up to 50 percent of the cost of establishing permanent vegetative cover.

Conservation tillage. Any of several farming methods that provide for seed germination, plant growth, and weed control, yet maintain effective ground cover throughout the year and disturb the soil as little as possible. The aim is to reduce soil loss and energy use while maintaining crop yields and quality. No-till is the most restrictive (soil-conserving) form of conservation tillage. Other practices include ridge-till, strip-till, and mulch-till.

Conserving uses. Land idled from production and planted in a soil-conserving crop, such as annual, biennial, or perennial grasses, or other soil-conserving crops. Uses exclude acreage (1) devoted to a crop of rice, upland or extra-long staple cotton, feed grains, wheat, soybeans, peanuts, other program crops, or approved nonprogram crops; (2) required to be taken out of production under an acreage limitation program; and (3) designated under the Conservation Reserve Program or other conservation programs.

Converted wetlands. Wetlands that have been drained or otherwise manipulated to produce agricultural commodities.

Cost of production. The sum, measured in dollars, of all purchased inputs and other expenses necessary to produce farm products. The three summary cost of production statistics are total cash expenses, cash expenses plus capital replacement costs, and total economic costs. The latter includes an opportunity cost for owned inputs. Cost of production statistics may be expressed as an average per animal, per acre, or per unit of production (bushel, pound, or hundredweight) for all farms in an area or in the country.

Cost-share assistance program. A program where a participant in a program receives partial cash assistance from the Government when the participant pays for the cost of a service or good.

County extension agent. A professional worker, employed by the county, State Cooperative Extension Service, and/or USDA, to bring agricultural and homemaking information to local people and to help them meet farm, home, and community problems. The position is also called extension agent, farm and home advisor, agricultural agent, and extension home economist.

Cover crop. A close-growing crop grown to protect and improve soil between periods of regular crops, or between trees and vines in orchards and vineyards.

Crop acreage base. A farm's 5-year average acreage of wheat or feed grains and 3-year average of cotton or rice planted for harvest, plus land not planted because of acreage reduction or diversion programs during a period specified by law. Crop acreage bases are reduced by the portion of land placed in the Conservation Reserve Program (CRP) for the duration of the CRP contract.

Crop insurance. See Federal crop insurance.

Crop rotation. The practice of growing different crops in recurring succession on the same land. Crop rotation plans are usually followed for the purpose of increasing soil fertility.

Crop year. The year in which a crop is harvested. For wheat, barley, and oats, the crop year is from June 1 to May 31. For corn, sorghum, and soybeans, it is from September 1 to August 31. For cotton, peanuts, and rice, the crop year is from August 1 to July 31.

Cross-compliance. A requirement that a farmer participating in a program for one crop, on a specific farm, who meets the qualifications for production adjustment payments and loans for that crop, must also meet the program provisions for other major program crops on that farm. This requirement is called strict cross-compliance. With a limited cross-compliance provision, a producer participating in one commodity program, on a specific farm, must not plant in excess of the crop acreage base on that farm for any of the other program commodities for which an acreage reduction program is in effect. Strict cross-compliance provisions have not been enforced since the 1960's. Limited cross-compliance authority was implemented in the late 1970's and remained in effect under the Food Security Act of 1985. The 1990 Act removes authority for cross-compliance.

Dairy Export Incentive Program. A program authorized by the Food Security Act of 1985 that offers subsidies to exporters of U.S. dairy products to help them compete with other subsidizing nations. Payments are made by the Commodity Credit Corporation on a bid basis either in cash, in-kind, or through certificates redeemable for commodities. The payment rates must reflect the type of dairy products to be exported and the domestic and world prices of dairy products, and other factors. Eligible sales must be in addition to, and not in place of, those that would normally be made, and payments must not displace commercial export sales.

Debt/asset ratio. A measurement of both proportional owner equity in the farm and the extent to which the farm's assets have been used as collateral. It is calculated as total debt outstanding as of January 1, divided by the estimate of the current market value of owned assets of the farm business or sector.

Deficiency payment. A payment made by the Commodity Credit Corporation to farmers who participate in wheat, feed grain, rice, or cotton programs. The payment rate is per bushel, pound, or hundredweight. It is based on the difference between the price level established by law (target price) and either the higher of the market price during a period specified by law or the price support (loan) rate. The total payment is generally equal to the payment rate multiplied by the eligible acreage planted for harvest, and then multiplied by the program payment yield established for the particular farm.

For example, the 1988 target price for wheat was \$4.23 per bushel and the loan rate, \$2.21. If the market price during the first 5 months of the marketing year was less than \$2.21 per bushel, the deficiency payment would have been \$2.02 per bushel. If the market price during this time was \$3.25, the payment would have totaled \$0.98 per bushel. When the market price during the specified time exceeds the target price, no deficiency payment is made.

Designated nonbasic commodities. Commodities other than basic commodities for which the Secretary is authorized and directed to provide price support. The commodities are soybeans, honey, milk, sugar beets, and sugarcane.

Developing countries. Countries whose economies are mostly dependent on agriculture and primary resources and do not have a strong industrial base. These countries generally have a gross national product below \$1,890 per capita (as defined by the World Bank in 1986). The term is often used synonymously with less-developed countries and underdeveloped countries.

Direct payments. Payments made directly to producers including deficiency payments, annual paid land diversion payments, or conservation reserve payments.

Disaster payments. Payments made to producers due to crop losses because of a natural disaster under existing or special legislation enacted after an extensive natural disaster. The Disaster Assistance Act of 1989 (see Appendix III), for example, provided payments to crop producers who suffered losses in 1989 because of drought, hail, excessive moisture, or related conditions.

Embargo. A Government-ordered prohibition of trade with another country restricting all trade or only that of selected goods and services.

Emergency Feed Assistance Program. A Commodity Credit Corporation (CCC) program that provides for the sale of CCC-owned grain at 75 percent of the basic county loan rate to livestock producers whose feed harvest has suffered because of drought or excess moisture. Eligible livestock producers must have insufficient feed available to preserve and maintain their breeding stock. The Secretary must declare a county a natural disaster before this program can be implemented in that county.

Emergency Feed Program. A Commodity Credit Corporation program that provides disaster assistance to eligible livestock by sharing the cost of feed purchased to replace the farm's normal production and feed purchases in quantities larger than normal because of an emergency. This program requires the Secretary to declare the county a natural disaster before implementation. The program is also called the Feed Cost-Sharing Program.

Emergency Food Assistance Program (TEFAP). This program replaces the Temporary Emergency Food Assistance Program established in 1983. It allows donation of commodities owned by the Commodity Credit Corporation, as well as those acquired under Section 32 and purchased for the program, to States in amounts relative to the number of unemployed and needy persons. The food is distributed by charitable organizations to eligible recipients.

Erosion. The process in which water or wind moves soil from one location to another. Types of erosion are (1) **sheet and rill**--a general washing away of a thin uniform sheet of soil, or removal of soil in many small channels or incisions caused by rainfall or irrigation runoff; (2) **gully**--channels or incisions cut by concentrated water runoff after heavy rains; (3) **ephemeral**--a water-worn, short-lived or seasonal incision, wider, deeper and longer than a rill, but shallower and smaller than a gully; and (4) **wind**--the carrying away of dust and sediment by wind in areas of high prevailing winds or low annual rainfall.

Export Credit Guarantee Program (GSM-102). The largest U.S. agricultural export promotion program, functioning since 1982. It guarantees repayment of private, short-term credit for up to 3 years.

Export Enhancement Program (EEP). A program initiated in May 1985 under a Commodity Credit Corporation (CCC) charter to help U.S. exporters meet competitors' prices in subsidized markets. The program was formally authorized by the Food Security Act of 1985. Under the EEP, exporters are awarded commodity certificates which are redeemable for CCC-owned commodities, enabling them to sell certain commodities to specified countries at prices below those of the U.S. market.

Exports. Domestically produced goods and services that are sold abroad.

Extension Service. USDA's educational agency and one of the three partners in the Cooperative Extension System with State and local governments. All three share in financing, planning, and conducting the educational programs.

Extra-long staple cotton. Cottons having a staple length of 1-3/8 inches or more, according to the classification used by the International Cotton Advisory Committee. This cotton is also characterized by fineness and high-fiber strength, contributing to finer and stronger yarns needed for thread and higher valued fabrics. American types include American Pima and Sea Island cotton.

Family farm. An agricultural business which (1) produces agricultural commodities for sale in such quantities so as to be recognized as a farm rather than a rural residence; (2) produces enough income (including off-farm employment) to pay family and farm operating expenses, to pay debts, and to maintain the property; (3) is managed by the operator; (4) has a substantial amount of labor provided by the operator and family; and (5) may use seasonal labor during peak periods and a reasonable amount of full-time hired labor.

Farm. A tract or tracts of land, improvements, and other appurtenances available to produce crops or livestock, including fish. The Bureau of the Census defined a farm in 1978 as any place that has or would have had \$1,000 or more in gross sales of farm products.

Farm Credit Administration (FCA). The Government agency responsible for the examination and regulation of the Farm Credit System.

Farm Credit System (FCS). The system is made up of cooperatively owned financial institutions in districts covering the United States and Puerto Rico that finance farm and farm-related mortgages and operating loans. Institutions within each district specialize in farmland loans and operating credit, or lending to farmer-owned supply, marketing, and processing cooperatives. FCS institutions rely on the bond market as a source of funds.

Farmer-owned reserve (FOR). A program for wheat and feed grain producers under which they may place eligible grain in storage after maturity of their regular price support loans. FOR loans are for 27 months with one 6-month extension at the Secretary's discretion. The loans are nonrecourse in that farmers can forfeit the commodity held as collateral to the Government in full settlement of the loan without penalty and without paying accumulated interest. Under certain market conditions, storage programs are made by the Commodity Credit Corporation and no interest accrues on the loan.

Farmers Home Administration (FmHA). A USDA agency that provides credit at reasonable rates and terms for rural Americans unable to get credit from other sources. FmHA provides farm ownership loans to help farmers buy farms or land, repair buildings, or develop or conserve their land. Operating loans are extended to enable farmers to purchase equipment, livestock, and other inputs. Other loans include youth project loans and low-interest emergency loans. In addition, more than two-thirds of the agency's financial assistance is in the form of loan guarantees for commercial lenders who would not extend credit without a guarantee.

Farm program payment yield. The farm commodity yield of record determined by a procedure outlined in legislation. The farm program payment yield applied to eligible acreage determines the level of production eligible for direct payments to producers.

Federal Agricultural Mortgage Corporation (Farmer Mac). An organization authorized by the Agricultural Credit Act of 1987 (see Appendix III), which creates a resale (secondary) market for agricultural mortgages, enabling lenders to obtain cash for further lending. The market links original borrowers and final investors. Mortgages from lenders are pooled into securities and sold on the capital market. Farmer Mac is fashioned after similar home mortgage secondary markets such as the Federal National Mortgage Association ("Fannie Mae"), the Government National Mortgage Association ("Ginnie Mae"), and the Federal Home Loan Mortgage Corporation ("Freddie Mac").

Federal crop insurance. A subsidized insurance program which provides farmers with a means for risk management and financial stability against crop production loss. The insurance is available for 50 different crops, varying by county. Participation in the program is often required for a farmer to qualify for Federal emergency loans.

Federal Crop Insurance Corporation (FCIC). A Federal corporation within USDA that administers the Federal Crop Insurance Program.

Federal Grain Inspection Service (FGIS). A USDA agency that administers a nationwide grain inspection and weighing program. The agency is authorized to establish official U.S. standards for grain. Under the Agricultural Marketing Act of 1946 (see Appendix III), FGIS is also responsible for inspection and weighing of rice, dry beans, peas, lentils, processed grain products, hops, and other assigned agricultural commodities.

Federal marketing orders and agreements. USDA is authorized to issue marketing orders and agreements for a variety of agricultural commodities and their products. Marketing orders have been established for milk, fruits and vegetables, and other commodities. The orders may regulate the handling of fruits and vegetables in a variety of ways including limiting quantities that may be marketed, or establishing grade, size, maturity, or quality requirements. In the case of milk and its products, the orders classify milk and fix minimum prices for each classification (see Class I, II, and III milk).

Federal milk marketing orders. See Federal marketing orders and agreements and Class I, II, and III milk.

Feed grains. Any of several grains most commonly used for livestock or poultry feed, including corn, grain sorghum, oats, rye, and barley.

Findley payments. These payments are referred to in legislation as emergency compensation. If the Commodity Credit Corporation price support (loan) rate is reduced, additional deficiency payments are made to producers to provide the same total return as if there had been no such reduction. The Findley payment rate is the statutory price support rate minus either (1) the national weighted season average farm price for the marketing year, or (2) the announced price support level, whichever is higher. If the season average price is above the statutory loan rate, no Findley payments are required.

Flood plains. Lowland and relatively flat areas adjoining inland and coastal waters, including floodprone areas of islands. This land includes, at a minimum, those areas that are subject to a 1-percent or greater chance of flooding in any given year.

Food and Drug Administration (FDA). An agency of the U.S. Department of Health and Human Services that has the primary responsibility for assuring the safety and wholesomeness of the food supply (except livestock and poultry). The agency also regulates drugs for humans or animals, cosmetics, and medical devices.

Food and Nutrition Service (FNS). A USDA agency responsible for administering Federal food assistance programs, such as the Food Stamp Program, the National School Lunch Program, and the Special Supplemental Food Program for Women, Infants, and Children.

Food for Peace Program. See Public Law 480.

Food grains. Cereal seeds used for human food, chiefly wheat and rice.

Food Safety and Inspection Service (FSIS). A USDA agency that has the primary responsibility for assuring the safety and wholesomeness of livestock, poultry, and their products intended for human consumption. It is also responsible for the labeling of such products. FSIS inspects all meat and poultry sold interstate, within designated States, and in foreign commerce, and it tests for drug and chemical residues.

Food Stamp Program (FSP). A program that helps low-income families improve their diets by providing them with coupons to purchase food at any authorized retail food store. The program began as a pilot operation in 1961 and was made part of permanent legislation in the Food Stamp Act of 1964 (see Appendix III). The program is currently authorized by the Food Stamp Act of 1977.

Forest Service (FS). The largest USDA agency, responsible for managing and protecting the national forests and grasslands, cooperating in managing and protecting certain non-Federal lands, and conducting research in forestry and forest products utilization.

GATT. See General Agreement on Tariffs and Trade.

General Agreement on Tariffs and Trade (GATT). An agreement originally negotiated in Geneva, Switzerland, in 1947 among 23 countries, including the United States, to increase international trade by reducing tariffs and other trade barriers. This multilateral trade agreement provides a code of conduct for international commerce. GATT also provides a framework for periodic multilateral negotiations on trade liberalization and expansion. The eighth and most recent round of negotiations began in Punta del Este, Uruguay in 1986. Currently, 105 nations are participating in the talks, including most of the industrialized market economies, most of the less-developed countries, and several Eastern European nations.

Gleaning. Collecting of unharvested crops from the fields, or obtaining agricultural products from farmers, processors, or retailers without charge.

Grade A milk. Milk, also referred to as fluid grade, produced under sanitary conditions that qualify it for fluid (beverage) consumption. Only Grade A milk is regulated under Federal milk marketing orders.

Grade B milk. Milk, also referred to as manufacturing grade, not meeting Grade A standards. Less stringent standards generally apply.

Grain Reserve Program. See Farmer-Owned Reserve Program.

Gross farm income. Income which the farm sector realizes from farming. It includes cash receipts from the sale of farm products, government payments, value of food and fuel produced and consumed on farms where grown, rental value of farm dwellings, and an allowance for change in the value of yearend inventories of crops and livestock.

Ground water. Water beneath the earth's surface between saturated soil and rock that supplies wells and springs.

Harvested acreage. Acreage actually harvested for a particular crop. This figure is usually somewhat smaller at the national level than planted acreage because of abandonment due to weather damage, other disasters, or market prices too low to cover harvesting costs.

Highly erodible land. Land that meets specific conditions primarily relating to its land/soil classification and current or potential rate of erosion. The classifications, developed by the Soil

Conservation Service, are used to determine eligibility of land for the Conservation Reserve Program and the conservation compliance provisions.

High-valued products. Products which range from highly processed, value-added goods to unprocessed but relatively expensive foods on a per unit or per volume basis, such as eggs, fresh fruits, and vegetables.

Incentive payments. Direct payments made to wool and mohair producers. Similar to deficiency payments, incentive payments are provided to producers when the marketing year is over if the average market price received is less than the support level. The support level is determined by a cost-of-production formula specified in legislation.

Infrastructure. The transportation network, communications systems, financial institutions, and other public and private services necessary for economic activity.

Integrated crop management. An agriculture management system that integrates all controllable agricultural production factors for long-term sustained productivity, profitability, and ecological soundness.

Integrated management system. A comprehensive, multiyear, site-specific system for planning and implementing a program to select a method to contain or control undesirable plant species including education; preventive measures; physical, cultural, or mechanical methods; biological agents; herbicides; and general land management practices including manipulating livestock or wildlife grazing strategies or improving wildlife or livestock habitats.

Integrated Pest Management. The control of pests or diseases by using an array of crop production strategies, combined with careful monitoring of insect pests or weed populations and other methods. Some approaches include selection of resistant varieties, timing of cultivation, biological control methods, and minimal use of chemical pesticides so that natural enemies of pests are not destroyed. These approaches are used to anticipate and prevent pests and diseases from reaching economically damaging levels.

Integrated resource management. See integrated crop management.

Intermediate Export Credit Guarantee Program (GSM-103). A program established by the Food Security Act of 1985 which complements the Export Credit Guarantee Program (GSM-102) but guarantees repayment of private credit for 3-10 years.

Inventory (CCC). The quantity of a commodity owned by the Commodity Credit Corporation (CCC) at any specified time.

Inventory reduction programs. Commodity Credit Corporation discretionary programs first authorized by the Food Security Act of 1985 to provide producers with payments if they reduce acreage by half the required reduction and agree to forgo loans and deficiency payments. The inventory reduction payments, also known as the producer option payments, are computed in the same way as loan deficiency payments.

Irrigable land. Land currently not irrigated but which has project works constructed by the Bureau of Reclamation and available water, or the Bureau of Reclamation has existing plans to provide water.

Land capability. A measure of the suitability of land for use in agriculture without damage. In the United States, it usually expresses the effects of physical land conditions, including climate, on the

total suitability for agricultural use without damage. Arable soils are grouped according to their limitations in sustained production of common cultivated crops without soil deterioration. Nonarable soils are grouped according to their limitations in the production of permanent vegetation and their risks of soil damage if mismanaged.

Land-grant universities. Institutions, including State colleges and universities and Tuskegee University, eligible to receive funds under the Morrill Acts of 1862 and 1890.

Least-developed countries. Countries meeting the poverty criteria for eligibility for financial assistance, established by the International Bank for Reconstruction and Development for Civil Works Preference, or countries that have a food deficit and are characterized by high levels of malnutrition as determined by the Administrator of the Agency of International Development.

Legumes. A family of plants, including many valuable food and forage species, such as peas, beans, soybeans, peanuts, clovers, alfalfas, and sweet clovers. Legumes can convert nitrogen from the air to nitrates in the soil through a process known as nitrogen fixation. Many of the nonwoody species are used as cover crops and are plowed under for soil improvement.

Loan deficiency payments. Commodity Credit Corporation payments provided to producers who, although eligible to obtain a marketing loan for a wheat, feed grains, upland cotton, rice, oilseed, or honey crop, agree to forgo obtaining the loan. The payment is determined by multiplying the loan payment rate by the amount of commodity eligible for loan. The payment rate per unit is the announced loan level minus the repayment level used in the marketing loan.

Loan rate (also called price support rate). The price per unit (bushel, bale, pound, or hundredweight) at which the Commodity Credit Corporation will provide loans to farmers enabling them to hold their crops for later sale.

Low-input sustainable agriculture (LISA). Alternative methods of farming that reduce the application of purchased inputs such as fertilizer, pesticides, and herbicides. The goals of these alternative practices are to diminish environmental hazards while maintaining or increasing farm profits and productivity. Methods include crop rotations and mechanical cultivations to control weeds; integrated pest management strategies such as introducing harmless natural enemies; planting legumes that transform nitrogen from the air into a form plants can use; application of livestock manures, municipal sludge, and compost for fertilizer; and overseeding of legumes into maturing fields of grain crops, or as post-season cover crops to curtail soil erosion.

Marketing loan program. This program allows producers to repay nonrecourse price support loans at less than the announced loan rates whenever the world price for the commodity is less than the loan rate. The programs are mandatory for oilseeds, upland cotton, and rice, and discretionary for wheat, feed grains, and honey.

Marketing quota. Quotas authorized by the Agricultural Adjustment Act of 1938 (see Appendix III) to regulate the marketing of some commodities when supplies are or could become excessive. A quota represents the quantity the Secretary estimates to be required for domestic use and exports during the year. Marketing quotas are binding upon all producers if two-thirds or more of the producers holding allotments for the production of a crop vote for quotas in a referendum. When marketing quotas are in effect, growers who produce more of a commodity than their farm acreage allotments should yield are subject to marketing penalties on the "excess" production and are ineligible for Government price support loans. Quota provisions have been suspended for wheat, feed grains, and cotton since the 1960's; rice quotas were abolished in 1981. Poundage quotas are still

used for domestically consumed peanuts, but not for exported peanuts. Marketing quotas are also used for sugar and major types of tobacco.

Marketing year. Generally, the period from the beginning of a new harvest through marketing.

Market Promotion Program (MPP). Replaces the Targeted Export Assistance Program. The program assists U.S. producer groups or regional organizations the exports of which have been adversely affected by a foreign government's policies. MPP promotes exports of a specific American commodity or product in specified markets.

Migrant farmworker. A person who travels across State or county boundaries to do agricultural work of a seasonal or other temporary nature, and who is required to be absent overnight from his or her permanent place of residence. Exceptions are immediate family members of an agricultural employer or a farm labor contractor, and temporary foreign workers.

Minnesota-Wisconsin (M-W) price. Average price per hundredweight paid to farmers for Grade B milk in Minnesota and Wisconsin as estimated by USDA. The M-W price provides the basis for minimum class prices under the Federal milk marketing orders. The Class III milk price, for example, is set equal to the M-W price, while the Class II milk price uses a product price formula to update the M-W price and is generally about 10 cents higher than the Class III price.

National Agricultural Library (NAL). A USDA agency, it is the national public library that collects and disseminates information on agriculture and related subjects and is a coordinator and primary resource for State land-grant and field libraries. The NAL serves as the U.S. center for an international agriculture information system.

National School Lunch Program (NSLP). A USDA-administered program, it is the oldest and largest child-feeding program which provides financial and commodity assistance for meal service in public and nonprofit private high schools, intermediate schools, grade schools and under, as well as public and private licensed nonprofit residential child-care institutions. All children may participate in the NSLP. Based on household income poverty guidelines, a child may receive a free, reduced-price, or full-price meal.

Net farm income. A measurement of the profit or loss associated with a given year's production. It is an approximation of the net value of agricultural production, regardless of whether the commodities were sold, fed, or placed in inventory during the year. Net farm income equals the difference between gross farm income and total expenses. It includes nonmoney items such as depreciation, the consumption of farm-grown food, and the net imputed rental value of operator dwellings. Additions to inventory are treated as income.

Net market price. The sales price or other per unit value received by a producer for a commodity after adjustments are made for a premium or a discount based on grading or quality factors.

Nonfarm income. A figure that includes all income from nonfarm sources received by farm operator households.

Nonindustrial private forest lands. Privately owned rural lands with existing tree cover, or suitable for growing trees.

Nonpoint source pollution. Pollutants that cannot be traced to a specific source, such as storm water runoff from urban and agricultural areas.

Nonprogram crops. Crops, such as potatoes, vegetables, fruits, and hay that are not included in Federal price support programs.

Nonrecourse loans. The major price support instrument used by the Commodity Credit Corporation to support the price of wheat, feed grains, cotton, rice, honey, sugar, peanuts, and tobacco. Farmers who agree to comply with all commodity program provisions may pledge a quantity of a commodity as collateral and obtain a loan from the CCC. The borrower may elect either to repay the loan with interest within a specified period and regain control of the collateral commodity, or forfeit it to the CCC. In case of a forfeiture, the borrower forfeits without penalty the collateral to the CCC and the CCC accepts it as satisfaction of the loan. This includes the accumulated interest, regardless of the price of the commodity in the market at the time of forfeiture.

Normal flex acreage. This provision of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) (see Appendix III) requires a mandatory 15-percent reduction in payment acreage. Under this provision, producers are ineligible to receive deficiency payments on 15 percent of their crop acreage base (not including any acreage removed from production under any production adjustment program). Producers, however, are allowed to plant any crop on this acreage, except fruits and vegetables.

Oilseed crops. Primarily soybeans, and other minor oilseeds such as sunflowerseeds, flaxseed, rapeseed, canola, safflower, and mustard seeds used for the production of edible and/or inedible oils, as well as high protein meals.

Optional flex acreage. Under the planting flexibility provision of the 1990 Act, producers can choose to plant up to 25 percent of the crop acreage base to other Commodity Credit Corporation-specified crops (except fruits and vegetables) without a reduction in crop acreage bases on the farm, but receiving no deficiency payments on this acreage. The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) (see Appendix III) made a 15-percent reduction in payment acreage mandatory. The remaining 10 percent is the optional flex acreage.

Paid land diversion. A program that offers payments to producers for reduction of planted acreage of a program crop, if the Secretary determines that acreage planted should be further reduced. Farmers are given a specific payment per acre to idle a percentage of their crop acreage base. The idled acreage is in addition to an acreage reduction program.

Payment limitation. The maximum amount of specified commodity program benefits a person can receive by law. Persons are defined under payment limitation regulations, established by USDA, to be individuals, members of joint operations, or entities such as limited partnerships, corporations, associations, trusts, and estates that are actively engaged in farming.

Permitted acreage. The maximum acreage of a crop which may be planted for harvest by a program participant. The permitted acreage is computed by multiplying the crop acreage base by the acreage reduction program requirement (announced by the Commodity Credit Corporation each year) minus the diversion acreage (if applicable).

Price support programs. Government programs that aim to keep farm prices received by participating producers from falling below specific minimum levels. Price support programs for major commodities are carried out by providing loans and purchase agreements to farmers so that they can store their crops during periods of low prices. The loans can later be redeemed if commodity prices rise sufficiently to make the sale of the commodity on the market profitable, or the farmer can forfeit the commodity to the Commodity Credit Corporation (CCC). With a purchase agreement, the producer may sell the commodity to the CCC.

Public Law 480 (P.L. 480). Common name for the Agricultural Trade Development and Assistance Act of 1954, which seeks to expand foreign markets for U.S. agricultural products, combat hunger, and encourage economic development in developing countries. Title I of the Food for Peace Program, as it is also called, makes U.S. agricultural commodities available through long-term dollar credit sales at low interest rates for up to 40 years. Donations for emergency food relief needs are provided under Title II. Title III authorizes "food for development" grants.

Rangeland. Land which is predominantly grasses, grasslike plants, or shrubs suitable for grazing and browsing. Rangeland includes natural grasslands, savannahs, many wetlands, some deserts, tundra, and certain shrub communities. It also includes areas seeded to native or adapted introduced species that are managed like native vegetation.

Referendum. The referral of a question to voters to be resolved by balloting. For example, marketing quotas and acreage allotments have been subject to producer referenda.

Renewable resources. Resources such as forests, rangeland, soil, and water that can be restored and improved.

Rural. A concept defining an area which has a population of fewer than 2,500 inhabitants and is outside an urban area. A rural area does not apply only to farm residences or to sparsely settled areas, since a small city or town is rural as long as it meets the above criteria.

Rural Electrification Administration (REA). A USDA agency that assists rural electric and telephone utilities in obtaining financing. The REA was established in 1935.

School Breakfast Program (SBP). Administered by USDA, and authorized in 1968, the SBP provides financial and commodity assistance to schools that agree to serve nourishing breakfasts according to USDA meal patterns. Meals are offered free or at reduced or full prices, depending on the child's family income.

Secondary markets for agricultural loans. See Federal Agricultural Mortgage Corporation.

Section 22. A section of the Agricultural Adjustment Act of 1933 (P.L. 73-10) (see Appendix III) that authorizes the President to restrict imports by imposing quotas or fees if the imports interfere with Federal price support programs or substantially reduce U.S. production of products processed from farm commodities.

Section 32. A section of the Agricultural Adjustment Act of 1935 (P.L. 74-320) (see Appendix III) which authorizes use of customs receipt funds to encourage increased consumption of agricultural commodities by means of purchase, export, and diversion programs. Section 32 is funded by a continuing appropriation of 30 percent of the import duties imposed on all commodities, both agricultural and nonagricultural. Domestic acquisition and donations of surplus agricultural commodities constitute the major use of Section 32.

Section 301. A provision of the U.S. Trade Act of 1974 that allows the President to take appropriate action to get a foreign government to remove any act, policy, or practice that violates an international agreement. The provision also applies to practices of a foreign government which are unjustified, unreasonable, or discriminatory, and which burden or restrict U.S. commerce.

Section 416. A section of the Agricultural Act of 1949 (P.L. 81-439) (see Appendix III) intended to dispose of agricultural commodities to prevent waste. It permits donations of agricultural products to

public and private nonprofit humanitarian organizations, foreign governments, and international organizations.

Silviculture. A branch of forestry dealing with the development and care of forests.

Skip-row planting. Planting in uniform spaces one or more rows to a commodity (especially dryland cotton), then skipping one or more rows to leave them empty.

Sodbuster. This provision was authorized by the Food Security Act of 1985. It is designed to discourage the conversion of highly erodible land from extensive conserving uses to intensive agricultural production. If highly erodible grassland or woodland is used for crop production without appropriate conservation measures, producers may lose eligibility for many USDA programs.

Soil Conservation Service (SCS). A USDA agency responsible for developing and carrying out national soil and water programs in cooperation with landowners, operators, and others.

Special Supplemental Food Program for Women, Infants, and Children (WIC). A USDA-administered program, created in 1972 to provide program benefits to people determined by local health professionals to be at nutritional risk due to inadequate income and nutrition. Categories of eligibility include pregnant women, postpartum mothers (up to 6 months), breastfeeding mothers (up to 12 months), and infants and children up to 5 years old. Local WIC agencies provide participants either with vouchers redeemable for specified foods at participating retail food stores or with a food package prepared according to Federal guidelines.

Sustainable agriculture. An integrated system of plant and animal production practices having a site-specific application that will, over the long-term, satisfy human food and fiber needs; enhance environmental quality and natural resources; make the most efficient use of nonrenewable resources and onfarm resources and integrate natural biological cycles and controls; sustain the economic viability of farm operations; and enhance the quality of life.

Swampbuster. This provision was authorized by the Food Security Act of 1985. It discourages the conversion of natural wetlands to cropland use. With some exceptions, producers converting a wetland area to cropland may lose eligibility for many USDA program benefits.

Target option program. A program implemented at the Secretary's discretion, in which wheat, feed grain, cotton, and rice producers have the option of choosing from a schedule of target prices and corresponding acreage reduction levels.

Target price. A price level established by law for wheat, corn, sorghum, barley, oats, rice, and upland and extra-long staple cotton. Farmers participating in Commodity Credit Corporation commodity programs receive the difference between the target price and either the market price during a period prescribed by law or the price support (loan) rate, whichever is higher.

Targeted Export Assistance Program. See Market Promotion Program.

Temporary Emergency Food Assistance Program (TEFAP). See Emergency Food Assistance Program.

Thrifty Food Plan (TFP). The least costly of four food plans (thrifty, low-cost, moderate-cost, and liberal-cost) developed by USDA's Human Nutrition Information Service. The plan suggests the amounts of food that could be consumed by males and females of different ages to meet dietary standards. The TFP for a family of four (man and woman, 20-50 years old; children, 6-8 and 9-11

years old) by law constitutes the basis for allotments to households participating in the Food Stamp Program.

Triple base. The planting flexibility concept used in the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) (see Appendix III). Under this concept, a crop acreage base is divided into three categories: acreage removed from production under the Acreage Reduction Program; the permitted acreage on which the program crop is planted and deficiency payments may be paid; and the nonpayment acreage. On the nonpayment acreage, producers may plant any Commodity Credit Corporation-specified crop (except fruits and vegetables), but cannot receive deficiency payments. Crops planted on nonpayment acreage are still eligible for nonrecourse and marketing loans, and crop acreage bases are not reduced. In the Omnibus Budget Reconciliation Act of 1990 (see Appendix I), triple base refers to the mandatory 15-percent nonpayment acreage base (also referred to as normal flex acreage).

Upland cotton. The predominant type of cotton grown in the United States and in most major cotton-producing countries of the world. The staple length of these fibers ranges from about 3/4 inch to 1-1/4 inches, averaging nearly 1-3/32 inches.

Urban. A concept defining an area which has a population of 2,500 or more inhabitants.

U.S. Trade Representative. Head of the Office of the U.S. Trade Representative, the principal trade policy agency of the U.S. Government. The U.S. Trade Representative is also the chief U.S. delegate and negotiator at all major trade talks and negotiations.

Vegetative cover. Trees or perennial grasses, legumes, or shrubs with an expected lifespan of 5 years or more.

Watershed. The total land area, regardless of size, above a given point on a waterway that contributes runoff water to the flow at that point. It is a major subdivision of a drainage basin. On the basis of this concept, the United States is generally divided into 18 major drainage areas and 160 principal river drainage basins containing about 12,700 smaller watersheds.

Wetlands. Land that is characterized by an abundance of moisture and that is inundated by surface or ground water often enough to support a prevalence of vegetation typically adapted for life in saturated soil conditions.

WIC Program. See Special Supplemental Food Program for Women, Infants, and Children.

World Food Program (WFP). An undertaking of the United Nations Food and Agriculture Organization (FAO). The objective of the program is to supply food resources for economic development projects in developing countries. Examples include child feeding and school lunch programs and food-for-work infrastructure projects.

World price. The cost, insurance, and freight (c.i.f.) price of an imported agricultural commodity at a principal port.

0/92. A program provision that allows wheat and feed grain producers to devote all or a portion of their permitted acreage to conserving uses and receive deficiency payments on that acreage. The program makes deficiency payments for a maximum of 92 percent of a farm's maximum payment acreage. Under other types of acreage diversion programs, such as acreage reduction programs, producers cannot receive deficiency payments unless permitted acres are devoted to producing a crop.

50/92. A program provision that allows cotton and rice growers who plant at least 50 percent of their permitted acreage to receive 92 percent of their deficiency payments under certain conditions.

Appendix III: Major Agricultural Legislation from 1933-90

United States Grain Standards Act (P.L. 64-190). Signed August 11, 1916. This law was amended by the United States Grain Standards Act of 1976 (P.L. 94-582) which established the Federal Grain Inspection Service to administer a national grain inspection and weighing program.

Agricultural Adjustment Act of 1933 (P.L. 73-10). Signed May 12, 1933. This law introduced the price support programs, including production adjustments, and the incorporation of the Commodity Credit Corporation (CCC), under the laws of the State of Delaware on October 17, 1933. The program benefits were financed mostly by processing taxes on the specific commodity. The act also made price support loans by the CCC mandatory for the designated "basic" (storable) commodities: corn, wheat, and cotton. Support for other commodities was authorized upon the recommendation by the Secretary with the President's approval. Commodity loan programs carried out by the CCC from 1933 through 1937 included programs for cotton, corn, turpentine, rosin, tobacco, peanuts, dates, figs, and prunes. The production control and processing taxes were later declared unconstitutional by the Supreme Court in 1936.

Agricultural Adjustment Act Amendment of 1935 (P.L. 74-320). Signed August 24, 1935. This law gave the President authority to impose quotas when imports interfered with agricultural adjustment programs.

Soil Conservation and Domestic Allotment Act of 1936 (P.L. 74-461). Signed February 29, 1936. This law provided for soil-conservation and soil-building payments to participating farmers. It introduced income parity, defined as the ratio of purchasing power of the net income per person on farms to net income per person not on farms during the August 1909-July 1914 period.

Agricultural Marketing Agreement Act of 1937 (P.L. 75-137). Signed June 3, 1937. This law provided authority for Federal marketing orders and agreements. It also reenacted and amended certain provisions of the Agricultural Adjustment Act of 1933.

Agricultural Adjustment Act of 1938 (P.L. 75-430). Signed February 16, 1938. This law was the first to make price support mandatory for corn, cotton, and wheat to help maintain a sufficient supply for low production times along with marketing quotas to keep supply in line with market demand. It also established permissive supports for butter, dates, figs, hops, turpentine, rosin, pecans, prunes, raisins, barley, rye, grain sorghum, wool, winter cover-crop seeds, mohair, peanuts, and tobacco for the 1938-40 period. This act established the Federal Crop Insurance Corporation as a Government corporation. The 1938 Act is considered part of permanent agriculture legislation. Provisions of this law are often superseded by more current legislation. However, if the current legislation expires and new legislation is not enacted, the law reverts back to the permanent provisions of the 1938 Act (along with the Agricultural Act of 1949).

Steagall Amendment of 1941 (P.L. 77-144). Signed July 1, 1941. This law required support for many nonbasic commodities at 85 percent of parity or higher. In 1942, the minimum rate was increased to 90 percent of parity and was required to be continued for 2 years after the end of World War II. The "Steagall commodities" include hogs, eggs, chickens (with certain exceptions), turkeys, milk, butterfat, certain dry peas, certain dry edible beans, soybeans, flaxseed and peanuts for oil, American-Egyptian cotton, potatoes, and sweet potatoes.

Agricultural Marketing Act of 1946 (P.L. 79-733). Signed August 14, 1946. This law authorized USDA to inspect and grade the quality of a variety of agricultural products. It also authorized USDA to establish programs for agricultural products including research programs to improve marketing, handling, storage, processing, transportation, and distribution of agricultural products.

Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) (P.L. 80-104). Signed June 25, 1947. This law required the registration of pesticide products to ensure that they meet stated health, safety, and environmental criteria. Amendments to the law required previously registered pesticides to be reregistered by 1997 to meet updated standards. The Environmental Protection Agency, which administers FIFRA, can cancel registration of pesticides not meeting the required criteria, require label changes, or order immediate termination of use.

Agricultural Act of 1948 (P.L. 80-897). Signed July 3, 1948. This law made price support mandatory at 90 percent of parity for 1949 basic crops (corn, cotton, peanuts, rice, tobacco, and wheat). It also provided that beginning in 1950, parity be reformulated to take into consideration average prices of the previous 10 years, as well as the 1910-14 base period.

Agricultural Act of 1949 (P.L. 81-439). Signed October 31, 1949. This law, along with the Agricultural Adjustment Act of 1938, makes up the major part of permanent agricultural legislation which is still effective in an amended form. The 1949 Act originally designated mandatory support for nonbasic commodities--wool and mohair, tung nuts, honey, Irish potatoes and milk, butterfat, and their products.

Agricultural Trade Development and Assistance Act of 1954 (Food for Peace) (P.L. 83-480). Signed July 10, 1954. This law became the basis for selling and bartering surplus commodities overseas and for overseas relief. The program made U.S. agricultural commodities available through long-term credit sales at low interest rates, provided food relief, and authorized "food for development" projects.

Agricultural Act of 1954 (P.L. 83-690). Signed August 28, 1954. It established a flexible price support beginning in 1955 for basic crops (excluding tobacco) at 82.5-90 percent of parity and authorized a CCC reserve for foreign and domestic relief.

National Wool Act of 1954 (Title VII of Agricultural Act of 1954). It provided for a new price support program for wool and mohair to encourage a certain level of domestic production (set at 300 million pounds for 1955).

Agricultural Act of 1956 (P.L. 84-540). Signed May 28, 1956. This law began the Soil Bank Act which authorized the Acreage Reserve Program for wheat, corn, rice, cotton, peanuts, and several types of tobacco. It also provided for a 10-year Conservation Reserve Program.

Consolidated Farm and Rural Development Act (P.L. 87-128). Signed August 8, 1961. This law authorized farm-lending activities through the Farmers Home Administration.

Food and Agricultural Act of 1962 (P.L. 87-703). Signed September 27, 1962. This law authorized an emergency wheat program with voluntary diversion of wheat acreage and continued the feed grain support program. It also included a marketing certificate program for wheat. The program, however, was rejected by wheat producers who were required to approve its marketing quota.

Agricultural Act of 1964 (P.L. 88-297). Signed April 11, 1964. This law authorized a 2-year voluntary marketing certificate program for wheat and a payment-in-kind (PIK) program for cotton.

Food Stamp Act of 1964 (P.L. 88-525). Signed August 31, 1964. This law provided the basis of the food stamp program. It was replaced by the Food Stamp Act of 1977 (Title XIII of the Food and Agricultural Act of 1977).

Food and Agricultural Act of 1965 (P.L. 89-321). Signed November 3, 1965. This law was the first multiyear farm legislation, providing for 4-year commodity programs for wheat, feed grains, and upland cotton. It was extended for 1 more year through 1970 (P.L. 90-559). It authorized a Class I milk base plan for the 75 Federal milk marketing orders, and a long-term diversion of cropland under a Cropland Adjustment Program. This law also continued payment and diversion programs for feed grains and cotton and certificate and diversion programs for wheat.

Agricultural Act of 1970 (P.L. 91-524). Signed November 30, 1970. This law, in effect through 1973, established the cropland set-aside program and a payment limitation per person (set at \$55,000 per crop). It also amended and extended the authority of Class I Base Plan in milk marketing order areas.

Act of April 14, 1971 (P.L. 92-10). Signed April 14, 1971. This law provided for poundage quotas for burley tobacco in place of farm acreage allotments.

Agriculture and Consumer Protection Act of 1973 (P.L. 93-86). Signed August 10, 1973. This law established target prices and deficiency payments to replace former price support payments. It also set payment limits at \$20,000 for all program crops and authorized disaster payments and disaster reserve of inventories to alleviate distress caused by a natural disaster.

Food and Agriculture Act of 1977 (P.L. 95-113). Signed September 9, 1977. This law increased price and income supports and established a farmer-owned reserve for grain. It also established a new two-tiered peanut program.

Food Stamp Act of 1977 (Title XIII). The act permanently amended the Food Stamp Act of 1964. It eliminated purchase requirements and simplified eligibility determinations.

National Agricultural Research, Extension, and Teaching Policy Act (Title XIV). This act made USDA the leading Federal agency for agricultural research, extension, and teaching programs. It also consolidated the funding for these programs.

Cooperative Forestry Assistance Act of 1978 (P.L. 95-313). Signed July 1, 1978. This law authorized USDA to assist in advancing forest resource management; preventing and controlling insects, disease, and fire; improving and maintaining fish and wildlife habitats; and planning and conducting urban forestry programs for non-Federal forest lands.

Federal Crop Insurance Act of 1980 (P.L. 96-365). Signed September 26, 1980. This law removed the restriction on expanding crop insurance into a national program covering the majority of crops.

Agriculture and Food Act of 1981 (P.L. 97-98). Signed December 22, 1981. This law emphasized making U.S. commodities competitive abroad. It set specific target prices for 4 years, eliminated rice allotments and marketing quotas, and lowered dairy supports.

Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253). Signed September 8, 1982. This law froze dairy price supports and mandated loan rates and acreage reduction programs for the 1983 crops.

Temporary Emergency Food Assistance Act of 1983 (P.L. 98-8). Signed March 24, 1983. This law authorized distribution of foodstuffs owned by the Commodity Credit Corporation to indigent persons.

Extra-Long Staple Cotton Act of 1983 (P.L. 98-88). Signed August 26, 1983. This law eliminated marketing quotas and allotments for extra-long staple cotton and tied its support to upland cotton through a formula.

Dairy and Tobacco Adjustment Act of 1983 (P.L. 98-180). Signed November 29, 1983. This law froze tobacco price supports and authorized a voluntary dairy diversion program and a dairy promotion program.

Agricultural Programs Adjustment Act of 1984 (P.L. 98-258). Signed April 10, 1984. This law froze target price increases provided in the 1981 Act, authorized paid land diversions for feed grains, upland cotton, and rice; and provided a wheat payment-in-kind program for 1984.

Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177). Signed December 12, 1985. Also known as the Gramm-Rudman-Hollings Act, the law was designed to eliminate the Federal budget deficit by October 1, 1990. It mandated annual reductions in Federal outlays including those for agriculture if deficit targets were not achieved.

Food Security Act of 1985 (P.L. 99-198). Signed December 23, 1985. This law allowed lower price and income supports, lowered dairy supports, and established a dairy herd buyout program and a conservation reserve program targeted at enrolling erosive croplands.

Farm Credit Restructuring and Regulatory Reform Act of 1985 (P.L. 99-205). Signed December 23, 1985. This law implemented an interest rate subsidy for farm loans and restructured the Farm Credit Administration.

Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). Signed April 7, 1986. This law canceled the flue-cured and burley tobacco quotas previously announced for the 1986 marketing year and gave the Secretary the authority to establish 1986 and subsequent quotas.

Technical Corrections to Food Security Act of 1985 Amendments (P.L. 99-253). Signed February 28, 1986. This law gave the Secretary discretion to require cross-compliance for wheat and feed grains instead of mandating it, changed acreage base calculations, and specified election procedures for local Agricultural Stabilization and Conservation committees.

Food Security Improvements Act of 1986 (P.L. 99-260). Signed March 20, 1986. This law made further modifications to the Food Security Act of 1985, including limiting the nonprogram crops which can be planted under the 50/92 provision, permitting haying and grazing on diverted wheat and feed grain acreage during a set 5-month period if requested by the State Agricultural Stabilization and Conservation (ASC) committee, and increasing deductions taken from the price of milk received by producers to fund the whole herd buyout program.

Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509). Signed October 21, 1986. This law required advance deficiency payments to be made to producers of 1987 wheat, feed grains, upland cotton, and rice crops of at least 40 percent of projected deficiency payments for wheat and feed grains and 30 percent for rice and upland cotton. It also amended the Farm Credit Act of 1971.

Futures Trading Act of 1986; Processed Products Inspection Improvement Act of 1986 (P.L. 99-641). Signed November 10, 1986. The law reauthorized appropriations to carry out the Commodity Exchange Act, and made technical improvements to that act.

Farm Disaster Assistance Act of 1987 (P.L. 100-45). Signed May 27, 1987. This law provided assistance to producers who experienced crop losses from natural disasters in 1986.

Stewart B. McKinney Homeless Assistance Act (P.L. 100-77). Signed July 22, 1987. This law provided housing and food assistance and job training for the homeless.

Uniform Cotton Classing Fees Act of 1987 (P.L. 100-108). Signed August 20, 1987. This law extended the authority of the Secretary for recovering costs associated with cotton classing services.

Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203). Signed December 22, 1987. This law set the 1988 fiscal year budget for agriculture and all Federal agencies. It set target prices for 1988 and 1989 program crops, loan rates for program and nonprogram crops, and required a voluntary paid land diversion for feed grains. The law also further defined who is eligible to receive program payments ("defining a person").

Agricultural Credit Act of 1987 (P.L. 100-233). Signed January 6, 1988. This law provided credit assistance to farmers, strengthened the Farm Credit System, and facilitated the establishment of secondary markets for agricultural loans.

Disaster Assistance Act of 1988 (P.L. 100-387). Signed August 11, 1988. This law provided assistance to farmers hurt by the drought or other natural disasters in 1988. Crop producers with losses greater than 35 percent of production were eligible for financial assistance. Feed assistance was available to livestock producers. It also permitted program crop producers to plant 10-25 percent of their permitted acreage to soybeans and sunflower seeds without loss of base.

Agricultural Credit Technical Corrections Act (P.L. 100-399). Signed August 17, 1988. This law corrected the Agricultural Credit Act of 1987, restoring language that exempted mergers of the Farm Credit System institutions from State transfer taxes.

Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418). Signed August 23, 1988. This law revised statutory procedures for dealing with unfair trade practices and import damage to U.S. industries. It gave the Secretary the discretionary authority to trigger marketing loans for wheat, feed grains, and soybeans, if it is determined that unfair trade practices exist, and to extend the export programs.

Hunger Prevention Act of 1988 (P.L. 100-435). Signed September 19, 1988. This law amended the Temporary Emergency Food Assistance Act of 1983 to require the Secretary to purchase commodities for the program, improve the child nutrition and food stamp programs, and provide other hunger relief.

United States-Canada Free Trade Agreement Implementation Act of 1988 (P.L. 100-449). Signed September 28, 1988. This law implemented the bilateral trade agreement between the United States and Canada, including agricultural trade. The agreement phases out tariffs between the two countries over 10 years and revises other trade rules.

The Disaster Assistance Act of 1989 (P.L. 101-82) and P.L. 101-81. Both signed August 14, 1989. These laws provided assistance to crop and livestock producers who suffered losses in production in 1988 or 1989 due to natural disaster. To be eligible for assistance, program producers with crop insurance had to have suffered losses of at least 35 percent of production, 40 percent for those without crop insurance, 45 percent for soybean and sunflower producers, and 50 percent for

nonparticipating program crop producers, nonprogram crop producers, and honey producers. They also allowed producers to plant alternative crops on up to 20 percent of permitted acreage.

The Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239). Signed December 19, 1989. This law superseded the planting flexibility provisions of the Disaster Assistance Acts of 1988 and 1989. The act allowed program crop producers to plant up to 25 percent of their permitted acreage to soybeans, sunflowers, and safflowers for the 1990 crop.

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508). Signed November 5, 1990. This law amended the Food, Agriculture, Conservation, and Trade Act of 1990 to reduce agricultural spending for 1991-95. It included a mandatory 15-percent planting flexibility for program crops and assessments on certain other crop loans and incentive payments.

The Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624). Signed November 28, 1990. The 5-year farm bill continues to move agriculture in a market-oriented direction. It freezes minimum target prices and allows more planting flexibility. New titles include rural development, forestry, fruit and vegetable, grain quality, organic certification, global climate change, and commodity promotion programs.

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Appendix V--Commodity Program Levels, Crop Years 1987-91

Commodity	Unit	1987	1988	1989	1990	1991
Wheat:						
Target price	\$ per bu.	4.38	4.23	4.10	4.00	4.00
Loan rate	\$ per bu.	2.28	2.21	2.06	1.95	2.04
Acreage reduction	Percent <u>1/</u>	27.5	27.5	10.0	5.0	15.0
Paid land diversion	Percent <u>2/</u>	--	--	--	--	--
Paid land diversion payment rate	\$ per bu.	--	--	--	--	--
National base acreage	Million	87.6	84.8	82.3	80.5	N.R.
Corn:						
Target price	\$ per bu.	3.03	2.93	2.84	2.75	2.75
Loan rate	\$ per bu.	1.82	1.77	1.65	1.57	1.62
Acreage reduction	Percent	20.0	20.0	10.0	10.0	7.5
Paid land diversion	Percent <u>3/</u>	15.0	10.0	--	--	--
Paid land diversion payment rate	\$ per bu.	2.00	1.75	--	--	--
National base acreage	Million	81.5	82.9	82.7	82.6	N.R.
Grain sorghum:						
Target price	\$ per bu.	2.88	2.78	2.70	2.61	2.61
Loan rate	\$ per bu.	1.74	1.68	1.57	1.49	1.54
Acreage reduction	Percent	20.0	20.0	10.0	10.0	7.5
Paid land diversion	Percent <u>3/</u>	15.0	10.0	--	--	--
Paid land diversion payment rate	\$ per bu.	1.9	1.65	--	--	--
National base acreage	Million	17.4	16.8	16.2	15.4	N.R.
Barley:						
Target price	\$ per bu.	2.60	2.51	2.43	2.36	2.36
Loan rate	\$ per bu.	1.49	1.44	1.34	1.28	1.32
Acreage reduction	Percent	20.0	20.0	10.0	10.0	7.5
Paid land diversion	Percent <u>3/</u>	15.0	10.0	--	--	--
Paid land diversion payment rate	\$ per bu.	1.60	1.40	--	--	--
National base acreage	Million	12.5	12.5	12.3	11.9	N.R.
Oats:						
Target price	\$ per bu.	1.60	1.55	1.50	1.45	1.45
Loan rate	\$ per bu.	.94	.90	.85	.81	.83
Acreage reduction	Percent	20.0	5.0	5.0	5.0	0.00
Paid land diversion	Percent <u>3/</u>	15.0	--	--	--	--
Paid land diversion payment rate	\$ per bu.	--	--	--	--	--
National base acreage	Million	8.4	7.9	7.6	7.5	N.R.

See footnotes at end of table.

Continued--

Appendix V--Commodity Program Levels, Crop Years 1987-91--Continued

Commodity	Unit	1987	1988	1989	1990	1991
Rye:						
Loan rate	\$ per bu.	1.55	1.50	1.40	1.33	1.38
Soybeans:						
Loan rate	\$ per bu.	4.77	4.77	4.53	4.50	5.02
Other oilseeds:						
Loan rate	Cents per lb.	--	--	--	--	89.0
Peanuts:						
Loan rate, quota	\$ per bu.	607.5	615.3	615.9	631.5	N.R.
Loan rate, nonquota	\$ per bu.	149.8	149.8	149.8	149.8	N.R.
Marketing poundage quota	1,000 tons	1,355.5	1,402.0	1,440.0	1,560.0	N.R.
Upland cotton:						
Target price	Cents per lb.	79.4	75.9	73.4	72.9	72.9
Loan rate	Cents per lb.	52.5	51.8	50.0	50.3	50.8
Acreage reduction	Percent	25.0	12.5	25.0	12.5	5.0
Paid land diversion	Percent	--	--	--	--	--
Paid land diversion payment rate	\$ per bu.	--	--	--	--	--
National base acreage	Million	14.5	14.5	14.6	14.4	N.R.
Extra-long staple (ELS) cotton:						
Target price	Cents per lb.	97.7	95.7	96.7	98.1	99.6
Loan rate	Cents per lb.	81.4	80.9	81.8	81.8	83.0
Acreage reduction	Percent	15.0	10.0	5.0	5.0	5.0
National base acreage	Thousand	85.9	105.0	119.0	N.R.	N.R.
Rice:						
Target price	\$ per cwt.	11.66	11.15	10.80	10.71	10.21
Loan rate	Cents per lb.	6.84	6.63	6.50	6.50	6.50
Acreage reduction	Percent	35.0	25.0	25.0	20.0	5.0
Paid land diversion	Percent	--	--	--	--	--
Paid land diversion payment rate	\$ per bu.	--	--	--	--	--
National base acreage	Million	4.2	4.2	3.9	4.2	N.R.
Flue-cured tobacco:						
Loan rate	Cents per lb.	143.5	144.2	146.8	148.8	N.R.
Effective marketing quota	Mil. lbs.	740.0	810.2	900.0	939.0	N.R.
National allotment acreage	Thousand	355.5	379.6	426.5	420.4	N.R.

See footnotes at end of table.

Continued--

Appendix V—Commodity Program Levels, Crop Years 1987-91—Continued

Commodity	Unit	1987	1988	1989	1990	1991
Burley tobacco:						
Loan rate	Cents per lb.	148.8	150.0	153.2	155.8	158.4
Effective marketing quota	Mil. lbs.	524.8	565.0	587.6	602.3	726.0
Wool:						
Support level	Cents per lb.	181	178	177	182	N.R.
Mohair:						
Support level	Cents per lb.	495	469	459	453	N.R.
Sugar:						
Loan rate for raw cane	Cents per lb.	18.00	18.00	18.00	18.00	N.R.
Loan rate for refined beet	Cents per lb.	21.16	21.37	21.54	21.93	N.R.
Honey:						
Loan rate	Cents per lb.	61.00	59.10	56.36	53.77	53.80

-- = Not applicable. N.R. = Not released.

1/ In 1990, producers had the opportunity to plant up to 105 percent of their wheat base. For each acre planted above 95 percent of the base, the acreage used in determining the producers' deficiency payment decreased by 1 acre.

2/ In 1986, the 2.5 percent paid land diversion was mandatory for participants in the wheat program. Also, participants had the option of an additional 5-10 percent voluntary paid land diversion.

3/ In 1986, the 2.5 percent paid land diversion was mandatory for participants in the feed grain program.

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