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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, You have revealed in Scripture, through the generations, and in our own experience, that You pour out Your power when there is unity, mutual esteem, and affirmation for the oneness of our patriotism. Bless us with Your Spirit so that we may disagree without being disagreeable, share our convictions without being contentious, and lift up truth without putting anyone down. Help us to seek to convince without coercion, persuade without pressure, motivate without manipulation. May we trust You unreservedly and encourage each other unselfishly.

God, bless America, beginning with these Senators on whom You have placed so much responsibility and from whom the people expect so much. You have brought them to this Senate at this time, not only for what You want to do through them in leading this Nation but also for what You intend to exemplify to the Nation in the way they live and work together. In the name of our Lord. Amen.

PLEDGE OF ALLEGIANCE

The Honorable E. BENJAMIN NELSON led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, December 18, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. NELSON of Nebraska thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Nevada is recognized.

SCHEDULE

Mr. REID. Mr. President, this morning the Senate will resume consideration of the ESEA conference report with 2 hours and 30 minutes of debate prior to the 12 noon rollcall vote on the conference report.

Following this vote, we hope to have a vote on cloture on the substitute amendment to the farm bill.

There will be a recess following the cloture vote for the weekly party conferences.

Additional rollcall votes are expected as the Senate continues to work on the farm bill.

It goes without saying that we hope this is our last week here before the first of the year.

We expect other votes throughout the day on the farm bill.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

NO CHILD LEFT BEHIND ACT OF 2001—CONFERENCE REPORT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the conference report to accompany H.R. 1. The clerk will report.

The legislative clerk read as follows:

NOTICE

Effective January 1, 2002, the subscription price of the Congressional Record will be $422 per year or $211 for six months. Individual issues may be purchased for $5.00 per copy. The cost for the microfiche edition will remain $141 per year with single copies remaining $1.50 per issue. This price increase is necessary based upon the cost of printing and distribution.

Michael F. DiMario, *Public Printer*

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 1, to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, having met, have agreed the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, and the Senate agree to the same, signed by a majority of the conferees on the part of both Houses.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 2½ hours of debate on the conference report with 2 hours to be equally divided and controlled between the chairman and ranking member or their designees for 15 minutes each for Senators WELLSTONE and JEFFORDS.

Who yields time?

The Senator from Kentucky.

Mr. BUNNING. Mr. President, I rise to talk for a few minutes about the bill before us today—the reauthorization of the Elementary and Secondary Education Act.

First of all, I would like to commend the members of the conference committee who worked for months to reach a final agreement.

In Congress, you very rarely get exactly what you want, and in this bill I think both sides reached a good compromise that will help our children and our schools.

I have 9 kids and 35 grandkids, and I know exactly how important education is.

I know how crucial it is for children to be challenged and encouraged at school. It is one of the most important elements of their development.

Every child in America deserves a good education, and the President is exactly right when he says no child should be left behind. This bill takes a big step in that direction.

It provides increased flexibility of funds, accountability for student achievement and more options for parents. It is a win-win-win bill for students, parents and schools.

First, the bill gives new options to kids who have been trapped year after year in failing schools.

Schools that do not make adequate yearly progress will face increasingly stiff penalties. For example, students trapped in failing schools will be allowed to transfer to another public school.

Personally, I would have preferred giving children and their parents even more options and given them the choice of going to a private or religious school as well. But there is no doubt the legislation represents a definite improvement over current law.

If a school continues to fail on a long-term basis, students will receive money for supplemental services like tutoring or an after-school program.

Also, I am very pleased the final version of this bill allows supplemental services to be provided by public, private or faith-based organizations. This could be especially important in smaller communities that offer fewer options to kids.

Furthermore, the bill provides that schools that continue to fail students can be completely restructured.

This means they could be taken over by the states or incompetent staff could be fired.

I know this is drastic. No one wants to see anything like this happen. But if it's a choice between helping the kids or protecting a failing school, the choice is clear.

Second, this bill provides states and school districts greater flexibility with federal education dollars.

For years, many of us have argued we need to preserve local control over education and guard against a bigger federal bureaucracy.

It is the local school board and state education officials who know better than anyone in Washington what works in their communities, and this bill represents a fundamental shift toward better education policy.

For instance, the legislation before us allows every local school district and state to transfer certain federal funds among a variety of programs, along with establishing a local Straight A's program which will be available for 150 school districts nationwide.

Straight A's is a great idea that actually lets the local officials direct federal money to their most pressing needs, whether it be hiring more teachers or buying new books, in exchange for meeting certain performance goals.

I hope many schools in Kentucky take advantage of these new opportunities.

If you think about it, we trust our local school officials with our children every day. But more and more, we have not been trusting them to know best how to spend education dollars. That does not make any sense to me and now that is going to change.

This bill also consolidates some existing funding for class size reduction and professional development to give schools more options in improving teacher quality.

Under the legislation, schools will have the ability to help teachers do their jobs better, whether it is reducing class size, providing training or recruiting new teachers.

We all know good teachers are one of the keys to a good education. Now school officials are going to have more tools at their disposal to help teachers do their job.

I have always said teachers have one of the hardest, most important jobs in the world, and too often they do not get the credit they deserve. I hope that starts to change.

I am also glad this bill contains the important Troops to Teachers Program. There are no better role models for kids than men and women who have sacrificed for our country. The conference report is going to continue this program.

Along that same line, the legislation also requires schools to give military recruiters the same access to high school students as job recruiters.

Since September 11, there has been a newfound appreciation by many for our military. I hope many of our young people who feel called to serve their country will take advantage of the benefits the armed services can provide.

Finally, I realize some are concerned funding for the Individuals With Disabilities Education Act was not included in this bill. This is an important program. I have long supported increasing funding for IDEA and for the Federal Government living up to its commitment of full funding at 40 percent.

In fact, under a Republican controlled Congress, IDEA funding has virtually tripled from 1994 to 2001. Although we still have not met our goal and have a long way to go to fully fund this program, I am looking forward to working with my colleagues on reauthorizing IDEA next year.

In conclusion, the bill we have before us is a good proposal. It is not perfect, but there is no doubt about it, it represents a clear improvement over current law. I believe our children, our Nation, and our schools will benefit from it. I look forward to voting for this bill, and I urge my colleagues to do the same.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, a year ago this week, in Texas, I joined several colleagues as the then-chairman of the Senate Education Committee and met with President-elect Bush to discuss education reform.

It is interesting to note that the meeting occurred in Texas, the home of the current President, and the home of our 36th President, Lyndon Johnson, who, in 1965, signed into law the original Elementary and Secondary Education Act.

As we emerged from last year's Austin meeting, we made a bipartisan commitment to write and pass an education reform bill that would raise school accountability and improve student achievement.

With the projection of budget surpluses for as far as the eye could see, it appeared that we would not only set in motion innovative reforms, but we would also match those reforms with new monetary investments.

It has been 362 days since we left that optimistic Austin meeting, and the scenario has dramatically changed. We are not only facing a very different economic reality, but we also have an administration in place that does not support the funding needed to successfully carry out its own education reform initiative.

There is no question that we need to improve our Nation's schools. Results from the recently released National Assessment of Educational Progress show that only 1 in 5—that is only 1 in 5—of this country's high school seniors are proficient in math and science, and only 2 in 5 are proficient in reading.

Further, the Third International Mathematics and Science Study shows

that performance in math and science by U.S. students declines relative to that of students in other nations as students move through the grades of our school system.

Another startling statistic is that almost half of all adults have either dropped out of high school or have not pursued any type of post-secondary education.

Last year, we had to again raise the cap on the number of H–1B visas because this Nation is lacking the skilled employees necessary to meet the workforce demands of the high-tech and health care industries. That is insulting.

I commend the President and the chairmen and ranking members of the House and Senate Education Committees for creating legislation specifically mandating that States and schools must significantly improve performance.

The bill before us imposes very strict mandates on our schools, requiring States to separate achievement data by race, gender, and other subgroups to better identify those students having academic difficulties. This is a very worthy goal and one which I fully support.

However, I fear that this bill, without the sufficient resources, will merely highlight our shortcomings. I fear it will not provide the assistance—both financial and technical—that schools will need to meet the goal of having every student reach their full academic potential.

Educational budgets throughout this Nation are facing severe cuts due, in part, to the recent economic downturn, but also due to the high costs associated with providing students with disabilities special education services.

In Vermont, 92 percent of the children with disabilities, between the ages of 6 and 11, are educated in their neighborhood schools in classrooms with their nondisabled peers. Special education costs in Vermont have increased 150 percent over the past 10 years.

The Federal underfunding of special education leads to State and local districts spending approximately $20 million more in Vermont from local sources than would be necessary if Federal funding were provided at the level Congress promised in the original law.

In 1975, we, in the Congress, authorized the Federal Government to pay up to 40 percent of each State's excess cost of educating children with disabilities. It has been 26 years since we made that commitment, and we have failed to keep our promise. We are currently providing only 16 percent of the original 40 percent promised.

Earlier this year, during Senate consideration of the ESEA bill, this body unanimously adopted the Harkin-Hagel amendment that required Congress to fully fund IDEA through progressive annual increases. I am extremely disappointed that the final product we are considering today does not include this critical amendment. Without the inclusion of the Harkin-Hagel amendment, and without sufficient funding for the programs outlined in the bill, I am afraid this bill may actually do more harm than good.

The primary feature of H.R. 1 is adequate yearly progress. Under the revamped title I program, every student in every school must be proficient within 12 years. This sounds reasonable. However, at current funding levels, and even with over a billion-dollar increase for title I in the coming year, we will still only be funding less than half of the children who qualify under the title I program.

Since title I was created in the landmark Elementary and Secondary Education Act of 1965, neither Congress nor any administration has provided the dollars required to fund all of the students needing services. It seems to me that Congress has failed to meet its own adequate yearly progress goals for the past 36 years.

I have been in Congress for more than 25 years. I have never voted against an education bill before. But to vote for this education bill as it now stands, I believe, is counterproductive, if not destructive. My instincts tell me that this bill will become law within a matter of days.

Although I am voting against this bill, I will work very hard with all of my colleagues to obtain the funding that is needed so that our educational system will not only be strengthened but, as Dr. Seuss once said in one of the last books to be issued before this author's passing: ''. . . you'll be the best of the best. Wherever you go, you will top all the rest.''

We can only be the ''best of the best'' by not only adequately funding these programs but also working with parents and teachers and principals and superintendents and school personnel and school board officials and students, for they have many of the answers that will enable us and our students ''to top all of the rest.''

Today, I vote against this bill because I believe it is better to approve no bill rather than to approve a bad bill. I am sincerely hoping, for the sake of our children, that history will prove me wrong.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank Senator JEFFORDS for his work on this legislation. He was chairman of our committee when we reported out the Senate version. Sometime after that, we had a change in leadership. As a matter of fact, the bill itself was on the floor. I had the opportunity to chair the legislation.

The Senate should know that on this legislation, the first parts were reported out of the committee when Senator JEFFORDS was the principal architect. Although we come to different conclusions in terms of the outcome on this legislation, I express our great appreciation to him for his longstanding commitment to funding the IDEA. He has been passionate about that and has worked on it. He makes a compelling case. We are closer to the day when I think we will get there. I think we will get there, and we are going to. When we do, Senators JEFFORDS, HARKIN, and HAGEL will all have been enormously helpful in our achieving it.

The final point I will mention: We have in this legislation expanded the afterschool program by 200,000 children. We still have a long way to go. I am mindful that that program started out in 1994 sponsored by Senator JEFFORDS. It started out as a $50 million program and several thousand students. Now there are probably more subscriptions for that program than any other program in these last years because of the recognition of the difference it makes in terms of being a resource for children to get assistance after school. I thank him for his good work. I wish he had come to a different conclusion, but the Senate should know.

I see the Senator from Minnesota. We expect him to talk. If I may, I yield for 30 seconds to the Senator from Rhode Island.

The ACTING PRESIDENT pro tempore. The Senator from Rhode Island.

Mr. REED. I thank Senator KENNEDY.

I had the opportunity yesterday to speak at length on this bill and to commend my colleagues, Senator KENNEDY and Senator GREGG, our colleagues from the other body, Mr. BOEHNER and Mr. MILLER, and Senator JEFFORDS for his leadership as chairman.

I neglected to commend people who were much responsible for this legislation, and that is staff members, particularly my staff member Elyse Wasch who did a remarkable job.

I also extend my thanks and congratulations to Danica Petroshius, Roberto Rodriguez, Michael Dannenberg, Dana Fiordaliso, and Michael Myers of the majority staff and Denzel McGuire of the Republican staff. Their efforts were remarkable.

Much of the success of the bill was because of these individuals. I thank them personally for their great work, particularly Elyse Wasch of my staff.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I will take some time now and I will reserve the final 5 minutes right before the vote.

Senator REED, in his characteristically gracious style, thanked his staff and other staff here for their great work. I would as well. I include Joe Morningstar who works with me in that mix.

I also say to Senators KENNEDY and GREGG that I appreciate all of their commitment and all of their very hard work.

I say to Senator JEFFORDS that I greatly appreciate his soul, his unbelievable commitment to children, how strongly he feels about this question.

And I very much find myself in agreement with his analysis.

I must say with a smile that I am amazed that so many of my colleagues are now supporting a Federal mandate right under the school district saying every school district—school districts have represented the essence of graduate political culture in our country—every school district, every school, you will test every child, grades 3, 4, 5, 6, 7, and 8. I must say that I think this oversteps, if not the authority, the sort of boundaries of congressional decisionmaking on education. Here I am, a liberal Senator from Minnesota, but this is my honest-to-God belief. I am just amazed that so many Senators have voted for this, especially my conservative friends.

Having said that, I voted for the bill when it was on the Senate floor for two reasons: One, we had the IDEA program mandatory. That is hugely important in terms of getting funding back to our States and school districts. No. 2, I wanted to get on the conference committee to try to make the bill better.

I thank both my colleagues. I can't say the Chair and I always agreed on everything, but I wanted to thank them for letting me be on the conference committee. I enjoyed the work. There is a lot of good policy in this bill. I will be proud of whatever I contributed, but also many Senators contributed to that.

Let me just say that for my own part, the big issue with me is this sort of rush to testing, as if it is the reform. The testing is supposed to test the reform, it is not supposed to be the reform.

This focus on standardized tests, multiple choice tests, and teachers teaching to it has become drill education. It is educationally deadening.

There are a lot of amendments and provisions in this bill I had a chance to work on that talk about high-quality testing, how we do that, and multiple measures, giving our States maximum flexibility so that they have 3 years in the aggregate of testing before they begin to use them as high stakes testing, see how schools do. And they don't have to start until 2005 or 2006. Therefore, we don't get the result until 2008 or 2009, and I am glad we will not have this mad rush to the worst of standardized testing.

There are some good provisions in this bill that will make a difference when it comes to having high-quality testing.

We also have very good legislation in here that deals with teacher recruitment and retainment. That had to do with Senators HUTCHISON, CLINTON, KENNEDY, and DEWINE. That is a huge issue—how we can recruit and retain teachers.

Parent information and resource centers, local family information centers, the ways in which you can have parents more involved—and quite often you have to do it through some of the nonprofits and nongovernmental organizations in the neighborhoods and communities—that is extremely important. We have a great program in Minnesota after which this is modeled. I am so glad that is in the bill.

Then I thank Sheila my wife because she is my teacher when it comes to violence in homes, and there are some really good provisions in this bill that deal with children who witness violence and how to help them.

That is all to the good. But we had the chance to make our rhetoric of the last 26 years about the IDEA program a reality. We did that on the Senate side, but the House Republican leadership killed it on the House side and the administration opposed it. That is what I am saddest about. I believe we could have made the fight for children in education, and we could have said to this administration: You cannot realize this goal of leaving no child behind unless the resources are there to go with the testing. The tests don't bring more teachers. The tests don't lead to smaller class size. The tests don't lead to good textbooks. The tests don't lead to better technology. The tests don't mean the children come to kindergarten ready to learn. All of these things have to change.

Without a commitment to making IDEA mandatory and making the full funding over a 6-year period that should have been this year, we cheat our States and school districts and our schools, and we cheat our teachers and we cheat our children.

That is why I oppose this legislation. People in my State of Minnesota are angry because they believe by acceding to the House Republican position and the administration position, we have cheated Minnesota out of $2 billion of IDEA money over the next 10 years—about $45 million on the glidepath this year. They are angry because no longer are we going to be able to have all-day kindergarten in a lot of our schools. They are angry because we are having to eliminate some of our good early childhood development programs. They are angry because we are going to have to eliminate some of our afterschool programs. And they are angry because we are eliminating teachers and we are increasing class size. They are angry because we are having to make cuts in the school lunch program. They are angry because we are having to make cuts in transportation.

There are first graders who are going to have to walk a mile, and seventh graders 2 miles, to go to school because the bus service has been cut out.

Colleagues, if we had lived up to our commitment on full funding of IDEA, we would not have to make those cuts in Minnesota. But we did. That is why I will vote no. I will vote no for my State of Minnesota.

The Center for Education Policy has a quote that I think is so important:

Policymakers are being irresponsible if they lead the public into thinking that testing and accountability alone will close the learning gap. Policymakers on the State and national level should be wary of proposals that embrace the rhetoric of closing the gap, but do not help build the capacity to accomplish that goal.

I believe what we have here is a Federal unfunded mandate calling on our States and school districts to do more with less, calling on them to test every child every year, grades 3, 4, 5, 6, 7 and 8, and telling them that they have to do so without a Federal mandate that every child will have the same opportunity to do well on these tests.

Where are the resources to make sure that all the children in America have the same chance to do well? And when they don't do well on these tests or the schools don't do well, where are the additional resources to help them? Not in this bill. When you start talking about we have increased funding for title I, no, not in real dollar terms. We are in a recession. There are many more children who are eligible. We are not doing any more funding in real terms. About a third of the eligible children are going to get the funding, and that is it. We didn't live up to our commitment to fully fund the IDEA program, and there is a pittance in the Federal budget for early childhood development so that children can come to school ready to learn.

The President and the administration talk about leaving no child behind—the mission of the Children's Defense Fund—and that is the title of this bill. We cannot realize the goal of leaving no child behind on a tin cup budget. We are setting a lot of schools and children and school districts up for failure because we have not lived up to this promise. We are calling on the schools to be more accountable. But what about our accountability to our States and our school districts and our teachers and our children? We have failed the test of accountability by not making the IDEA program mandatory and providing full funding. We have failed the test of accountability by not providing that.

The PRESIDING OFFICER (Mr. REED). The Senator has 5 minutes remaining. The Senator wanted to be informed.

Mr. WELLSTONE. Five minutes of the original 15?

The PRESIDING OFFICER. That is correct.

Mr. WELLSTONE. I will take another 2 minutes.

Mr. KENNEDY. I will yield 5 minutes of our time.

Mr. WELLSTONE. I thank the Senator for his graciousness.

Mr. REID. Mr. President, we were trying to arrange some additional time. We were unable to do that. The vote will occur around 12 noon today.

Mr. WELLSTONE. I have made my point. I will say to colleagues that I am amazed that Senators don't want to have a little more debate on this. What is the problem? There are people who want to speak against it, too. I am just amazed that apparently my colleagues

on the Republican side, I gather, are opposed to this. They don't want to have more debate. I don't blame you because a lot of people in our States are going to feel quite betrayed.

Mr. GREGG. Will the Senator yield?

Mr. WELLSTONE. Yes.

Mr. GREGG. Mr. President, I don't understand the Senator's accusation against Republicans on that issue. The time agreement on this bill was reached between the majority party and the minority party. It was not unilaterally agreed to by the minority party. It was put forward by the leadership on both sides. Do not accuse the Republican side of the aisle of being the people who are trying to limit this. You have an opportunity to speak. You got 15 minutes. The Senator from Massachusetts has been kind enough to offer you more. I will offer you 5 more minutes of my time if you want more.

Mr. WELLSTONE. Since the Senator speaks with such indignation, I am pleased to offer an explanation. First of all, it is not about me; it is about other colleagues who want to speak. Yesterday, we had an understanding for 2 hours and a half hour—or 1 hour and a half hour. Then there was a unanimous consent yesterday to extend an additional hour for the proponents. I asked the majority whip whether we could have more time for other Senators to speak, and my understanding is that that is fine on our side, but the Republicans have turned that proposal down, in which case, Senator, I stand by my remarks.

I yield the floor.

The PRESIDING OFFICER. The Chair reminds Senators to address each other in the third person and through the Chair.

Mr. REID. Mr. President, parliamentary inquiry: Let's make sure we have the time down here. It is my understanding that the Senator from Massachusetts graciously agreed to give the Senator from Minnesota 5 minutes, and the Senator from New Hampshire also agreed to give him an additional 5 minutes.

Mr. GREGG. Mr. President, I will reserve that. The Senator has clearly rejected my offer.

Mr. REID. The Senator from Minnesota has an additional 5 minutes that the Senator from Massachusetts extended. I ask that that be approved by unanimous consent.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. WELLSTONE. I ask the Senator this. There were several other Senators who wanted to speak in opposition. The Senator from Minnesota, Mr. DAYTON, is one.

Mr. REID. The Senator from Vermont allocated the Senator his 7½ minutes, and he has 5 from Senator KENNEDY.

Mr. WELLSTONE. All together I have how much time left?

The PRESIDING OFFICER. The Senator from Minnesota has 7 minutes remaining.

Mr. REID. Plus the 7½ minutes from the Senator from Vermont, who agreed to let him use that time, but also 5 minutes from the Senator from Massachusetts.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. The Senator from New Hampshire has the floor.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I guess we are going to have more discussion on these points. I think it is appropriate at this time to briefly respond to the Senator from Minnesota relative to his representations on especially IDEA funding.

There is a history to this funding which I think has to be reviewed. During the Clinton administration, not once in the first 7 years of that administration was there an increase sent to the Congress for special education funding—not once—of any significance at all.

However, a group of us on our side of the aisle said that was not right. We decided to significantly increase the IDEA funding beginning about 5 years ago. We were successful in accomplishing that. Over the last 5 years, we have increased IDEA funding, special education funding, by 173 percent. That is the single largest percentage increase that any significant policy account has received over the last 5 years.

The new President, President Bush, also understood, because he was a Governor who was sensitive to this issue, that IDEA was not properly funded.

He sent up in his budget the single largest increase in IDEA funding ever proposed by an administration. At the end of this appropriating process which will occur this year, hopefully before Christmas, IDEA funding will have gone from approximately 6 percent when we began this process in 1995 and 1996, up to approximately 20 percent of the cost of IDEA, not the 40 percent which is our goal, but the obvious path which is being pursued is towards full funding.

I do not believe the Senator from Minnesota voted against any of the budgets offered by President Clinton which had zero increases in special education funding. I do not believe he did. But he comes here today and says that because special education funding was not included in this bill which deals with title I funding we should vote against title I funding.

I find that inherently inconsistent, first because we are on a path towards full funding of special education, but second, by voting against a bill which significantly increases funding for title I, which is the low-income children of this country and who represent a primary responsibility of the Federal Government, which we have assumed as a Federal Government, we are undercutting the capacity of those children to have a chance to compete effectively in the school systems.

These are two different issues, special education and title I. Yes, there is overlap on children, no question about it, but the policy issues involved in the two are significantly different. So a decision was made since we are going to reauthorize special education next year that we should take on the policy issues of special education and the funding issues of special education as a package, as a unit, and do it next year, in the context of the fact we are increasing special education this year by over $1 billion. It is not as if we are saying we are not going to do anything in the special education accounts for dollars; we are actually increasing it by $1 billion this year. The money is being put on the table, but the policy that needs to be addressed in the special education accounts are as important as the dollars that need to be addressed. For example, the issue of discipline needs to be addressed. The disparity in discipline between special education kids and kids who are not in special education is a big problem in school systems.

The issue of bureaucracy needs to be addressed. It is extremely expensive to school districts to meet the bureaucratic requirements of IDEA.

The issue of attorney's fees needs to be addressed. We have created a cottage industry for attorneys dealing with special education. We need to address that.

There are significant policy concerns which should be addressed at the same time we address the issue of how we set up the funding stream. I have one other point on the mandatory funding stream. This in some ways is a smokescreen because, as I pointed out, there is a dramatic expansion in funding occurring in special education.

The question is, Is that money going to come out of the discretionary accounts or is it going to come out of the mandatory accounts, and that is an inside-the-beltway baseball game, but it is a big game because if we move it all over to the mandatory accounts, basically we free up $7 billion in the discretionary accounts. That is $7 billion the Appropriations Committee, on which I have the honor to serve, has available to spend on anything they want to spend it on. It does not have to spend it on education. It frees up that money.

A lot of this exercise in mandatory accounts is an exercise to free up $7 billion of discretionary spending.

I do think the argument that because the IDEA language was not included in this bill, therefore, I am going to vote against the title I reform language is inconsistent with the fact pattern because we know we are going to reauthorize special education next year, we know we will visit the issue of mandatory spending next year, and, at the same time, we know we are significantly increasing special education funding this year through the discretionary accounts; we have done it over the last 6 years.

I find that argument to be one that does not have much in the way of legs,

as far as I am concerned, as a reason to oppose this bill. There may be other issues in this bill, and the Senator from Minnesota raised the issue of testing. That is a legitimate issue in this bill. We are significantly changing the role of the Federal Government relative to testing in the States. That is a legitimate issue. I know the Senator from Minnesota feels strongly about that issue and has very credible arguments, in my opinion, but the IDEA is another issue.

I now yield to the Senator from Idaho 3 minutes.

The PRESIDING OFFICER (Mr. BAYH). The Senator from Idaho.

Mr. CRAPO. Mr. President, I appreciate the opportunity to speak on the bill. I came down to express my strong support for this legislation, not only because of the important reforms in education that it proposes but because of the significant new resources that the Federal Government will be providing to public education, and also to discuss the fact we are going to be moving forward from this legislation to reform and strengthen the IDEA legislation next year. I look forward to being a part of that process and working with our chairman and ranking member on addressing these critical needs of our children.

I have worked for the last 3 or 4 years myself with the committee and with others to see if we could somehow reach that goal of 40-percent funding for IDEA, which is our objective. We have had a lot of difficult battles over that issue, and we have had a number of votes to try to get us moving down that path. We are on the path toward achieving that objective.

I certainly agree with my good friend, Senator GREGG, about the fact because we have not yet achieved success does not mean we should vote against this legislation. I also have concerns about the testing language in the legislation. I have concerns about where we should address a number of the critical issues in education.

Not everything in this legislation is as I would have had it. However, I consider this bill to be an important step forward, and I look forward to working with the committee next year on achieving both substantive reforms and the financial commitment we need to make to IDEA.

I yield back the remainder of my time.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. Mr. President, I want to take 1 minute to respond, and I want to yield the floor to Senator DAYTON for a few minutes, and that will be in opposition.

Ms. MIKULSKI. Mr. President, there is an order, and the time is being controlled by the Senator from Massachusetts, not by the Senator from Minnesota.

Mr. KENNEDY. Mr. President, after the Senator winds up, I was hoping we were going to go to Senator MIKULSKI. The Senator had been recognized for 15 minutes and then the tentative agreement is that Senator MIKULSKI was going to be able to respond. We are trying to work out an accommodation.

Mr. WELLSTONE. How about Senator MIKULSKI speaking and then Senator DAYTON will follow?

Mr. KENNEDY. We are trying to go from one side to the other.

Mr. WELLSTONE. That is what I was trying to do.

Mr. KENNEDY. I thought the Senator was trying to get Senator DAYTON after himself.

Mr. WELLSTONE. No.

Mr. KENNEDY. I am going to yield time to Senator MIKULSKI.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield for a question.

Ms. LANDRIEU. Mr. President, I ask the Senator from Massachusetts what order we are in, and I am happy to take whatever order he deems appropriate.

Mr. KENNEDY. I thought the Senator might be here a little after 10:30 a.m., if that is convenient to the Senator. We are trying to do the best we can, but we do have an order. I am glad to yield 3 minutes to the Senator from Maryland.

Ms. MIKULSKI. I thank the Chair. Mr. President, I wish to make clear that I will vote for the legislation called the No Child Left Behind Act. The reason I am going to vote for this legislation is because I am a pragmatist. Does the legislation do everything in education that I want done? No. Does it do everything on funding the way I want it to be done? No. But there is a crying need in our public schools to pass this modernization of the Elementary and Secondary Education Act, and I do not want to make this legislation be an example of the perfect is the enemy of the good.

We do many fine things in this legislation. Technology is one area in which I have been concentrating.

This bill does include my amendment to create an education technology goal that every child be computer literate by the eighth grade. It includes my amendment to authorize community tech centers to create and expand community tech centers in rural and distressed urban areas, in other words, to bridge the digital divide and allows the Department of Education to provide competitive grants to community-based organizations.

These nonprofits would set up technology centers where children and adults would have access to technology. What does this mean? It means a safe haven for children; it lets them do their homework as well as surf the Web. It also means job training for adults during the day. This legislation also includes more flexibility for the tech approach, such as maintenance and repair.

In Baltimore, the Social Security Administration gave over 1,000 computers to the Baltimore city school system, but they needed repairs. Some of the microchips had been broken. No one could afford to pay for them. My amendment would allow schools greater flexibility to have these public-private partnerships to repair this equipment.

Now I will address the issue of IDEA. Full funding for IDEA is essential for our special needs children and all of the children. Had the Senate passed the Harkin-Hagel amendment, this would have meant $42 million for my State, as well as an increase of $2.5 billion in overall IDEA funding. Yet that approach was rejected by the House conferees.

I salute Senator JEFFORDS and HASKIN others who led the fight to add more money for IDEA, because at the rate we are funding IDEA it will take us to the year 2017 to fund IDEA at the 40 percent we promised 26 years ago. However, I chose not to hold up this bill over this topic because there is increased funding and next year we are going to address the issue of IDEA, which is: What is the right money and what is the right policy?

Since the IDEA legislation was passed 26 years ago, so many of our children come to school now far more medically challenged than when the legislation was passed, far more challenged with psychological or other learning disabilities. I think we need to take a new look, based on research-driven recommendations, that will give us the guiding principles on what is the right way to handle special needs children because of the complexity of their needs. It is often not only someone who helps sign in the classroom, but it is often the school nurse who now is required to dispense medication or medical treatment.

I could say a lot more about this bill, but when they call my name I will vote aye. I congratulate Senators KENNEDY, GREGG, and JEFFORDS for moving this legislation in the Senate. I also want to thank their staffs and my staff for their outstanding work.

The PRESIDING OFFICER. Who yields time?

Mr. WELLSTONE. I think the Senator from Minnesota is next.

The PRESIDING OFFICER. It is the understanding of the Chair that the Senator from Minnesota is next.

Mr. KENNEDY. Mr. President, I had indicated we were going to alternate. The last time I saw Senator MIKULSKI she was a Democrat, so now we will go to the Republican side. That is what I indicated earlier. That is the way we proceeded yesterday. That is our understanding today, and that is the way we will proceed right now.

Mr. WELLSTONE. I say to my friend, I thought we were taking a viewpoint on——

Mr. KENNEDY. We are going from one side to the other.

Mr. WELLSTONE. What is the ruling of the Chair?

The PRESIDING OFFICER. The Senator from Minnesota controls his own

time. It was the understanding of the Chair that Senator DAYTON was to be next, using Senator WELLSTONE's time.

Mr. WELLSTONE. I yield 5 minutes to the Senator from Minnesota.

Mr. GREGG. Mr. President, I ask unanimous consent that after Senator DAYTON, Senator BOND be recognized for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Minnesota.

Mr. DAYTON. Mr. President, I rise today to explain my decision to vote against the Elementary and Secondary Education Act Conference Report.

Let me first say what enormous respect I have for the bill's manager, the distinguished Senator from Massachusetts, who, throughout his Senate career, has fought heroically to improve the quality of education for our nation's schoolchildren. He and other Senate conferees have labored long and hard for months to negotiate the best bill possible with the House and the White House, who have other, higher priorities. All year long, they have placed tax giveaways to the rich and the powerful above our nation's schoolchildren.

Let there be no doubt: this legislation fails to achieve the President's stated goal: ''Leave No Child Behind.'' President Bush, this legislation leaves many thousands of children behind throughout this country. It fails, for the 25th consecutive year, to keep the Federal promise to pay for 40 percent of the costs of special education. This broken promise is costing my state of Minnesota over $183 million this year. It means the 110,000 Minnesota schoolchildren in these programs are receiving less special education than they need and deserve. It means that other Minnesota schoolchildren are harmed, as state and local money intended for their educations must be shifted to cover the Federal shortfall. It means that Minnesota taxpayers must pay higher property taxes to fund this broken Federal promise.

To make matters worse, the House conferees refused to accept the Senate's bipartisan commitment to bring Federal funding for special education to 40 percent over the next six years. Earlier this year, Mr. President, I proposed an amendment to this legislation, which would have funded the 40 percent promise in two years. That amendment was defeated, in favor of a six-year timetable. Now, the House Republicans are saying that even six years is too soon.

That is absolutely unconscionable, unjustifiable, and it should be, to this Senate, unacceptable. As a result, under this legislation, next year's Federal funding for IDEA will cover only 17.5 percent of those costs nationwide. In Minnesota, it will fund only 15 percent. This failure will leave thousands of children behind.

House Republicans reportedly refused to accept the Senate position until after IDEA is ''reformed.'' Yet, just a few weeks earlier, the House added over $30 billion in tax breaks to large energy companies in their Energy Bill. The House Economic Stimulus package would repeal the corporate alternative minimum tax, and it would refund over $25 billion to some of America's largest and most profitable corporations. Neither of these two huge tax giveaways was predicated on any kind of ''reform.''

The failure to fully fund IDEA is tragic, because that money was available earlier this year. There was also enough money to significantly increase the Federal government's support of all elementary and secondary education nationwide. But massive tax cuts for the rich and powerful were the President's and the House Republicans' higher priorities. Now, those projected Federal surpluses are gone, and our nation's schoolchildren must wait in line again.

Less money and more testing. That will be the legacy of this ''education President.'' Well, the President and the Congress have failed their big education test this year. It shouldn't be surprising when, as a direct result of their failure, more of our nation's schools and schoolchildren do also in the years ahead.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, as a member of the conference committee, we spent nearly 6 months crafting this bill. I am pleased to rise in support of this landmark legislation which leaves no child behind.

As many of my colleagues have already mentioned, this bill provides the most comprehensive education reform since 1965. I take this opportunity to thank and congratulate the leader on our side, the Senator from New Hampshire, Mr. GREGG, and the manager of the bill, the chairman of the committee, the Senator from Massachusetts, Mr. KENNEDY. Their tireless work to bring this bill to the Senate has placed comprehensive education reform within reach of all students across the country.

Too many children in America are segregated by low expectations, illiteracy, and self-doubt. In a constantly changing world that demands increasingly complex skills from its workforce, children are being left behind. Over the years, we have empowered the Federal Government and faceless bureaucrats while burying our educators and schools in regulation, redtape, mandates, and endless paperwork. As a result, we have disenfranchised educators and slowly eroded the opportunity for creativity and innovation at the local level.

At last count, the Federal Government had 760 different education programs operating within 39 different agencies, boards, and commissions. Each was launched as a step toward reform, but each new program comes with added regulation and paperwork.

By one estimate, compliance consumes 50 million hours each year, the equivalent of 25,000 full-time employees just to process the forms. Ask the teacher who has to deal with 760 programs, or the administrator who has to handle it, just how much this detailed reform and direction from Washington has helped them focus on their children. In my State they will say ''not one bit.''

Today, nearly 70 percent of low-income fourth graders are unable to read at a basic level. Our high school seniors trail students of most industrialized nations on international math tests. Nearly a third of our college freshmen must take a remedial course before they are able to begin college level courses. This is why President Bush has chosen education reform as a cornerstone of his administration.

This conference report reflects an agenda that President Bush outlined during his first days in office. It emphasizes flexibility, local control, accountability, literacy, and parental involvement. I am honored to have had a hand in shaping that policy. Parental involvement, early childhood, and parents as teachers are issues I have worked with a long time. I am pleased the principles of my direct check for education were included in the legislation. Over the years, I have worked with Missouri educators to develop the direct check approach to education reform, which consolidates Federal education programs, cuts Federal strings and paperwork, and sends the money directly to local school districts.

Like my direct check proposal, this conference report recognizes that educational reform and progress will take place in the classrooms in America, not in Washington, DC. This report consolidates a myriad of existing Federal programs and allows States and local school districts to make decisions on their own, to determine their priorities. By reducing the mandates, as well as the costly and time-consuming paperwork that local school districts must endure to obtain Federal grants and funding, parents and teachers are empowered to take back control of educating our Nation's children.

To me, the issue is simple. We must empower our States and local school districts with flexibility to utilize the limited amount of Federal resources as they best see fit to educate our children. This conference report does just that. Local schools will immediately be given the flexibility they need, where they are most needed, because a school in Joplin, MO, may have different needs than one in Hannibal, Kansas City, St. Louis, or Boonville, MO.

Some schools need new teachers. Others may need new textbooks or computers, or wish to begin an after-school program.

We simply cannot continue to ask teachers and local schools to meet higher expectations without empowering them with the freedom and flexibility to do the job.

This legislation strikes a delicate balance. It keeps the Federal Government out of the day-to-day operations of local schools; gives States and school districts more authority and freedom; and requires performance in return.

Education, while a national priority, remains a local responsibility. I believe that those who know the names of the students are better at making decisions than bureaucrats at the Department of Education. Parents, teachers, local school boards are the key to true education reform, not big government, Washington-based educational bureaucracy. In addition to giving local schools more control, I am pleased this conference report recognizes parental involvement and increases resources to our very successful Parents as Teachers Program which we hope to provide to every State in the Nation as well as foreign countries. It strengthens accountability, it provides the necessary funds to attract and retain quality teachers, and develops literacy programs to guarantee all students will be able to read by the third grade.

With its emphasis on the child rather than the bureaucracy, this legislation offers an opportunity to make real progress in our schools.

The great Missourian Mark Twain said: Out of public schools grows the greatness of a nation.

One-sixth of the American population is enrolled in public schools. The content and quality of their education will determine the character of our country.

I thank the managers of this bill for their courtesy to me as well as for their great work over the 6 months in bringing this conference report to the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank the Senator from Missouri. As he mentioned in his comments, he, as a Governor, was involved in the Parents as Teachers Program. We have developed a different way of recognizing this as a national problem, a national challenge, and different ways to bring people into the teaching profession. His is one of the imaginative and creative programs. We always welcome his continued interest in this program.

Before yielding 3 minutes to the Senator from Louisiana, I take a brief moment to respond to the Senator from Minnesota.

I gather there are three major points the Senator made, one about the funding for the IDEA program. I am in strong support of that program. It seems to me we are only meeting 17 percent of our responsibilities. We are pitting children, title I children, against disabled children. Two-thirds of those who receive the funding under special needs are title I children. We are talking about a similar group of children. We are trying to bring about significant reforms in this program. We will bring about the reforms next, but we should move ahead and recognize we are going to try to be of assistance to them. I am sympathetic and a strong supporter of that.

However, I don't know whether the Senator has read the conference report when it comes to testing because we have effectively accepted the Senator's amendments. The Senator is quite correct, testing is not performed.

We have a situation with some States spending $1.46 per student in one State and another State is $3.16, another State is $3.21. In this legislation we are committing with a trigger that says, if the resources are not there, these provisions do not apply.

We have the most overtested group of students in the country. We understand that. However, what we do not have are content standards established by the States, curriculums established by the States, well-trained teachers to be able to teach the curriculum, and assessments about how the children are doing so they can be assisted in academic achievement and accomplishment. That is what this bill is committed to, not off-the-shelf tests.

We do a disservice in describing this bill as the off-the-shelf test. It is not. It has been rejected. If the Senator read page 458, he would see his language is effectively accepted to enable States or consortiums of States to collaborate with institutions of higher education, other research institutions, other organizations, to improve quality, validity, and reliability of State academic assessments beyond the requirements for such assessments described in the act, and measuring students' academic achievement using multiple measures from multiple sources.

We have leaned over backwards to do it right. The Senator was right in his amendment. We have it right in this program. To try to distort it does not serve the issue well. It is not an accurate reflection of what is in the bill.

I do not yield to the Senator from Minnesota or anyone else in terms of getting additional resources. We started with modest resources, the 3-percent increase in terms of the title I program. That happened to be increased to 20 percent. We started off with only a third of the children covered. It is true, we are facing recession and there will be 600,000 more children covered under this program. They are going to be eligible this year because of the state of the economy, but we only reach 40 percent of the Head Start children. Are we against Head Start because it only reaches 40 percent? Are we breaking our promises? We are out here to try to get full investment in these reforms. That is what I am committed to do.

I think we have made some progress. It is always easy to criticize the failures, but I think, along with our colleagues, this is one of the most important efforts made by the Congress in terms of enhancing academic achievement and accomplishment. We might come back to the other areas, but I thought this was the time to respond.

I yield 3 minutes to the Senator from Louisiana. I thank the Senator. There is additional targeting. Under this bill, Minnesota would get $20 million more for title I. But the targeting, both in urban areas and rural areas, is a direct tribute to the Senator from Louisiana. She fought for that and built a coalition. It is always difficult to alter or change formulas. It is a significant alteration to reach the neediest children. We are grateful to her for her commitment in this area.

Ms. LANDRIEU. Mr. President, I thank the Senator from Massachusetts for those kind remarks and I thank Senator KENNEDY and Senator GREGG for their extraordinary effort that has not gone unnoticed by the Members of this Senate and all the people who have followed so closely the tireless efforts to get to this point where we can support such a solid, principled compromise that all Members can be proud of passing today. It is a great victory for our school system and our Nation and for the Presiding Officer, in the role played as a former Governor of Indiana. I thank also Senator LIEBERMAN, Senator COLLINS, and Senator SESSIONS. It was a really bipartisan effort. And to the President, I say thank you. Through all of the efforts, along with the war in Afghanistan and our defense, trying to stand up and defend our homeland, the President stayed focused on education. We stayed focused on education. I think that speaks well of the work we have done. I am proud to be a part of it.

This bill works for our Nation to strengthen our schools and to build on a promise that every child deserves a quality education and the belief that we can fund it and strengthen it so that every child can learn and so that every child should have an opportunity—not a guarantee but an opportunity—to be all that God created them to be and all their parents and loved ones hope for them to be.

That is why I am excited about this bill. It outlines some new goals and objectives that are going to be difficult and challenging. But we need to lift those expectations for our children. We need to challenge our Nation. We need to fund it.

That is why I thank Senator KENNEDY, our leader from Massachusetts. He fought like a tiger to say: Yes, we want accountability. Yes, we want flexibility. Yes, we want to work in partnership with the Governors, but we want to give them the resources to fight the battle. That is what this bill does. It is the single largest investment in education in a single year.

I also thank the Governors who are our partners—the 23 Governors who are on the front line with mayors and school boards around the Nation leading this fight for their support.

Let me focus on three issues.

First, accountability. We say if you are going to run a school, run it right. If not, we are going to reconstitute it so that every child has a chance.

Second, the flexibility issues that we fund at the Federal level, but we allow the local jurisdictions to make those decisions.

Third, targeting. Senator KENNEDY mentioned this. I want to say for Louisiana that this will mean $100 million more for title I to help with the resources to make these classes really work for children. It will help us with technology and will make sure kids really have an opportunity. It is going to help us with afterschool programs. It is not just given out by a grant but a formula, so we get it to the parishes that really need the most help. This will give them the helping hand.

I am proud to join my colleagues. I could speak for hours and days. I congratulate our leaders for doing such a fine job. It was a joy for me to work on this bill. It will mean a lot to the kids in Louisiana and their families.

Mr. SHELBY. Mr. President, I rise today to congratulate my colleagues on the conference committee for their efforts on behalf of our Nation's school children. This legislation encompasses a number of important reforms for our schools. One notable provision reforms the collection and dissemination of personal information collected from students to protect their privacy.

Earlier this year Senator DODD and I introduced the Student Privacy Protection Act. The goal of this legislation is to ensure that parents have the ability to protect their children's privacy by requiring parental notification of any data collection for commercial purposes from their children during the school day. I am pleased that the conference agreed with Senator DODD and me on the importance of protecting student's privacy and the essential nature of parental participation in the process.

The need for this provision stems from the growing practice of a large number of marketing companies going into classrooms and using class time to gather personal information about students and their families for purely commercial purposes. In many cases, parents are not even aware that these companies have entered their children's school, much less that they are exploiting them in the one place they should be the safest, their classroom.

The provision included in H.R. 1 builds on a long line of privacy legislation to protect kids, such as the Family Educational Rights Act, the Children's Online Privacy Protection Act and the Protection of Pupil Rights Act. The goal of these laws, as is the case with our provision, is to ensure that the privacy of children is protected and that their personal information cannot be collected and/or disseminated without the prior knowledge and, most importantly, the ability of parents to exclude their children from such activities.

We understand that schools today are financially strapped and many of these companies offer enticing financial incentives to gain access. Our goal is not to make it more difficult for schools to access the educational materials and the computers that they so desperately need or to deter beneficial relationships. Rather our goal is to ensure that the details of these arrangements are disclosed and that parents are allowed to participate in the decisionmaking process.

The bottom line is that parents have a right and a responsibility to be involved in their children's education. Much of these noneducational activities are being done at the expense of the parents' decision making authority because schools are allowing companies direct access to students. The provision included in H.R. 1 enhances parental involvement by giving them an opportunity to decide for themselves who does and does not get access to their children during the school day.

Mrs. FEINSTEIN. Mr. President, the bipartisan education bill before the Senate today puts in place some strong and unprecedented reforms in elementary and secondary education to make schools more accountable and help students learn. For the public, this bill helps assure that our schools get results and that we know what those results are. California's public schools should be helped by this bill.

To bolster student achievement, this bill includes several needed reforms, tying the receipt of Federal funds to getting results:

The bill continues the current requirement that States must have academic standards for reading and math and adds a requirement that States establish standards for science.

Schools must assure that students make continuous and substantial academic improvement and that students reach a proficient level within 12 years.

To measure student achievement, States are required to test every student in grades 3–8 annually in reading and math based on State standards, by 2005–06.

To ensure accountability, schools that fail for 2 consecutive years to make adequate yearly progress must be identified for improvement and also must identify specific steps to improve student performance.

After 3 years, a failing school must offer public school choice and provide supplemental services. After 4 years, a school must take corrective actions such as replacing staff or implementing a new curriculum. After 5 years, a failing school must undertake major restructuring. The bill provides $500 million to help turn around low-performing schools.

In order to improve teacher quality, this bill authorizes grants to States for teacher certification, recruitment, and retention services. States must assure that all teachers are qualified by 2006.

The bill authorizes $1.25 billion in 2002 and up to $2.5 billion in 2007 for afterschool programs remedial education, tutoring and other services to improve student achievement.

The bill requires public ''report cards,'' which will report on academic achievement, graduation rates and the names of failing schools.

There are many other important initiatives and reforms.

Another important feature of this bill is that it better directs Federal funds to disadvantaged students than does current law. Here are some examples:

It requires that for the largest Federal education program, Title I, Aid to the Disadvantaged, the poor children count be updated every year instead of every 2 years under current law. This is very important to California, a State that has a higher than average poverty rate and high growth in the number of low-income children.

The bill requires that more funds be funneled to States and districts using the targeted grant formula, which is focused on concentrations of poverty, areas such as Los Angeles, San Diego and other major cities. California is expected to receive a larger share of targeted grant funding than under current law because of its concentrated child poverty enrollment.

The bill shifts bilingual and immigrant education funding from a competitive grant program to a formula grant program based on the number of children. California has a very high proportion of limited-English proficient and newly-immigrant children and should be greatly helped by this change.

These are welcomed changes and should send the resources to where the needs are.

The Federal Government provides only 7 percent of total education funding, but the strength of this bill is that it tries to leverage the Federal share to prod States and school districts to make schools responsible for real results. I believe the bill offers hope and resources to California's students, school officials, parents, and the public.

California's schools are facing huge challenges. California has a projected enrollment rate triple that of the national rate. Unfortunately, many California students perform poorly compared to students in many other States. California has some of the largest classes in the Nation. California has overcrowded and substandard facilities and 30,000 uncredentialed teachers.

I am sorry to say that 34 percent of California's schools that participate in Title I are identified for improvement compared to the national average of 19 percent, according to the U.S. Department of Education.

According to the January 2001 Education Weekly Quarterly Report, only 20 percent of California's fourth grade students are proficient in reading, ranking 36 out of 39 States. California ranks 32 out of 36 States for proficient eighth graders in reading, at 22 percent.

American students are falling behind their counterparts in other countries.

In literacy, 58 percent of U.S. high school graduates rank below an international literacy standard, dead last

among the 29 countries that participated, according to Education Week, April 4, 2001.

United States eighth graders scored significantly lower in mathematics and science than their peers in 14 of the 38 participating countries, according to the 1999 TIMMS Benchmarking Study.

The percentage of teachers in the United States that feel they are ''very well prepared'' to teach science in the classroom is 27 percent. The international average is twice that, peaking at 56 percent, according to the 1999 TIMMS Benchmarking Study.

United States students' knowledge of civic activities ranked 3rd out of the 28 countries that participated. However, those same students have been slipping in scores relating to math and science, according to Civic Know-How: US Students Rise to Test, International Association for the Evaluation of Educational Achievement.

The final bill includes several initiatives that I suggested:

As to Title I funding, I have long argued that Title I should reflect the real numbers of poor students. This bill retains the requirement that the poor child count be updated every two years. Also, the bill better targets funds on concentrations of poor children, which should particularly help our urban school districts, like Los Angeles.

As to master teachers, the bill allows funds under the teacher training title to create ''exemplary'' or ''master'' teachers who could mentor and guide less-experienced teachers, in an effort to keep new teachers in teaching. This is an outgrowth of my bill, S. 120.

As to the Title I audit, the bill requires the Inspector General to conduct of audit to determine how Title I funds are used and the degree to which they are used for academic instruction. The Senate had accepted my amendment to better direct Title I funds to academic activities and away from things like playground supervisors. While the limitations of my amendment are not included in the final bill, the required audit will help us determine specifically whether Title I funds are being used to help students learn.

As to small schools, the bill allows the use of Innovative Education funds to create smaller learning environments. While the final bill does not include my amendment that puts in place certain school-size requirements, as a condition for receiving funds, it does move that direction and recognize that smaller schools produce more learning.

As to gun-free schools clarification, the bill includes several clarifications of the current Gun-Free Schools Act, the 1994 law which requires a 1-year expulsion for students who ''bring'' a gun to school. This bill includes students who ''possess'' a gun at school; it clarifies that the term ''school'' means the entire school campus, any setting under the control and supervision of the local school district; and it requires that all modifications of expulsions be put in writing. These are important clarifications to the law, the need for which was highlighted by an Inspector General's report on the implementation of that law.

This bill makes some of the most profound revisions to Federal education policy since ESEA was first enacted in 1965. It is an important reform designed to help students learn, achieve and in fact, excel.

The bill authorizes significant new funding. For example, Title I's authorized funding would grow from $13.5 billion in fiscal year 2002 to $25 billion in 2007. Now the challenge is to in fact provide those funds so that this bill will not be an empty promise.

Mr. WARNER. Mr. President, I rise today in strong support of H.R. 1, the No Child Left Behind Act, which will reauthorize the Elementary and Secondary Education Act, ESEA.

Last year, presidential candidate George W. Bush appropriately indicated that education reform was a top priority. This year, President Bush has worked to make this top priority a reality. The Senate will soon pass H.R. 1, legislation which is based on President Bush's education blueprint, entitled, ''No Child Left Behind.'' I share the President's goal; our educational system must leave no child behind.

I commend President Bush, Secretary of Education Paige, and my colleagues who served with me on the Education Conference Committee. We have worked in bipartisan fashion to forge this legislation that will substantively reform elementary and secondary education in this country.

Education is the key to a better quality of life for all Americans. From early childhood through adult life, educational resources must be provided and supported through partnerships with individuals, parents, communities, and local government. The Federal Government has a limited but important role in assisting states and local authorities with the ever-increasing burdens of education.

Originally passed in 1965, the ESEA provides authority for most federal programs for elementary and secondary education. ESEA programs currently receive about $18 billion in federal funding, which amounts to an estimated 7 cents out of every dollar that is spent on education.

Nearly half of ESEA funds are used on behalf of children from low-income families under title I. Since 1965, the federal government has spent more than $120 billion on Title I.

Despite the conscientious efforts of federal, state, and local entities over many years, our education system continues to lag behind other comparable nations. Nearly 70 percent of inner city fourth graders are unable to read at a basic level on national reading tests. Fourth grade math students in high poverty schools remain two grade levels behind their peers in other schools. Our high school seniors score lower than students in most industrialized nations on international math tests. And, approximately one-third of college freshman must take a remedial course before they are able to even begin college level courses.

The underlying issue is—do we just pour more taxpayer dollars to perpetuate these mediocre results or do we take some bold new initiatives?

The No Child Left Behind Act takes some bold new initiatives by increasing federal education funding, increasing state and local flexibility in their use of Federal funds, and increasing accountability—each are steps in the right direction.

First, in regard to funding, the No Child Left Behind Act authorizes $26.5 billion for elementary and secondary education. This includes a substantial increase for Title I programs—which are education programs directed toward disadvantaged children. The bill also provides substantial funding for programs aimed at having all children read by the 3rd grade, teacher quality programs, and programs aimed at making our schools safe and drug free.

Next, in regard to flexibility, the bill significantly increases State and local flexibility in the use of their Federal education dollars.

Under the ESEA law that exists today, most ESEA programs have a specified purpose and a target population. Our states and localities are given little, if any flexibility in the use of the federal dollars they receive.

Our schools do not need a targeted one size fits all Washington, D.C. approach to education. While schools in some parts of the country may need to use federal education dollars to hire additional teachers to reduce classroom size, schools in other parts of the country may wish to use federal dollars for a more pressing need, like new text books. Federally targeted programs for a specified purpose do not recognize that different states and localities have different needs.

Who is in a better position to recognize these local needs, Senators and Representatives in Washington, D.C. or Governors, localities, and parents? Those Virginians serving in state and local government and serving on local school boards throughout the Commonwealth are certainly in a better position than members of Congress from other states to determine how best to spend education dollars in the Commonwealth of Virginia.

The No Child Left Behind Act increases flexibility and local control. For example, the bill allows every local school district in America to make spending decisions with up to 50 percent of the non-title I funds they receive from the federal government. Thus, with regard to non-title I funds, every local school district will have the freedom to choose alternative uses for these funds within certain broad guidelines.

Moreover, the bill provides even more flexibility in the use of federal

education dollars for up to 7 states and 150 school districts. These states and local school districts will be given the opportunity to consolidate a number of federal education programs, providing the participating states and localities the ability to focus federal dollars where they are needed most.

Finally, accountability, in certain areas, is needed. Our education policy is locking out many students and not providing them the key to a better life. It's time to move forward in education to ensure that all of our children are given the opportunity to receive a higher quality of education.

President Bush's proposal to test students annually in grades 3–8 in reading and math, which is part of the No Child Left Behind Act, is a strong proposal that promotes accountability.

These tests will result in parents and teachers receiving the information they need to know to determine how well their children and students are doing in school and to determine how well the school is educating its students. Testing also provides educators the information they need to help them better learn what works, improve their skills, and increase teacher effectiveness.

While some have expressed concern that this legislation calls for too much testing, I have a different view. A yearly standard test in reading and math will allow our educators to catch any problems in reading and math at the earliest possible moment. Tests are becoming a vital part of life, no matter how onerous. If America is to survive in the rapidly emerging global economy, tests are a key part.

I note that Virginia has already recognized the importance of testing, having installed an accountability system called the Standards of Learning (SOLs). In Virginia, we already test our students in math and science in grades 3, 5, and 8. The No Child Left Behind Act will build upon Virginia's experience.

Increased funding, increased flexibility, and enhanced accountability, are all steps in the right direction that we take with the No Child Left Behind Act. However, I must remind my colleagues that we have more work to accomplish.

President Bush's ''No Child Left Behind'' blueprint calls for tax relief for America's teachers when they dip into their own pocket to purchase supplies for students. Senator COLLINS and I have worked together since early this year to pass legislation to provide teachers with this type of tax relief. Unfortunately, the bill before us today does not contain these provisions.

In my view, as we leave no child behind, we must not forget our nations' teachers.

The important role that our nations' teachers play in educating today's youth and tomorrow's leaders cannot be overstated. Quality, caring teachers along with quality, caring parents, play the predominant roles in ensuring that no child is left behind.

Nevertheless, in part because of their low salaries and the numerous out-of-pocket expenses they incur as part of their profession, we are in the midst of a national teaching shortage. Teacher tax relief legislation is one way the federal government can help.

So, while I look forward to voting in support of the No Child Left Behind Act and look forward to President Bush signing this important education reform legislation into law, I also look forward to working with the President and my colleagues in Congress to ensure that our teachers receive the tax relief they deserve.

Mr. BAUCUS. Mr. President, I rise today to speak briefly about the education bill before us.

First of all, I thank my colleagues for the many hours of work they have spent on this bill. From day one, they have had the best interests of our students and teachers in mind. It is difficult to design a Federal education plan that supports the needs of the countless school districts around the country. But this bill affirms the Federal Government's role as one that seeks to narrow the achievement gap between poor students and their wealthier counterparts. This is clearly a worthy goal, and, while I am not entirely pleased with this compromise, I plan on supporting this bill when we vote on its approval tomorrow morning.

I believe this education bill sets a platform from which we can build a solid, supportive role for the Federal Government in our schools across the country. I must say, however, that this bill does not do everything it needs to do. I am on the floor today to remind my colleagues that we have a long ways to go, that this bill is merely a step along the way, and that our schools will need additional investments if we want to provide our children with the knowledge and skills that will bring them opportunities for personal and professional success.

I want to outline the challenges that lie before us. Our biggest challenge may be to fulfill old promises before requiring new mandates. I am, of course, speaking of our failure to fully fund the Individuals with Disabilities Education Act, IDEA, this year. I am extremely disappointed that we failed to do so, because I recognize the burden that schools face in coming up with special education funds from their own pockets.

We have the very worthy intent of educating all students in this country, regardless of their ability or capability. It simply makes good common sense that we would do whatever we can to support that cause from the federal level. Fulfilling a promise we made to schools in 1975 is an easy way to support that effort. I challenge my colleagues to build on the successful Senate amendment to fully fund IDEA with a bill to fully fund IDEA during next year's reauthorization.

I also want to challenge my colleagues to recognize that a federal presence in our state's education systems must fit into the structure of each state. That has not always been the case in my home state of Montana.

Montana's very successful education system is built on a system of local control. Montana's Constitution is built on this premise, giving control of most education decisions to local school boards rather than to the state. This system has proven effective, but makes compliance with state oversight of federal programs difficult, sometimes impossible. As a result, Montana has not been able to meet the testing and assessment requirements implemented in 1994, despite recording some of the highest student outcomes in the nation.

With the strengthening of accountability provisions in this bill, I am very concerned that Montana's education system may suffer from the inability to integrate federal reforms. The construction of Montana law, for example, will make any attempt by the state to ''institute a new curriculum,'' ''restructure the local educational agency,'' ''reconstitute school district personnel,'' or ''make alternative governance arrangements,'' as outlined in this year's bill, an unconstitutional measure. I hope my colleagues recognize this incongruity and will work to insure that our successful system of local control is not stymied by federal intervention.

Finally, for all our talk of wanting to support public education, I think it is unfortunate that we spend an enormous amount of time, energy, and resources in this bill on oversight and accountability measures from the federal level. As I've just mentioned, our state's successes in education have often been the result of local communities taking on the responsibility to build a successful program tailored to their individual environment.

Just as our communities have taken on the responsibility of providing their students with the best possible education at the local level, so must we, at the federal level, make decisions that support our Federal education goals to support local schools and to eliminate achievement gaps. To that end, our focus must be on improved student outcomes. I am not convinced that the provisions outlined in this bill will reach that goal.

I certainly do not want strict controls to be placed on schools, like those in Montana, that have outstanding student outcomes on limited budgets. Montana's schools, for example, would be much better off with additional funds for teacher and principal recruitment and retention programs, school maintenance and repair, technology hardware and training, and on-going professional development opportunities.

In the end, this bill starts us on a very critical path towards addressing the acute and variable needs of schools in states as diverse as Montana and Florida. This bill takes a good, hard

look at the role of the federal government in our elementary and secondary schools for the first time since its inception in 1965. It would be overly optimistic to expect that we could accomplish everything necessary to provide an ideal environment for closing achievement gaps and supporting school teachers and administrators across the country in this bill.

We certainly have not reached that point yet. But we have done something very important in starting that dialogue and in attempting to meet that need. Again, I challenge my colleagues to keep the education debate alive and active and to work every day to make our schools a place where student success is the number one priority.

Mr. MURKOWSKI. Mr. President, the conference report we have before us represents the first comprehensive overhaul of the Federal Elementary and Secondary Education Act, ESEA, in 35 years. And from what all of us have learned, overhaul is mandatory.

Since 1965, the Federal Government has pumped more than $135 billion into our educational system. Yet despite this infusion of funds, achievement gaps between students rich and poor, disadvantaged and affluent remain wide.

In fact, only 13 percent of low-income fourth graders score at or above the ''proficient'' level on reading tests. As the 2000 National Assessment of Education Progress shows, the reading scores of fourth grade students have shown no improvements since 1992. That is unacceptable.

This conference report reflects the four principles underlying President Bush's education reform plan—accountability and testing; flexibility and local control; funding for what works, and expanded parental options. President Bush promised that he would bring Democrats and Republicans together to develop an education plan that puts children first. And this conference report reflects that commitment.

The House passed this conference report by an overwhelming bipartisan vote of 381 to 41. Last June, after we debated and voted on more than 40 amendments to the education reform bill, the Senate voted 91–8 in favor of the reform measure. I expect a similar vote on this final conference report.

Why is there such strong support for this measure? I think the reason is simple: we cannot afford as a nation to continue to allow our public schools to languish. Our children represent the future of America, yet they are not getting the best training for their future. The first thing we need to do is bring greater accountability to the education system. This legislation does that.

It requires States to implement annual reading and math assessments for grades 3—8. These annual reading and math assessments will give parents the information they need to know how well their child is doing in school, and how well the school is educating their child. This is not a Federal learning test. The State will be able to select and design these tests, while the Federal Government would provide $400 million to help the States design and administer the tests.

The conference report also provides unprecedented new flexibility for all 50 States and every local school district in America to use Federal funds. Every school district would have the freedom to transfer up to 50 percent of their Federal dollars to various educational programs. The conference report attempts to consolidate the myriad Federal programs that comprise ESEA, reducing the number of programs from 55 to 45.

The conference report also provides greater choices for families with children in failing schools. Parents in such schools would be allowed to transfer their children to a better-performing public or charter school immediately after a school is identified as failing. Moreover, additional title I funds, approximately $500 to $1,000 per child, can be used to provide supplemental educational services, including tutoring, after-school services and summer school programs, for children in failing schools.

In addition, the conference report provides a major new expansion of the charter school initiative, providing more opportunities for parents, educators and interested community leaders to create schools outside the bureaucratic structure of the education establishment.

I am very pleased that the conferees retained provisions that I authored which allow the Education Department to provide grants to local schools to develop and implement suicide prevention programs. Moreover, States may use Safe and Drug Free funds to finance suicide prevention programs.

This is a critically important program that desperately needs attention. Suicide is the third leading cause of death among those 15 to 25 years of age, and is the sixth leading cause of death among those 5 to 14 years of age. In Alaska, suicide is the greatest cause of death among high school age youths. In fact, Alaska's suicide rate is more than twice the rate for the entire United States.

None of us know the future so we can never say with certainty whether this conference report will achieve the goals that are being set. But we know that what we have tried in the past with regard to elementary and secondary education has not worked. Too many children in America are being left behind. We cannot afford as a society and as a community to allow these failures to continue.

I believe this conference report is an important first step in changing the interaction between Washington and local school districts and that the ultimate beneficiaries will be the students who will become the leaders of tomorrow.

Mr. EDWARDS. Mr. President, after many months of hard work we have before us today an education bill that represents a quantum leap forward for America's children. We have come together in a common-sense, bipartisan way and we should be proud of the progress we've made.

The bill is a strong one, and I commend my colleagues for recognizing that a quality public education is not a conservative or liberal goal. The education debate in Washington has too often broken down along stale ideological lines. With this bill, we are moving beyond the false choice of greater investment versus stricter accountability. We've struck the right balance by both giving more to our schools and expecting more in return. This bill increases investment in our schools, gives new flexibility to principals and superintendents, encourages high standards for all children, and holds schools accountable for their performance. Every child in America has a right to a world-class education. This bill enacts the reforms and provides the resources necessary to make this right a reality.

My State of North Carolina has much to offer in this debate about national education reform. Since coming to the Senate, I've tried to bring some of North Carolina's successes to the rest of the Nation. I am grateful that the final bill includes a provision which I introduced that will allow States to try out a very simple plan we have implemented with great success in North Carolina.

Here's how our program works: immediately after we learn that a school is in trouble, we appoint a specially-trained Assistance Team composed of experienced educators and administrators who are dedicated to a clear and specific goal: helping that school get back on track. The team begins with an intensive review of school operations to find out what works and what doesn't work.

Then the team evaluates all of the school's personnel; finally, the team works with the school staff and local boards of education to make the changes necessary to restore educational quality, to improve student performance, basically, to turn the school around. It's a simple idea, but sometimes simple ideas can lead to dramatic results, and it has worked in North Carolina. Now other States will also have this same tool in their reform arsenal.

I must confess that I am disappointed that some of our Republican colleagues rejected the proposal by Senators HARKIN and HAGEL to fully fund the Individuals with Disabilities Education Act, IDEA. For almost three decades, the Federal Government has failed to live up to its promise to pay 40 percent of special education costs at the local level. The Senate approved an eminently reasonable, bipartisan proposal to make good on this promise. I regret that this long-overdue provision is not included in the final bill.

For all the progress we have made, my hope is that this bill will only be

the beginning of our conversation about education reform. It will take time to learn whether the changes we are making will work and whether the resources we are providing are adequate. We must commit to reviewing these issues periodically and consistently as the consequences of reform become clearer. Today we take an important first step towards a fundamental reform of American education. But it is only a first step. Even as we approve a strong bipartisan bill, we must commit ourselves to doing all that we can for America's children in the months and years to come.

Ms. SNOWE. Mr. President, I rise today in support of the conference report on H.R. 1, the Elementary and Secondary Education Act Authorization Act, the primary Federal law affecting K–12 education today.

Completion of this reauthorization was a long time coming, considering that the original reauthorization expired last year and that the Senate passed its bill 6 months ago. It is critical that the Senate approve this report prior to adjourning for the session.

The fact is, while education is primarily a local and State responsibility, the seven percent of funding the Federal Government does provide plays a key role in preparing today's students for tomorrow's workforce. We have been faced with the daunting task of reauthorizing and revamping the Federal Government's entire K–12 commitment, and the passage of this conference report comes not a moment too soon for the young men and women of America.

We have spent $120 billion in title I education funds over the last 35 years, yet we have failed to close the achievement gap between students in high-income and low-income families. We spend near the maximum for students each year compared to our foreign competitors, $5,300 for a primary education, yet have one of the poorest test records in math, reading and science, with only 40 percent of grade school students meeting today's basic reading standards and only 20 percent who are prepared for high school math. The cold hard truth is that with 89 percent of our kids in public schools, that is almost 50 million students, we cannot afford to let this happen any longer.

So I applaud President Bush for following through on his promises and making education a cornerstone of his Presidency. He has continually set the proper tone by making a case for ensuring that greater flexibility goes hand-in-hand with accountability.

Indeed, the conference report before us creates unprecedented flexibility for States and local educational agencies, while increasing accountability to ensure that they are getting the job done.

This reauthorization allows States to help schools that have not met their annual goal through the dedication of additional resources to help turn the school around, while guaranteeing students access to supplemental services to bolster their education. Students are not trapped in failing schools, as the conference report ensures that students in a failing school can transfer to another public school if their home school is considered to be failing for more than 1 year.

In order to have accountability there needs to be some sort of ruler by which to measure the school's success. I am pleased that the conference report allows States to determine not only the assessment system but also the annual achievement goals.

My own State of Maine has worked for several years to develop its own assessment system to ensure that our students, and our schools, are achieving. Having witnessed the evolution of Maine's Learning Results Program over the past several years, I would not support this conference report if I thought that it would interfere with Maine's efforts. To the contrary, I believe it would build on those efforts, and therefore I will support passage of the conference report. Additionally, passage of the conference report is supported by Maine's Commissioner of Education, Duke Albanese.

My support for this package is tempered only by my disappointment that the conferees did fully fund the Individuals with Disabilities Education Act or IDEA. The Senate, by a unanimous vote, supported the inclusion of mandatory full funding for IDEA during consideration of the ESEA bill in the spring.

IDEA is an unfunded mandate that is draining precious resources from our States and in each and every community. Twenty-six years ago, Congress committed to paying 40 percent of IDEA funding, and we have yet to come close. While Congress has more than doubled IDEA funding over the past 5 years, the Federal Government has not contributed more than 15 percent of the total cost of IDEA.

Full funding would free up billions of dollars nationwide, and approximately $60 million in Maine, freeing up local and State education money which can then be used for other pressing needs. Throughout my tenure in Congress, I have fought for full funding of IDEA and this is a fight I will not give up.

Those conferees who opposed including the full funding provisions in this conference report argued that this program cannot be made mandatory until the program is reformed and reauthorized. Fortunately, IDEA is due for reauthorization next year and I will be working to ensure that it is fully funded.

I appreciate the diligence of my colleagues who sit on the Senate Health, Education, Labor, and Pensions Committee in this effort, and I look forward to supporting this conference report and sending it to the President for his signature. I believe this legislation will make an important difference in the future of our children as well as our Nation.

Mr. SANTORUM. Mr. President, I am very gratified that the House and Senate conferees included in the conference report of the elementary and secondary education bill the language of a resolution I introduced during the earlier Senate debate. That resolution concerned the teaching of controversies in science. It was adopted 91–8 by the Senate. By passing it we were showing our desire that students studying controversial issues in science, such as biological evolution, should be allowed to learn about competing scientific interpretations of evidence. As a result of our vote today that position is about to become a position of the Congress as a whole.

When the Senate bill was first under discussion in this body, I referenced an excellent Utah Law Review article, Volume 2000, Number 1, by David K. DeWolf, Stephen C. Meyer and Mark Edward DeForrest. The authors demonstrate that teachers have a constitutional right to teach, and students to learn, about scientific controversies, so long as the discussion is about science, not religion or philosophy. As the education bill report language makes clear, it is not proper in the science classrooms of our public schools to teach either religion or philosophy. But also, it says, just because some think that contending scientific theories may have implications for religion or philosophy, that is no reason to ignore or trivialize the scientific issues embodied in those theories. After all, there are enormous religious and philosophical questions implied by much of what science does, especially these days. Thus, it is entirely appropriate that the scientific evidence behind them is examined in science classrooms. Efforts to shut down scientific debates, as such, only serve to thwart the true purposes of education, science and law.

There is a question here of academic freedom, freedom to learn, as well as to teach. The debate over origins is an excellent example. Just as has happened in other subjects in the history of science, a number of scholars are now raising scientific challenges to the usual Darwinian account of the origins of life. Some scholars have proposed such alternative theories as intelligent design. In the Utah law review article the authors state, ''. . . The time has come for school boards to resist threats of litigation from those who would censor teachers, who teach the scientific controversy over origins, and to defend their efforts to expand student access to evidence and information about this timely and compelling controversy.''

The public supports the position we are taking today. For instance, national opinion surveys show—to use the origins issue again—that Americans overwhelmingly desire to have students learn the scientific arguments against, as well as for, Darwin's theory. A recent Zogby International poll

shows the preference on this as 71 percent to 15 percent, with 14 percent undecided. The goal is academic excellence, not dogmatism. It is most timely, and gratifying, that Congress is acknowledging and supporting this objective.

Mr. ROBERTS. Mr. President, I am pleased that with the passage of this legislation, we are on our way to assisting our Nation's schools in providing a quality education for each and every child. I want to thank Senators KENNEDY and GREGG, Congressmen BOEHNER and MILLER and their staffs for their hard work in crafting a bipartisan piece of legislation that will give children the opportunity to succeed in the classroom.

I am also happy to see that this legislation includes an emphasis on math and science education. Senator FRIST, Congressman EHLERS and myself have worked hard to make ensure that there is a renewed focus on a portion of education curricula that needs addressing. Scores on the National Assessment for Educational Progress, NAEP, test in the subject area of science have not improved over the last several years and, in fact, have been lower than previous years test scores. Seniors in high school who took the 2000 NAEP science test scored, on average, three points lower than those taking the test in 1996. Only 18 percent correctly answered challenging science questions, down from 21 percent and those students who knew just the basics dropped to 53 percent. This is simply unacceptable.

According to an Associated Press article that appeared in the Kansas City Star on November 20, many science teachers complain that they can't persuade school officials to give them the time or money required for training. Our math and science provision in this bill addresses this very problem through a variety of ways, including: one, improving and upgrading the status and stature of mathematics and science teaching by encouraging institutions of higher education to assume greater responsibility for improving mathematics and science teacher education; two, create career-long opportunities for ongoing professional development for math and science teachers; three, provide mentoring opportunities for teachers by bringing them together with engineers, scientists and mathematicians; and four, develop more rigorous math and science curricula.

This legislation authorizes the math and science partnerships at $450 million in the first year. I would encourage my colleagues, especially in light of the recent NAEP scores, to adequately fund this program in order to improve the abilities of our teachers to provide good, quality instruction in math and science.

We are in an age where science and technology fields are booming and yet we cannot produce students who even have an understanding of basic science principles. How can we attract students into fields that are experiencing dramatic shortages such as nursing or engineering when they don't have a good background in math and science? We have failed our children and I believe it is imperative to the future of our country to make sure that our children are adequately prepared in math and science subject areas.

I am disappointed that we did not have the opportunity to provide our school districts the financial relief needed in the area of special education. I have strongly supported funding the Individuals with Disabilities Education Act, IDEA, at the full 40 percent and yet we will go another year with it being inadequately funded by the Federal Government. We have made dramatic improvements in the funding levels over the last several years. However, we are now only providing approximately 15 percent instead of the 40 that we said we would commit 26 years ago. I look forward to working with my colleagues who have stated throughout the conference their willingness to address this issue next year when IDEA will be reauthorized.

I am pleased with our overall product and will be looking forward to seeing results in the years to come as our States and local districts work to implement the reforms made in this bill. I believe the State of Kansas overall provides a good education for it's children and I look forward to seeing the quality of education in Kansas get even better.

Mr. LEAHY. Mr. President, I rise today to express my opposition to the conference report of H.R. 1, The No Child Left Behind Act of 2001. Earlier this year, I voted in support of S. 1, the Better Education for Students and Teachers Act, with the belief that we were taking the first step toward enacting quality education reform in our nation's schools. My support for this legislation was to be contingent upon taking an essential second step providing adequate financial resources for carrying out these reforms. I will repeat now what I said then: unless we commit ourselves to providing the resources necessary for States to carry out the reforms outlined in the bill, we will be doing serious harm to our children. I am afraid that in passing this bill, we are headed down that very path.

First, I want to express my strong disappointment that an amendment adopted during the Senate's consideration of this bill, authored by Senator HATCH and myself, was dropped in conference. This amendment would have re-authorized Department of Justice grants for new Boys and Girls Clubs in each of the 50 States. In 1997, I was proud to join with Senator HATCH and others to pass bipartisan legislation authorizing grants by the Department of Justice to fund 2,500 Boys and Girls Clubs across the nation. Our bipartisan amendment to this education bill would have authorized $60 million in Department of Justice grants for each of the next five years, enabling the establishment of 1,200 additional Boys and Girls Clubs across the nation. These new grants would have brought the total number of Boys and Girls Clubs to 4,000, serving 6,000,000 young people by January 1, 2007.

In my home state of Vermont, these federal grants have helped establish six Boys and Girls Clubs in Brattleboro, Burlington, Montpelier, Randolph, Rutland, and Vergennes. Together, Vermont's Boys and Girls Clubs have received more than $1 million in Department of Justice grants since 1998. I know what a great impact these after school opportunities have had in these communities, and it is clear to me that more resources must be invested in order to help our kids lead healthy lives and avoid the temptations of drug use. I am disappointed that some members of the conference committee did not want to ensure future funding for these successful programs.

Some of the most publicized and often-discussed provisions of the No Child Left Behind Act are the expanded requirements for measuring student performance through annual testing of students in grades three through eight in math and reading. This conference report requires states to develop and administer this annual testing. While accompanying appropriations will provide the resources necessary to pay for a portion of the costs of developing and administering the tests, the funds are far less than what will be necessary, leaving Vermont and other states with large financial gaps to fill. At a time when our economy is slowing and states are facing difficult budget choices, the Federal Government should not be placing burdensome, unfunded mandates on local and state officials, especially when there are education funding commitments the Federal Government is still yet to meet.

With this legislation, Congress had before it the opportunity to reverse its decades-long transgression in the area of special education funding. The conferees rejected a provision adopted during the Senate's consideration of the education bill that would have ensured that the Federal Government finally lived up to its commitment to our children with special needs and the communities in which they live. I am deeply troubled by this. When Congress first passed the Individuals with Disabilities Act, IDEA, the States were required to comply with the special education provisions, and in exchange, the Federal government would contribute up to 40 percent of the costs. Instead, the Federal contribution is generally only 12 to 15 percent, far from the promised 40 percent. The provision included in the Senate-passed bill would have required the government to contribute the 40 percent by changing the Federal contribution from discretionary spending to mandatory. In Vermont, countless communities struggle each year to pass their local school budgets, hampered by the high

costs of providing special education. The actions of the conferees fail to provide the relief States are owed, and have instead placed additional mandates that State and local education officials must find a way to address.

In addition to the inadequate resources provided for special education, and for implementation of the assessment provisions, I am concerned about the extensive Federal control exerted in this bill over the evaluation of whether a school is failing. I am particularly concerned about the definition of what constitutes a failing school, especially because this is a determination that could ultimately lead to the elimination of Federal funds for that school. Finally, I find troubling the degree to which this legislation increases Federal control over teacher qualification and greatly increases administrative paperwork for the States.

Current statistics leave no doubt that some schools in our country are failing—education reform is necessary in some parts of our country. One of the fundamental problems with this legislation, however, is that in recognizing the areas in our education system that are failing and in need of assistance, it fails to recognize the successful things happening in education in some States. My state of Vermont leads the Nation with its innovative and effective policies for assessing student performance and providing necessary technical assistance to struggling schools. This new Federal legislation will require that Vermont abandon its home-grown successful tools and implement—at a high cost—new tools selected by Federal lawmakers that appear to be aimed at failing schools in our Nation's urban areas. This legislation will require schools to make major changes in a short period of time without the resources necessary to implement these changes. With difficult financial times ahead for many States, including Vermont, this Federal law will force State legislatures to make very difficult budget choices in order to comply with these new Federal mandates.

I commend the bipartisan effort that has gone into crafting this legislation. I know that my colleagues all want to ensure that our Nation's children have access to the quality education they deserve. Unfortunately, despite these efforts, the legislation that has been pieced together does more harm than good for school children in Vermont. While there are some positive reforms included in the final measure, there is far more that will hurt Vermont's local educational efforts and cost the State dearly in financial resources. As the former chairman of the Education Committee for many years, and as a leader in education policy, my distinguished colleague from Vermont, Senator JEFFORDS, understands better than most the impact that this bill will have on our home State. During this debate, Senator JEFFORDS' continued perseverance on the issue of increased Federal special education funding has been outstanding, and I commend his tireless advocacy on behalf of our Nation's schoolchildren.

I regret I am not able to support this legislation today. And I regret that we will likely find ourselves on the Senate floor sometime soon, once again discussing education reform efforts. Next time, though, I believe we will be here to discuss how to fix the harm we have done in passing the legislation before us today.

Mr. SMITH of New Hampshire. I rise to say a few words about the Conference report to the Elementary and Secondary Education Act also known as the Better Education for Students and Teachers Act, H.R. 1.

First of all, I want to thank President Bush for his leadership on this important issue, which he has made a cornerstone of his domestic agenda. He is to be commended for this commitment to local control of education, and for ''leaving no child behind.''

As a former civics and history teacher and school board chairman, I know that decisions regarding education are best executed at the local level, and that we should not run our public schools from Washington DC.

Although the Senate's education bill, S. 1, lacked several important reform provisions, I voted for the bill's passage on June 14 of this year.

I supported the bill because I wanted to move the ball forward to improve our nation's educational system. I supported the bill because I am tired of the status quo.

I am tired of failing schools, and smart kids who are trapped in them. I am tired of money that is directed to our classrooms being spent on bureaucracy. I am tired of the United States' academic progress falling far behind that of other nations.

The reconciled education bill will make modest but necessary and much needed reforms with the goal of making lasting improvements for our nation's schools.

Bill Bennett, the Secretary of Education under President Ronald Reagan and one of the most respected leaders in the education reform movement, said in a recent article that there are several basic ingredients to a quality education for America's children. These ingredients are:

First, strong leadership and excellent teachers;

Second, principals and teachers sharing a common vision of the school's academic mission with clearly defined goals which are adhered to;

Third, a commitment to homework and testing;

Fourth, teaching character education; and

Fifth, a successful school hinges on parents being involved in the academic lives of their children.

I agree with Mr. Bennett completely.

I want to first speak about funding for the Individuals with Disabilities Act, or IDEA as it is commonly called. I have heard from a number of New Hampshire constituents who are concerned about the Federal Government's commitment to funding our share of the costs associated with educating children with disabilities. IDEA does receive substantial funding increases in this bill. I support fully funding the IDEA mandate, and I am also committed to making sure that localities have more flexibility and that true reforms, such as cost control, are enacted to IDEA.

I look forward to addressing IDEA next year when this bill is reauthorized by Congress. I hope to be able to offer amendments to reform and improve this important legislation at that time.

I am also proud to report that this bill reflects the principles of two out of three amendments that I passed during consideration of S. 1. The first amendment requires the Department of Education to initiate a study on sexual abuse in our nation's schools. This is a very serious problem that, unfortunately, has received very little national attention, and I am glad that this amendment was included in the final bill.

The second amendment applies ''Dollars to the Classroom'' principles to all Federal formula grant programs, and directs 95 percent of this money to the local level.

Unfortunately, the vast majority of all federal education funds do not go to schools or school districts.

According to the Heritage Foundation, audits from around the country have found as little as 26 percent of school district funds are being spent on classroom expenditures. Classroom expenditures are defined as expenditures for teachers and materials.

Twenty six percent is unacceptable to me.

Heritage also found that my home State of New Hampshire only receives 47 cents to the dollar of federal education money. What becomes of the remaining 53 cents?

Many of my colleagues believe that throwing more money at our education system will solve all of its problems.

I respectfully disagree, and let me briefly tell you why.

Over the last 36 years, the federal government has spent more than $130 billion to shrink the scholastic achievement gap between rich and poor students.

I am here to report that not much has improved.

Poor students lag behind their peers by 20 percent even though the scope of the Elementary and Secondary Education Act (ESEA) has expanded.

In fact, the average fourth grader today who comes from a low-income family reads at two grade levels less than his or her peer in that same classroom.

One of the biggest reasons for this failure is that very little accountability exists for how all of this money is spent.

Greater accountability and flexibility, not more money, is the key to education reform.

I am also proud to report that the House/Senate agreement would provide all States and local school districts with the flexibility to shift Federal dollars earmarked for one specific purpose to other uses that more effectively address their needs and priorities.

States would now be allowed to make spending decisions with up to 50 percent of most of their non-title I administrative funds that they receive from the Federal Government.

The proposal would give every State the freedom to choose alternative uses for these funds within certain broad guidelines; for example, technology funds could now be used by the state to improve teacher quality. States can also use Federal funding to improve education for disadvantaged students.

In addition, every local school district will be able to transfer up to half of its non-title I funds at its discretion.

I am also pleased to report that the proposal would also allow 150 districts to apply for waivers from most Federal education rules and requirements associated with a variety of ESEA programs, as long as they obtain certain achievement levels for their lower-income students.

Additionally, seven States will receive additional flexibility, making it possible for State and local education agencies to enter into State-local ''flexibility partnerships'' to coordinate their efforts and put Federal resources to their most effective use for students.

Although these provisions fall short of what was originally envisioned for the Straight A's concept, I am pleased that we have a foundation on which to build regarding funding flexibility.

It is my hope that these States and school districts will effectively demonstrate that less government heavy-handedness, with more local control and broader decision making power at the local level is the key to improving schools in this nation.

The conference report also consolidates wasteful federal programs.

The proposal would reduce the overall number of ESEA programs to 45, which is 10 fewer programs than in current law, and 34 fewer programs than in the Senate-passed legislation. The proposal would accomplish this by streamlining programs and targeting resources to existing programs that serve poor students.

Additionally, H.R. 1 would, for the first time, require States to begin using annual statewide assessments and insisting that states show that progress is being made toward narrowing the achievement gap.

National testing and federally-administered exams would be prohibited: States would be able to design tests that are consistent with its current academic standards—not Washington D.C.'s standards. States would need to ensure that student academic achievement results could be compared from year to year within the State, and federal funding will be provided to States so they can develop their annual assessments. I also believe that parents should have a choice in schooling options for their children. This can come in the form of tax credits, the option to change to another public school, or private school vouchers. Under the agreement reached by the House and Senate, approximately a portion of title I funding would, for the first time ever, be used to allow parents to obtain supplemental educational services for their children. These services include tutoring, after-school services, and summer school programs.

I am pleased that private, church-related and religiously-affiliated providers would be eligible to provide supplemental services to disadvantaged students. For the first time ever, Federal title I funds would be permitted to flow to private, faith-based educational providers. Another component of H.R. 1 would provide parents with the opportunity for a child trapped in a failing school to transfer to a better public school, including a charter school, with their transportation costs paid for. Although I would have preferred Federal funding being permitted to flow to private schools as well, I am glad that we obtained a good, first step toward the goal of greater accountability in our schools. H.R. 1 contains language to push States and local districts to take responsibility for ensuring teacher quality through testing and certification. It also protects teachers who are trying to maintain order in the classroom by shielding them from frivolous lawsuits. Finally, there are several provisions in the reconciled bill which will give rights to parents that were not available to them previously. Schools must now develop a policy to allow parents the right to inspect surveys given to their children as well as instructional material used as curriculum for their child's education. Parents must be notified about surveys and medical exams and will have the right to opt their child out of them. In addition, parents have new rights to see the National Assessment of Educational Progress (NAEP) test, comment on it, and to receive a response to their concerns. Parents may also choose to opt their child out of the NAEP exam.

I am pleased with several aspects of H.R. 1, because it: Attempts to close the achievement gap; provides flexibility to States and school districts; promotes accountability and teacher excellence; increases parental involvement; provides for a limited education choice component; and finally, this legislation returns decisions regarding education back to the local level, where they belong.

Our children are the future of this Nation. Now, more than ever, we need to guarantee that they will receive a quality education and that federal money will flow to where it is most effective. We need to support our kinds and push them to excel. We need to equip teachers to effectively educate our children. And we need to empower parents to be more involved in the lives of their children. Although there are still aspects of the conference report that I wish were stronger, I am pleased that we are taking incremental steps to raise the grades for our Nation's schools.

Mrs. BOXER. Mr. President, when we first began the debate on the education reauthorization bill, I came to the floor calling for three simple things—reform, resources, and results.

Overall, I believe this education bill makes a significant step toward achieving these three goals, and I want to highlight some of the bill's important provisions.

The bill includes improved targeting of federal funds to the neediest communities and increases support for Limited English Proficient and migrant students.

It continues our federal commitment to improve public schools by reducing class sizes and overcrowding in order to provide safe and orderly places for learning. This will improve the performance of students and teachers in our public schools.

Because I am a firm believer in school testing and accountability standards when properly structured, I am pleased that my colleagues were able to reach a compromise so that the federal government will pay its fair share in supporting the new standards in schools.

This bill also maintains the emergency school repair and construction program, and ensures that every classroom will be led by a qualified teacher.

But the provision of this bill of which I am most pleased is the Title V provision on afterschool programs. This Title includes the afterschool amendment that I offered with my colleague Senator ENSIGN.

Studies have shown that services such as afterschool programs are some of the most important weapons against juvenile crime by keeping our kids out of the streets.

Afterschool programs provide academically-enriched services during the hours of 2 p.m. and 8 p.m., which the FBI reports are the times when children are most likely to be involved in crimes and other delinquent behavior.

This is why I strongly believe in the 21 Century Community Learning Centers program and am delighted that this authorization bill contains the first ever multi-year authorization for afterschool services.

Although my amendment would have provided a total of $4.5 billion in funding for fiscal year 2008, I am extremely pleased that this bill makes a significant step forward in achieving this goal by authorizing over $300 million in additional funds for fiscal year 2002 for a total of $1.25 billion. This bill then increases funding levels by $250 million each year for the next five years.

This will allow for a total of $2.5 billion in 2007 and will provide nearly four

million children in need access to afterschool programs.

Finally, I want to mention one thing this bill does not include that it should. The federal government needs to meet its commitment by contributing 40 percent of the average per pupil expenditure toward the funding of special education programs.

Providing full funding of the Individuals with Disabilities in Education Act would have helped alleviate some of the strain placed upon school districts to educate both regular and special education students.

While I regret that we were not able to include mandatory full funding for special education programs, I know that my colleagues and I will not rest until this finally becomes a reality.

Reform plus Resources equals Results. This is the recipe to a successful public school system. Just like any good recipe, we cannot reasonably expect to have a successful public education system if we are not willing to put forth the necessary resources.

I believe that this Education Reauthorization bill symbolizes the willingness of all parties to put aside their differences and work toward the betterment of our children.

Make no mistake, we still have a long way to go toward fully supporting our public education system, but I believe that this bill is a positive step forward in achieving this goal.

Mr. ROCKEFELLER. Mr. President, I rise today to support the final conference report on the Elementary and Secondary Education Act, ESEA, and I commend Senator KENNEDY and all the conferees for their hours of negotiations to forge consensus on this vital legislation.

This package outlines our major Federal framework for education policy for the coming years. The bill requires new emphasis on achievement through annual testing and school report cards, but it also calls for new investments to reach these higher education goals. We must have higher education standards. This bill creates new goals through the Adequate Yearly Progress, AYP, standards, which charts a 12-year strategy to achieve education goals, with meaningful measurement along the way, to ensure that all children, especially disadvantaged students, get help and make strides. Students in schools that are struggling and fail to meet the standards will have the option of afterschool tutoring, which is a good compromise to ensure help to students without using controversial private school vouchers that drain needed resources from public schools.

While high standards are crucial, it takes real resources to achieve them. This legislation authorizes meaningful increases in title I funding for disadvantaged schools and IDEA. This year, West Virginia received $73.7 million in title I funding. Today's legislation authorizes new investments in title I; depending on the final negotiations in the pending Labor-HHS-Education appropriation conference, West Virginia will receive between $78.8 million to $80.9 million for title I, which will be essential to achieving our new goals. However, pushing for the additional resources is not a single event; it will mean hard work on appropriations for the next 6 years. I am committed to working with Senator KENNEDY and others to deliver on the needed funding to fulfill our promises on education.

This is a major legislative initiative. I particularly want to note the emphasis on reading for young children. Teaching a child to read, and read well, is a fundamental building block for education. We should be proud of the bill's provisions highlighting reading and literacy, and its special support for reading programs for preschool and early grades. I am also pleased about the new emphasis on drop-prevent programs and parental involvement. In addition, this legislation protects and continues some key education programs, including the Safe and Drug-Free School program which I worked to create more than a decade ago. We all understand the importance of school safety and protecting children from the dangers of drugs and alcohol.

Our bill requires that all teachers be qualified in their subjects by the school year beginning in 2005. This will be a challenge in West Virginia and many States, especially in crucial subject areas like math and science. When I talk with business leaders in my State, they bring up the importance and the difficulties of attracting teachers who are qualified, especially in math and science. Given the national shortage of teachers, this will be hard to achieve, but we simply must ensure that our teachers are qualified in their subjects if we hope to achieve the adequate yearly progress standards.

In the Senate, we voted to fulfill our Federal commitment to fully fund the IDEA program, which suggests that the Federal Government pay 40 percent of the costs of educating children with disabilities. However, while progress was made on better funding for IDEA, we did not reach the Senate goal of full mandatory funding, and this is a real disappointment to me.

We need accountability and high standards, but we also need investments to achieve those key goals. This legislation provides the framework for success. It will up to President Bush and the Congress to work together over the coming years to secure the investment needed to fill in this bold plan for education reform.

Mr. FEINGOLD, Mr. President, the Senate is about to vote on one of the most important pieces of legislation that we have debated this year. The Elementary and Secondary Education Act has provided the framework for the Federal role in education for more than 35 years. The conference report currently before us, the ''No Child Left Behind Act,'' will chart the course for the Federal role in education for the next 6 years and beyond.

I strongly support maintaining local control over decisions affecting our children's day-to-day classroom experiences. The Federal Government has an important role to play in supporting our States and school districts as they carry out one of their most important responsibilities, the education of our children.

Every child in this country has the right to a free public education. Every child. That is an awesome responsibility, and one that should not have to be shouldered by local communities alone. The States and the Federal Government are partners in this worthy goal, and ESEA is the document that outlines the Federal Government's responsibilities to our Nation's children, to those who educate them, and to our States and local school districts.

It is with this conference report that we must find the right balance between local control and Federal targeting and accountability guidelines for the Federal dollars that are so crucial to local school districts throughout the United States.

I remain opposed to the new federally-mandated annual tests in grades 3–8. I am concerned that adding another layer of testing could result in a generation of students who know how to take tests, but who don't have the skills necessary to become successful adults. I am pleased that the conference committee retained a Senate provision to ensure that the tests that are used are of a high quality and that the conference included language to ensure that the test results are easy to understand and are useful for teachers and school districts to help improve student achievement.

I fear that this new annual testing requirement will disproportionately affect disadvantaged students. We should ensure that all students have an equal opportunity to succeed in school. I am pleased that this conference report authorizes a 20-percent increase in title I funding for fiscal year 2002 and that it authorizes additional increases for this crucial funding in each of the next 5 years, 2003–2007. I am also pleased that the conference report includes language to ensure that these dollars are targeted to students who need them the most. I will continue to work to ensure that Title I is fully funded.

I am pleased that the conference report includes language to ensure that the States will not have to implement or administer this new Federal testing mandate unless the Federal Government provides a specific amount of funding. While the true cost of this mandate is still unclear, it is clear that the Federal Government should provide adequate funding for this new requirement.

I regret that the House-Senate conference voted to strip a Senate provision that would have guaranteed full funding of the federal share of the Individuals with Disabilities Education Act, IDEA. This action, coupled with the new Federal testing mandate, could

push already stretched local education budgets to the breaking point. I will continue to work for fiscally responsible full funding of the Federal share of IDEA when the Senate considers reauthorization of that important law next year.

This debate gave Congress the opportunity to strengthen public education in America. Unfortunately, many of the provisions contained in the conference may undermine public education by blurring the lines between public and private, between church and state, and between local control and Federal mandates. Because this conference does not provide the resources necessary to implement its goals, it will leave many children behind. For those reasons, I will vote against it.

Mr. THURMOND. Mr. President, I rise in support of the conference report to accompany H.R. 1, the No Child Left Behind Act of 2001. President Bush has provided the leadership for this landmark education reform bill. I also commend the conference members and Senate leadership on forging an agreement that revises and improves the role of the Federal Government in the education of our children.

The education of the children and youth of our Nation is a cause I have served for many years. In fact, my first job, upon graduation from Clemson, was as a teacher and coach. Later, I served as the County Superintendent of Education in Edgefield County, SC. There have been many changes over the years within the educational system of our Nation in structure, policy, technology and methods. However, there are principles which remain constant. The fundamentals of successful teaching, caring teachers, prepared students, and involved parents, have not changed. This conference report builds on those fundamentals.

This legislation reflects the principles set down by President Bush in his education reform proposal. While it does not include all that we might have wished, I believe that it will serve the students of the Nation well. The President asked us to link funding to scholastic achievement and accountability, expand parental options, maintain local control, and improve the flexibility of Federal educational programs. This conference report delivers on all of these reforms.

First, I am very pleased with the accountability provisions of this legislation. I believe the testing and reporting provisions are the most promising reforms. School performance reports and statewide results will give parents and educators much-needed information about their students' progress. These provisions, along with the expanded school choice provisions, should provide our schools with sufficient incentives to make improvements.

The streamlining of Department of Education programs will allow local schools to focus on educating children rather than filing paperwork. As a former Governor, I am especially pleased that the legislation will also enhance local control by allowing local school boards more discretion in how they spend their education funds.

In addition, the legislation authorizes a number of specific programs which I supported as the Senate debated this bill and I am pleased to see these included in the conference report. The President's Early Reading First program will help boost reading readiness for children in high-poverty areas. The Troops-to-Teachers Program is an innovative approach to bring experienced individuals into the classroom and helps our former Servicemembers with their transition to civilian life. Finally, I strongly supported an amendment, the ''Boy Scouts of America Equal Access Act.'' This provision will ensure that our patriotic youth groups will be allowed access to public schools.

In South Carolina, while we are improving in our educational performance, we have a long way to go. This legislation, will greatly assist us in our goal to leave no South Carolina child behind. Again, I thank the President for his leadership on this issue. I am pleased to join in my support of this legislation which will help improve the education of the youth and children of our great Nation.

Mr. VOINOVICH. Mr. President, if there is one thing that the Senate can agree on, it is the obligation we have to help prepare our children for the future. Even as we recognize the importance of education, we must ask ourselves, if this government function is so important, how do we best meet this obligation?

This bill does not meet our children's education needs in the best way possible. This bill throws money at problems that can ultimately only be resolved by more parental involvement, and it violates our Nation's long-held tradition of federalism in which duties not expressly assigned to the Federal Government are assigned to the State and local level. By seeking to abolish the role that State and local governments, specifically locally elected school boards, have in our children's education, I fear will put us on the slippery slope to the eventual federalization of all education in this country.

Despite its grave faults, the conference report to H.R. 1, the Better Education for Students and Teachers Act contains several provisions that I favor.

The bill contains a modest performance partnership provision that will help us build on the Education Flexibility Partnership Act that I worked to help pass in the 106th Congress that allows States to consolidate Federal education programs to meet local needs.

H.R. 1 also expands local flexibility and control by block-granting funds, consolidating many programs, and includes another amendment that I sponsored to allow local districts to spend title II funds, if they desire, on pupil services personnel.

On balance, however, these token allowances to local control are insufficient to outweigh the all out assault on local control represented by this bill.

As a former Governor and mayor, I've seen how well State and local governments can respond to the needs of the people they serve. The Federal Government cannot and does not have a better understanding of how to serve the millions of students in local school districts across this great country. That is the responsibility of sovereign local school boards working together with parents, educators and community leaders. Congress is not the national school board and any attempt by it to play that role will result in a Federal curriculum of one-size-fits-all programs that fail to prepare a nation of students for the challenges ahead.

Our forefathers specifically warned us against the urge to federalize in the 10th amendment:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.''

Education is one such responsibility. Since our country's creation, those at the local level have been responsible for educating our children. In fact, only in the past 35 years has the Federal Government even had much of a role in education policy, albeit a small one.

The reason for this is that the educational environments of our children greatly vary by region, just as the economies of our Nation's regions greatly vary. Therefore, universal education solutions will always elude us.

As my colleagues know, the Federal Government currently provides approximately 7 percent of all money spent on education in America, while 93 percent is spent by local and State educators. Indeed, in spite of this limited expenditure of Federal funds, Congress is saying with this bill that the Federal Government has the right to dictate that every school district in America will test their students from grades 3 through 8.

This testing will occur regardless of how well students are performing in their particular school districts, and despite the fact that most of our states have mechanisms already in place that test students' educational performances.

I can assure you that there are many teachers in Ohio who are going to be saying, ''here we go again.'' We already have in place statewide standardized tests in Ohio, which were controversial enough when they were established, I speak from first-hand experience here. Yet these tests have been good measures of the progress students are making and were, in fact, recently revised to be even more effective. Even these statewide tests have been criticized by local voices, however, for being too centralized to be effective. That's because the tradition of local control of education is zealously guarded in our Nation and will not be easily surrendered.

This bill also steps on State and local control in its provisions addressing failing schools. What this bill fails to appreciate is that many states, such as my home State of Ohio, are already addressing the needs of failing schools by increasing accountability, measuring school performance, building the capacity of local schools and district leaders, and providing significant resource assistance to low-performing and at-risk schools.

Also under H.R. 1, the Federal Government would be able to tell States that its teachers in many schools must meet certain Federal qualification and certification requirements.

Further, the Federal Government would tell school districts how to spend funds in a number of areas including: reading; teacher development; technology; and programs for students with limited English language skills, instead of providing States and local school districts with full flexibility to spend funds on their own identified priorities.

Many groups, from the American Association of School Administrators to the National Conference of State Legislators are opposing passage of this conference report, in large part because of its increase in the scope and influence of the Federal Government into education matters best left to our States and localities.

None of these provisions are, on their face, bad for education. What is troubling is the direction in which these measures lead us. Make no mistake, with this bill we take a giant leap forward toward federalizing our education system. We should not let Federal bureaucrats become the national school board.

Besides violating a long-held principle regarding State and local control over schools, the bill's fatal flaw is that it increases authorized spending for education by more than 41 percent over last year's budget.

According to the Congressional Research Service, CRS, ESEA spending totaled $18.6 billion in fiscal year 2001. The total authorization level for this conference report for fiscal year 2002 is $26.3 billion. If this level of funding is appropriated, that is more than a 41-percent increase. However, according to CRS, 16 of the programs listed in this ESEA bill are listed at unspecified authorization levels, and, therefore, are not included in that $26.3 billion level. So the final cost to the taxpayer may well be higher.

When you consider that the House and Senate agreed to a budget resolution that included a modest increase in Federal spending over last year's budget of approximately 5 percent, it's obvious that if we are to fund ESEA with a 41-percent increase, many legitimate functions that are the true responsibility of the Federal Government may not be met. Our situation has been exacerbated by a war and a recession.

The response to these concerns are, of course, ''But Senator VOINOVICH, are you saying that our children do not deserve all that we can provide them?'' My response to that shallow criticism is, in fact, ''Yes, our children deserve all that we can provide them, such as a strong military, and adequate funding for transportation and health research, prescription drugs and unemployment insurance and all the myriad other worthy efforts in which the Federal Government engages.''

We pursue this bill and provide this unsustainable amount of funding authorization as if our Federal Government has no other obligations. In a perfect world, I would love to be able to provide this much money for education, but a perfect world isn't governed by a budget resolution and a perfect world doesn't come with other expensive priorities that must fit within a finite pool of dollars.

It is high-time for Congress to stand-up and show that it has the courage to be fiscally responsible, to prioritize our spending on the basis of those responsibilities that are truly Federal in nature, and to make the tough choices. It is completely irresponsible to issue new debt and further burden our children in the name of preparing them for their futures. The two are irreconcilable and highlight one of the major faults of this bill.

While I realize that the conference report to H.R. 1 will pass and will likely be signed into law, I cannot in good conscience vote in favor of this legislation. It is a well-intentioned bill but spends far too much money at a time when we can least afford it, and on priorities that are better left to our State and local governments.

Mr. COCHRAN. Mr. President, the No Child Left Behind Act provides the authorization for Federal assistance to States for the education of the children of our Nation.

I support this conference report, and I am pleased with the emphasis on flexibility it permits for State and local educators. I appreciate very much the courtesies shown to me during the consideration of this bill by the chairman, Mr. KENNEDY, and ranking member, Mr. GREGG, of the Health, Education, Labor and Pensions Committee. The conference report includes several programs which are of particular interest to me, and were the subject of an amendment I offered and was accepted by the Senate during our initial consideration of H.R. 1.

The National Writing Project is one such program. This provides teacher training in the effective teaching of writing at 164 sites located in 50 States, the District of Columbia and Puerto Rico. It has been a Federal program for 10 years, and is the only Federal assistance program aimed at writing.

Another area of interest is targeted to young children before they begin school, and helps ensure they are ready to learn when they arrive at school. The public television program, Ready to Learn, was launched in 1994, and was initially authorized by legislation authored by the chairman and myself. The essence of Ready to Learn is a full day of non-violent, commercial-free, educational children's television programming broadcast free of charge to every American household. This daily broadcast includes some of the most popular, award-winning and engaging programming available today such as Arthur, Clifford, and Reading Between the Lions.

Other programs that have proved to be of great assistance to local school districts which are included provide grants for arts, civics, and foreign language education. These grants enable schools to provide enhanced, competitive education opportunities to students in all parts of the country.

I am especially pleased with the opportunities authorized in reading instruction and assessment. The bill provides incentives to schools to seek out programs with research based and proven methods as described by the National Reading Panel.

Also authorized is funding for the National Board of Teaching Standards, which is responsible for providing a voluntary assessment base for teachers in all disciplines. This is a very sought after resource for professional development as well as assessment. The teachers in my State, for example, are given financial incentive to seek the certification of the board. Teachers report that the process for the certification makes them better and happier teachers.

These are a few of the programs in which I've been personally involved throughout the consideration of the No Child Left Behind Act.

I am very hopeful that the new education authorizations and the reauthorization of effective education programs will bring better learning opportunities to all of America's students.

Mr. NELSON OF Nebraska. Mr. President, I rise to announce my opposition to this conference report.

During my campaign for the Senate last year I promised the people of Nebraska that if George W. Bush occupied the White House, I would support him when I believed he was right, and oppose him when I thought he was wrong. In my first year in the Senate, I have worked with the Bush administration to negotiate a tax cut, craft a compromise on a Patient's Bill of Rights, and, recently, negotiate an economic stimulus package. I have kept my promise to work with President Bush when he is right, and now I must keep my promise to oppose him when he is wrong.

As Governor of Nebraska, I repeatedly protested the Federal Government's practice of imposing unfunded Federal mandates on the States, requiring the States to do something without providing the adequate funding for them to do it.

The President's plan will impose a massive unfunded mandate on Nebraska in the form of annual testing,

and it fails to provide relief from a previous mandate imposed by the Individuals with Disabilities Education Act. Because of these mandates, I do not believe that the President's plan will improve education in Nebraska and I am deeply concerned that it may likely cause greater financial harm.

The lack of IDEA funding is the bill's biggest failure, and my primary reason for opposing it. When Congress passed the Individuals with Disabilities Education Act in 1975, it promised to pay 40 percent of the cost of educating children with special needs. Since then, it has never contributed more than 15 percent of the funding for special education, with the States left to cover the shortfall, placing a greater strain on local property taxes.

When the Senate originally passed this bill in June, it included an amendment by Senators HARKIN and HAGEL to finally require the Federal Government to pay its 40 percent share of the costs of special education. Unfortunately, the final version does not include the Harkin-Hagel plan, depriving the State of Nebraska more than $300 million over the next 5 years. The failure to fully fund IDEA short changes not only the services provided to students with disabilities, but all students by forcing reductions in other State and local education programs.

The bill will also impose costly, burdensome, and, some would argue, duplicative annual testing requirements on Nebraska's schools. The President has said that these tests will provide accountability for schools that fail to properly educate their students, but Nebraska schools are already holding themselves accountable.

We have a rigorous program of standards and assessments in place and our students consistently rank among the best in the Nation. Local schools and community leaders have worked hard with the State Department of Education to put this system in place and we know it is working. The State of Nebraska has no reservations about being held accountable for educating its students. But I believe the people of Nebraska have every right to demand accountability from the Federal Government and I do not believe they are getting it with this bill.

This legislation will require Nebraska to develop and administer a dozen additional tests each year to be in compliance but it does not provide adequate funding to do so. Across the Nation, fewer than a third of the States have assessments in place that will satisfy the requirements of this bill. But States are already spending in excess of the $400 million provided by the bill on their assessment programs, before you factor in the new tests. We know from the outset that this is going to cost States a considerable amount of money at a time when taxpayer dollars are already scarce.

That is not my idea of accountability. Combined with the failure to fully fund IDEA this marks a retreat from accountability.

The National Governors Association recently announced that collectively the States will report a $35 billion deficit this year. In 2001, the State of Nebraska suffered a $220 million budget shortfall. To make up for the shortfall caused by these unfunded mandates, local governments will have to dramatically cut education spending, or significantly increase property taxes. As a former Governor who has had to deal with the challenges of balancing State budgets, neither of these options is acceptable in my estimation.

This will be a difficult vote for me. The President and most of my colleagues, both Democrat and Republican support this legislation. I know that my colleagues have worked very hard to reach this agreement and I appreciate their hard work. There are some victories to celebrate. The bill provides a significant increase in overall funding, better targeting of title I resources, greater flexibility, some additional funding for rural schools, and mentoring legislation that I worked on with Congressman OSBORNE.

But on balance, I do not believe that these ultimately outweigh the financial problems that the plan will create within local schools and the State budget, and accordingly, I must vote no on this bill.

Mr. LEVIN. Mr. President, I support, with some reservations, the the Elementary and Secondary Education Act Reauthorization conference report, which the Senate is about to overwhelmingly adopt. While I support this legislation as a whole, I continue to have some concerns about testing provisions which it contains, and I believe that the Congress must monitor the impact of these provisions on students. I also regret that the Senate provision requiring Congress to fully fund the 40 percent of special education costs, was not retained in the conference report. Keeping this commitment is critical and we must address this issue next year during reauthorization of the Individuals with Disabilities Education Act, IDEA.

Since 1965, the Elementary and Secondary Education Act has sought to help our K thru 12 students learn in an appropriate learning environment as well as assist school communities in meeting new and growing challenges. The work that we have concluded today seeks to help all students make progress toward reaching their full potential. It sets high standards for all children and provides flexible Federal support that focuses on initiatives that we know are effective, such as: smaller classes, high quality teachers, after-school programs, technology and technology training for teachers, targeting resources to title I for educationally disadvantaged students, support for students with limited English proficiency, an expanded reading program, a strong Safe and Drug Free Schools Program, and guarantees of a quality education for homeless kids. Therefore, on balance, I believe this is a good bill, not just because of what it does, but because of what it does not do. We successfully defeated vouchers, block grants, the repeal of After-School programs and the repeal of funding for emergency school repair and construction.

I am especially pleased that this compromise reform legislation provides some needed support to low performing schools. Struggling schools will be identified for extra help so that school improvement funds can be targeted where they are most needed. Students would have the option of attending other schools, including public charter schools. The legislation authorizes $500 million in direct grants to local school districts to help improve low-performing schools most in need of assistance. It sets a 12-year goal for States and schools to close the achievement gaps between rich and poor, and minority and non-minority students. The bill also ensures that parents will have better information about their local schools through annual report cards and strong parent involvement.

The Reading First provisions of the legislation authorize an important new initiative that provides nearly $1 billion for States and local school districts to improve reading education, and help teachers get ready to ensure that all children become proficient readers. I am pleased that an amendment I offered, to permit funds under this program to be used for family literacy programs, was retained. The conference report also retained two additional amendments that I offered to ensure that teachers are trained to effectively use technology in the classroom to improve teaching and learning.

Though not all that I had hoped for, this bipartisan legislation contains reforms that seeks to provide all of our students with a much greater opportunity to learn and to succeed.

Mr. CAMPBELL. Madam President, today the Senate will vote to pass comprehensive education reform legislation in the form of the Elementary and Secondary Education Reauthorization Act of 2001.

This important legislation contains the Native American Education Improvement Act of 2001 which I was proud to have introduced in January 2000, along with Senator INOUYE, to improve the education of Native American youth across the country.

I would first like to thank the Bush administration and the conferees for working with the Indian Affairs Committee to work on the Indian portion of this legislation to benefit the schools in Indian country and the education of Native children.

In 1965, Congress passed The Elementary and Secondary Education Act, ESEA, which is broad-sweeping legislation that provides funding for various educational programs in an effort to assist underprivileged students and school districts. While the original focus of ESEA was to be a supplemental source for needy public schools,

the ESEA now provides funds to and affects virtually every public school in the nation.

As a former teacher and one who knows all-too-well the problems faced by Indian youngsters, I strongly believe that education holds the key to individual accomplishment, the promotion of developed Native communities, and real self determination.

I believe that the Native American Education Improvement Act of 2001 is legislation that improves the conditions and operations of Bureau and tribally-operated schools.

This act represents more than 2 years' worth of committee hearings to develop a comprehensive set of reforms that address all areas of BIA and tribally-operated schools in issues that include accreditation, accountability, the recruitment of Indian teachers, and the construction of Indian schools.

I note that this legislation contains an innovative specification requiring accreditation. Twenty-four months after enactment of this act, Bureau funded schools must be accredited or in the process of obtaining accreditation by one of the following: an approved tribal accrediting body; or a regional accreditation agency; or in accordance with State accreditation standards.

The act also requires a report to be completed by the Secretary of Education and Secretary of Interior in consultation with tribes and Indian education organizations leading to the establishment of a ''National Tribal Accrediting Agency.''

Quality assurance mechanisms are included in this act regarding the failure of a school to achieve or maintain accreditation and any underlying staffing, curriculum, or other programmatic problems in the school that contributed to the lack of or loss of accreditation.

Indian kids around the country need a solid education that will give them the tools they need to excel in today's competitive world. With the passage of this act the Senate declares that it will no longer tolerate schools that fail, year after year, with no consequences to the schools but plenty of consequences for the children.

Mr. MCCAIN. Mr. President, one of the most important issues facing our Nation continues to be the education of our children. Providing a solid, quality education for each and every child is critical not only to the prosperity of our Nation in the years ahead, but also to ensuring that all our children reach their full potential.

Whether we work in the private sector or in government, we all have an obligation to develop and implement initiatives that strengthen the quality of education we offer our children. It is essential that we provide our children with the essential academic tools they need to succeed professionally, economically and personally.

Unfortunately, we can no longer take for granted that our children are learning to master even the most basic skill of reading. A recent survey reported that less than one-third of fourth-graders in America are ''proficient readers.'' In fact, 40 million Americans cannot fill out a job application or read a menu in a restaurant much less a computer menu. In this high-tech information age, these Americans will be lost and that is unacceptable.

In addition, American children lack basic knowledge of their Nation's cultural and historical traditions. For example, a recent report indicated that half of American high school seniors did not know when Lincoln was President; did not know the significance of ''Brown v. Board of Education''; and had no understanding of the aims of American foreign policy, either before or after World War II.

Since the tragic events of September 11, the American people, especially our young citizens, have demonstrated through their courage and generosity that they are prepared to meet the challenges that face our Nation. But we must help them in their quest for knowledge and instruction.

We must work to ensure that our students do not continue down the path of cultural illiteracy and educational under-performance. But how? Well, one major step in the right direction is to take away power from education bureaucrats and return it to those on the front lines of education—the local schools, the local teachers and the local parents.

Fortunately, the education authorization bill before the Senate today is a step in that direction. This bill provides support and guidance to our State and local communities to strengthen our schools, while also giving much needed flexibility for every State related to the use of Federal education dollars. This education bill contains many initiatives that will help ensure that more Federal education dollars reach our classrooms rather than being lost in bureaucratic black hole.

This bill also strives to improve the quality of our Nation's teaching force by allocating $3 billion for recruiting and training good teachers. We must ensure that our teachers are continually improving their skills and retain their desire to teach. We also need to ensure that we recruit the brightest and enthusiastic students into the teaching profession.

This measure helps make schools more accommodating and friendly for parents. In addition, it works to ensure that parents are better informed about the public education system by providing pertinent information regarding their child's school. Annual report cards pertaining to each school's specific performance, along with statewide performance results, will be available for public view.

One of the most important factors in our children's success in school is parental involvement. Parents are our first teachers. Our first classroom is the home, where we learn the value of hard work, respect, and the difference between right and wrong. As I have said before, the home is the most important Department of Education.

Parental involvement is the best guarantee that a child will succeed in school. I am genuinely excited when I think of the many reforms taking place across the country—namely school vouchers and charter schools—that are wisely built on this premise: Let parents decide where their children's educational needs will best be met.

In the broadest sense, this is what school choice is all about.

School choice stimulates improvement and creates expanded opportunities for our children to get a quality education. Our public school system has many good schools, but there are many schools that are broken. Instead of serving as a gateway to advancement, these schools have become dead-end places of despair and low achievement. In urban settings, the subject performance of 17-year-old African-American and Hispanic students is at the same level as 13-year-old-white students. This is an unacceptable and embarrassing failure on the part of our public schools.

Exciting things are happening in Milwaukee and Cleveland, where school voucher programs have been put in place. There, minority school children are being given a chance to succeed. The early signs are good: test scores and performance are up.

We need more such experiments, and I am gravely disappointed that this authorization bill failed to contain such a provision. Repeatedly, I have proposed legislation for a 3-year Nationwide test of the voucher program. It would be funded not by draining money away from the public schools but by eliminating Federal pork barrel spending and corporate tax loopholes.

This is an important component that sadly was left out of this measure. I will continue working with my colleagues on both sides of the aisle to provide parents and our students with choices to ensure that our children, no matter what their family's income, have access to the best possible education for their unique academic needs.

Finally, I am very disappointed that the conferees eliminated an important provision adopted during the Senate debate that would have ensured that the federal government finally fulfill its obligation to fund 40 percent of the cost for meeting the special educational needs of our nation's children through the Individuals with Disabilities Act.

My dear friend and colleague, Senator HAGEL, fought valiantly for this provision but unfortunately it was watered down. This is unacceptable. Congress needs to follow the laws it makes and provide full funding for the Federal portion of IDEA. We ask our schools to educate children with disabilities, but we don't give them enough money for the expensive evaluations, equipment and services needed to do that. There

are 6 million children that receive special education funding, so let's fully support their academic needs.

James Madison once wrote that without an educated electorate, the American experiment would become ''a farce or a tragedy, or perhaps both.'' Let us stop the slide in the performance of our students. Let us return the control of education to our local communities. Let us renew our trust in our parents and teachers and do what is best for our children.

This is why I am supporting this measure today. While it could be strengthened, the bill does make needed strides to improve our Nation's schools.

Mr. ENZI. Mr. President, I rise today to put my full support behind the conference report for H.R. 1, the No Child Left Behind Act.

It has been a true honor to serve on the conference committee for this important legislation, especially as a freshman Member of the Senate.

I would first thank the leaders of the conference for their hard work and determination to complete this legislation for the President's signature this year. Senators KENNEDY and GREGG worked every day with great determination on this legislation without partisan rancor, and Chairman BOEHNER and Representative MILLER showed the same determination and steadfastness.

I am pleased that Congress has finally completed action on one of President Bush's top domestic priorities this year. President Bush and Secretary Paige deserve commendation for their commitment not only to this legislation, but also to the education of our Nation's children. Never before has a President shown such commitment to the issue of education.

In March I addressed this body for the first time as a U.S. Senator on the topic of education. Little did I know the opportunity I would be given to be a member of the conference committee to reauthorize of the Elementary and Secondary Education Act.

At that time I stated the following:

> Our public schools are failing our children. And unless we address this problem now—today—we will bear the consequences for a generation or more. Let's not forget: today's students are tomorrow's leaders—in business, technology, engineering, government and every other field. If even the brightest of our young people can't compete in the classroom with their colleagues abroad in math and science, how will they be able to compete with them as adults in the world of business? How can we expect them to develop into the innovators America needs to maintain—and, yes, expand—her dominant role in the global marketplace? We need to make sure every single student in America graduates with the basic skills in communications, math, and information technology that are necessary to excel in the New Economy. As a nation, we simply cannot afford to accept the status quo.

With the passage of this legislation I believe that our schools will improve. And if they fail, there will be consequences. This legislation states loud and clear that the status quo is not acceptable. Students will have the opportunities to be tomorrow's leaders by having access to technology and other advanced programs that are needed for continued excellence. Our disadvantaged children will be given the assistance they need, and deserve, to succeed in the global marketplace of the future.

In that same speech I mentioned that my home State of Nevada faces many obstacles in obtaining title I funds for our eligible children. Title I dollars are the largest source of assistance that states receive from the Federal Government.

The No Child Left Behind Act will be particularly beneficial to title I eligible students in my home State of Nevada by recognizing that families move around and children are often unaccounted for when Federal funds are dispensed from the Federal Government to States. The State of Nevada has been particularly hard hit in the past when the most recent and accurate ''kid counts'' were not available.

It is our responsibility to ensure that title I dollars are properly and fairly sent to each State. My population update provision, that is an important part of this legislation, will ensure that this happens every year. As a member of the conference committee, I worked hard to ensure that this provision I offered as an amendment during the Senate's consideration of this legislation was included in the final bill. This amendment requires the Department of Commerce and the Department of Education to produce annually updated data on the number of title I eligible children in each state so that title I dollars can be accurately allocated to the States.

The annual population update provision in this legislation states:

> The Secretary shall use annually updated data, for purposes of carrying out section 1124, on the number of children, aged 5 to 17, inclusive, from families below the poverty level for counties or local educational agencies published by the Department of Commerce. . . .

To further clarify this language, the following statement is included in the conference report that accompanies this legislation:

> The Conferees strongly urge the Department of Education and the Department of Commerce to work collaboratively to produce annually updated data on the number of poor children as soon as possible, but not later than March 2003. The conferees believe it is imperative that the departments use annually updated data, as produced by the Department of Commerce, as provided for in the Conference agreement. The Conferees recognize that additional resources will likely be necessary to produce annually updated data and therefore expect the Departments of Commerce and Education to submit budget requests that reflect the efforts that will be necessary to carry out this new responsibility.

It is imperative that the Secretary recognizes the vital importance of this provision to children not only in Nevada, but also in every other State in the Nation. After all, these funds represent the largest source of Federal funds to states and local school districts, and it is only fair that the funds are properly and fairly distributed. I look forward to working with both the Secretary of Education and the Secretary of Commerce in implementing this provision.

This conference agreement that is before us today also provides States and local school districts with an unprecedented level of flexibility. States and local school districts will finally be able to spend Federal education dollars in a manner that will best suit their unique needs. The Federal Government has long been too prescriptive as to how Federal funds could be spent. School districts will now have the freedom to provide additional funds to the children that need the most help.

This flexibility will come with added responsibility, but it is a challenge that I believe all States and local school districts will be willing and, quite frankly, satisfied to accept. In giving these entities increased flexibility, we are requiring a higher level of accountability for student achievement. We do not want to create another layer of bureaucracy that tells schools precisely how to measure student achievement. We simply want to ensure that all students are performing at grade-level and that their school is doing what it is supposed to do: educate students. By annually testing students, parents, teachers, and the students themselves will finally know whether or not their school is doing its job.

If a school is failing to properly educate children, we do not want to immediately punish that school. We understand that change is difficult, and some years are going to be worse than others. However, we do expect to see results. If a school is failing, the Federal Government will provide technical support to assist in improving student's test scores. However, the burden ultimately lies with each school to show improvement year to year. The Federal Government cannot simply stand by and watch some of our Nation's public schools fail to educate our children. Their futures are simply too important to waste.

Parents, teachers, and administrators will also benefit from the passage of this landmark legislation. Parents will be provided with annual report cards on the performance of the school their child attends. If the school is failing, parents will be given a choice of where to send their child to school, including charter schools. If a school is chronically or persistently failing, a parent will be given federal funds for supplemental services for their child. This includes private tutoring services by any entity of the parent's choice.

Teachers and administrators will be given more opportunities for extensive professional development. States and local school districts will be able to use the funds provided by this section of

the bill in any number of ways that they believe will most benefit their teachers. Professional development should be held in higher esteem than it has in the past. For the first time, teachers will be able to enjoy comprehensive professional development opportunities that will truly enrich their knowledge and further improve their teaching skills.

Teachers will also be given legal protections from frivolous lawsuits—a provision I have championed with several of my colleagues from the very beginning. A teacher can no longer be sued for something that he or she may do in the normal course of his or her daily duties. It is time that students and parents realize the real day-to-day responsibilities that teachers have and respect them to use their best judgment to properly remedy classroom mishaps.

Above all else, the real winners in this legislation are the students themselves. We are finally providing the most needy students with the support they need to get an appropriate education. We are providing their teachers with the tools they need to teach these students. We are providing their administrators with the training they need to be the most effective leaders they can be for these students. We are providing them with access to technology, arts and music, and many other important educational opportunities to ensure that they leave our public education system as well-rounded students prepared for the challenges of the global economy.

I am pleased with the final product that this conference committee has produced. I can truly say that the education system in this country is receiving a much-deserved and much-needed facelift because of this legislation. Nevadans should also applaud this legislation. Federal dollars will finally flow into the State at the rate they should and will finally be utilized in ways that will most benefit the greatest number of needy students.

The education of our children is one of the most important issues that will come before Congress. I believe that Congress has accepted this responsibility wholeheartedly with the passage of this legislation. This legislation ensures that current and future generations receive the education they deserve to succeed in this great country.

I urge my colleagues to support this conference report.

Mr. CORZINE. Mr. President, I am pleased to support the conference report on the reauthorization of the Elementary and Secondary Education Act, ESEA, which expands and improves the Federal Government's commitment to education.

In my view, there is no more important issue before the Congress than education. As our economy becomes increasingly global and based on high technology, its future is increasingly dependent on the quality of our workforce. The better our educational system is, the stronger our economy and our Nation will be. That's why, as a nation, we should make education our top priority.

Some have suggested that local school boards should be left alone to solve these problems on their own. But I disagree. In general, I do support local control of education. But local control doesn't mean much if you don't have adequate resources within your control. And it's not enough to leave the problem to States, which can pit urban areas against suburban communities, a fight with no winners.

No, if we are serious about education, we need to make it a national priority. And we need to ensure that our National Government plays an active and aggressive role.

I am pleased that the conference report on the reauthorization of the Elementary and Secondary Education Act, the Better Education for Students and Teachers Act, takes a significant step toward increasing our Federal commitment to education. I want to commend Chairman KENNEDY and Ranking Member GREGG for their tireless work in developing this legislation.

This legislation requires States to set high standards for every student and strengthens Federal incentives to boost low-performing schools and significantly improve education achievement. It has strong accountability measures that I hope will help narrow the educational achievement gaps that threaten every child's access to the American dream. And, it better targets funding to schools serving the neediest students, to make sure that they have the resources to hire and train well-qualified teachers, pay for additional instruction, and increase access to after-school and school safety programs.

In particular, I want to note that the final conference report contains a provision I authored to promote financial literacy. Unfortunately, when it comes to personal finances, young Americans unfortunately do not have the skills they need. Too few understand the details of managing a checking account, using a credit card, saving for retirement, or paying their taxes. It's a serious problem and it's time for our education system to address it more effectively.

We need to teach all our children the skills they need, including the fundamental principles involved with earning, spending, saving and investing, so they can manage their own money and succeed in our society.

I am not alone in advocating the importance of financial literacy. Federal Reserve Chairman Alan Greenspan recently said that: ''Improving basic financial education at the elementary and secondary school levels is essential to providing a foundation for financial literacy that can help prevent younger people from making poor financial decisions.''

The amendment I authored, along with Senators ENZI, AKAKA and HARKIN, will include financial education as an allowable use in the local innovative education grant program, which funds innovative educational improvement programs. Elementary and secondary schools will be able to apply for Federal funds for activities to promote financial education, such as disseminating and encouraging the best practices for teaching the basic principles of personal financial literacy, including the basic principles involved with earning, spending, saving and investing. As a result, schools will have access to resources to allow them to include financial education as part of the basic educational curriculum. I am grateful to the conferees for including this important provision in the final conference report.

I do have some reservations about this legislation, however. In particular, I am concerned that the testing provisions may impose significant burdens on schools without providing them with adequate resources to help them implement the requirements. In addition, I have serious questions about subjecting young children to a battery of tests every year. We do not have sufficient information to know whether constant testing is the best way to monitor our children's educational progress, and indeed, the pressure of such tests may detract from their educational experiences. I hope that Congress will closely monitor the implementation of these and other provisions to ensure that they do not undermine the worthwhile reform efforts in this legislation.

Of course, reauthorization of ESEA is not the only critical education issue we will face in this Congress. Next year, we will be reauthorizing the Individuals with Disabilities Education Act, or IDEA, which has meant so much to children with disabilities in New Jersey and across the country. Unfortunately, however, we have drastically underfunded this program, which has imposed a tremendous burden on local communities in New Jersey and across the Nation.

In my home State of New Jersey, school budgets are capped by law at 3 percent annual growth. Therefore, districts often have to cut other programs to accommodate mandated and rising special-education costs. Or, local property taxpayers, who already are overburdened, have to pay increased taxes to cover expenses that the Federal Government should be sharing.

I have received many letters, phone calls, and emails from concerned constituents urging Congress to fulfill the promise of full funding for the services mandated under IDEA.

One woman, for example, wrote: ''My son is currently enrolled in our district's preschool disabled program. He is autistic and requires a full day program with intensive, 1:1 teaching. He is one of four children in the class, all with similar needs. Not only does this program require extra staffing, it also requires very specialized training.

Thanks to the incredible teachers and support staff, Kevin is making wonderful progress. This, of course, would not be possible without the funding provided by the school district.''

This woman then went on to note that in her town, special education costs have increased by 14 percent, 26 percent, and 11 percent over the last 3 years, while revenues have only increased by 3 percent annually. The result has been that the school district has had to use funds intended for regular education in order to cover the special education costs.

Another parent, whose son has Down syndrome said, ''It makes me very concerned when administrators are phrasing things in a way that makes it sound like special ed is denying the other kids. It's not special education that's denying them. It's the funding mechanism that's doing it.''

Like many of my colleagues, I had hoped that we would fulfill our commitment to the States, fully funding the Federal share of 40 percent of the average cost per pupil that we envisioned when IDEA first passed the Congress. Unfortunately, the conference committee rejected full funding of IDEA. I was very disappointed that we missed this opportunity to ease the burden on local communities, but remain committed to working to increase the Federal share of IDEA spending in next year's reauthorization.

With this education reform bill we are taking significant strides to enhance our educational system and provide every child with the opportunity they deserve to achieve their full potential. I am pleased to support the conference report.

Mr. BURNS. Mr. President, today I join my Senate colleagues in support of the conference agreement to the Elementary and Secondary Education Act, ESEA. I want to thank Senators GREGG and KENNEDY for all of the long hours I know they put into this legislation, and all of the conferees for that matter.

Now, do I agree with all of the provisions in this bill? No. Does this bill contain everything? No. But I do think it is heading in the right direction, and I do look forward to working with members on many provisions contained within this bill and those not within this bill. This legislation is certainly not perfect, and I bet that much of what it contains will be revisited.

There is nothing more important than making sure our kids have the educational tools they need to get ahead in today's competitive world. That means making sure our schools are top notch, making sure students have access to technology and up-to-date learning materials, and our teachers are equipped with the skills and tools they need to be their best.

I believe that for the most part, the conferees have done a good job coming up with a plan that will enable our children to compete in tomorrow's economy. Companies moving to a new State place a high priority on a quality education system and access to trained workers. Montana's schools are among the best in the Nation. However, there is more that needs to be done and areas where additional improvements need to be made, such as in science and math. In order to ensure a quality education and future for young Montanans, we must focus on critical areas.

I am pleased to see that conferees recognize that schools in rural areas and small America often require additional assistance in implementing high technology programs and other advanced curriculum. So many schools in small rural towns are isolated and technology can offer rural students opportunities that they otherwise would not have. Ensuring that students in rural areas are as technologically literate as students in more urban areas is vital. I believe the conferees have shown their commitment to improve achievement in rural areas and have made sure that rural kids will have the tools they need to participate in the complex economy of the 21st century.

Montana has done a lot in the area of distance learning. There is a capability, in many schools to give children a wider variety of classes, and this bill will only help to enhance that. We must also focus on making sure our children have a good learning environment. All the funding, technology and books in the world won't help our children if they do not have a good environment in which to learn.

We must ensure that Montana parents and teachers retain control over education decisions, that Federal funds are targeted toward Montana's needs, and that Federal rules don't interfere with our ability to teach our children. States must be able to free themselves from Federal red tape and have the opportunity to use this flexibility to boost student achievement. Whenever possible, decisions about the education of our children should be made at the local level. Montana parents and educators know best what works for Montana kids, and I am glad to see that this conference agreement allows for that.

At the same time, we cannot ignore the fact that the Federal Government makes important investments in our children, such as educating students who live on Federal land. I am pleased to see that this conference report also goes a long way to support Impact Aid and fulfill the Federal Government's continuing responsibility to the education of children living on military bases, Indian reservations, or other Federal property. The conference committee has ensured these programs retain high quality and provide for not only the basic elementary and secondary educational needs, but culturally related academic needs as well.

I think this agreement, while not perfect, does lay some groundwork and provides an important partnership between Federal, State, and local efforts to educate children and includes ridding some Federal mandates that burden local educators. Rules that make sense in New York are often restrictive and expensive in Havre, MT. I'm glad to see that our local schools will have the flexibility they need to better educate our children.

I must say that I have some concerns over the assessment requirements contained in this bill and the funding of these assessments. In a State like Montana, where money is often hard to come by, we have a difficult time funding the few tests currently required. The Federal Government must obligate funds toward these new testing requirements, States cannot be left with an unfunded mandate.

Congress has correctly asked schools to teach our disabled children. Unfortunately, only 10 percent of the funding for such activities has come from the Federal Government. That means local school districts, always forced to squeeze shrinking tax dollars, are often times asked to pay thousands of dollars to comply with inflexible Federal rules that many times disregard small rural school districts. It is imperative that we fulfill our promise to fully fund IDEA. While we still have a long way to go, I do believe we have made great strides, and we are heading in the right direction, toward full funding. Full funding of IDEA has always been extremely important to me, and I will continue my work with educators and school boards to make sure that we fund a larger percentage of the costs of this program. I have great confidence that the Senate will also continue working to this end.

States and locals must have the funds to develop high-quality professional development programs, address teacher shortages, and provide incentives to retain quality teachers. Some of the most important provisions in this legislation concern teachers. Teachers are our greatest educational resources and have such a great impact on a child's life. I am glad to see that this legislation goes a long way to ensure technology and training opportunities for our teachers.

As Congress continues to consider various education programs, I will be actively involved to make sure Montana's needs are addressed. I will fight against a ''one-size-fits-all'' approach that in my opinion, tends to do more harm to a quality education than good, and will fight to ensure that significant investment is provided to all children and their teachers.

Mrs. LINCOLN. Mr. President, I come to the floor today to express my support for the education reform package that is now before the Senate. After debating this issue for almost three years, I am pleased we have reached a bi-partisan agreement on a package that puts our children's future ahead of the partisan bickering that has diverted our energy and attention for too

long. In my opinion, the proposal before the Senate represents an important step in the right direction by recognizing the right of every child to receive a high quality education.

Before I describe why I think this proposal is important for our nation's future and my home State of Arkansas, I want to look back for a moment on how we arrived at where we are today.

I doubt many of my colleagues remember what we did or debated in the Senate on May 9, 2000. I remember that date very well because that's the day I joined 9 of my Senate New Democratic colleagues in offering a bold ESEA education reform plan known as the Three R's bill.

Prior to introducing our amendment, we had spend months drafting our bill and were very proud of the finished product. That day we arranged to come to the floor as a group to talk about why we felt our innovative approach combined the best ideas of both parties in a way that would allow both Democrats and Republicans to move beyond the partisan stalemate that had stalled progress for so long.

Needless to say, we were disappointed when our amendment attracted only 13 votes. Normally, I might hesitate to remind my colleagues and constituents of a vote like that. But I felt as strongly then as I do today, that the proposal we crafted provided an opportunity to improve our system of public education by refocusing our attention on academic progress instead of on bureaucracy and process.

Fundamentally, we believe that by combining the concepts of increased funding, targeting, local autonomy and meaningful accountability, States and local school districts will have the tools they need to raise academic achievement and deliver on the promise of equal opportunity for every child.

So as I have listened to many of the comments delivered on the floor today, I can not help but reflect back on May 9 of last year when I joined Senator LIEBERMAN, Senator BAYH and other Senate New Democrats on the Senate floor to unveil these fundamental principles. I am gratified that many of the priorities we spoke of that day have been incorporated into the final agreement we will hopefully adopt later today.

That having been said, I know many of my colleagues played a critical role in fashioning this very important legislation. I especially want to express my appreciation to Senator KENNEDY and Senator GREGG for their tireless efforts on behalf of our nation's school children. As someone who has followed the progress of this bill very closely, I think each Member of this body owes the managers of this bill a debt of gratitude for bringing Senators with very different points of view together to find common ground on this critical issue. I applaud their leadership and I congratulate their success.

As I noted previously, I support this bipartisan compromise because it contains many of the elements that I think are essential to foster academic success. It provides school districts with the resources they need to meet higher standards. It expands access in Arkansas to funding for teacher quality, English language instruction, and after-school programs by distributing resources through a reliable formula based on need, not on the ability of school districts to fill out a federal grant application. And finally, and most importantly, in exchange for more flexibility and resources, it holds states and school districts accountable for the academic performance of all children.

I do want to highlight one component of this legislation that I had a direct role in shaping. During consideration of the Senate reform bill in May, I successfully offered an amendment with Senator KENNEDY and others calling on Congress to substantially increase funding to enable language minority students to master English and achieve high levels of learning in all subjects. More importantly for my State of Arkansas, under the approach I promoted, funding will now be distributed to States and local districts through a reliable formula based on the number of students who need help with their English proficiency.

Currently, even though Arkansas has experienced a dramatic increase in the number of limited English proficient (LEP) students during the last decade, my State does very poorly in accessing Federal funding to meet the needs of these students because the bulk of the funding is distributed through a maze of competitive grants.

I am pleased the conferees accepted the funding level and the reforms I advocated. This new approach represents a dramatic improvement over the current system and will greatly benefit schools and students in my state.

Ultimately, I believe all of the reforms that are contained in this bill will make an important difference in the future of our children and our nation. So I join my colleagues on both sides of the aisle to urge the adoption of this truly landmark legislation.

Unfortunately, I fell compelled to mention one aspect of this legislation that dampens my excitement for its passage. Even though I believe the bill on balance represents a major improvement over the current federal framework, I am very disappointed that we are once again denying the promise we made to our constituents in 1975 to pay 40 percent of the costs of serving students under IDEA.

In my opinion, our failure to live up to this promise undermines to some extent the very reforms we seek to advance. While Congress and the Administration continue to ignore the commitment we made 26 years ago, school districts are forced to direct more and more state and local revenues away from classroom instruction to pay the Federal share of the bill. I will continue to work in the Senate to reverse this record of inaction which is profoundly unfair to school districts, teachers, and the students they serve.

I want to close, by thanking all of my colleagues who spent many weeks and months negotiating this agreement. Even though progress has been slow at times, the way Democrats and Republicans have worked together on this bill is a model I hope we can repeat often in the future. I already mentioned Senators KENNEDY and GREGG without whom this bill would not be possible. I also want to say a special word of thanks to Senators LIEBERMAN and BAYH who demonstrated real leadership by talking about many of the reforms we are about to ratify before those ideas were very popular. They deserve a lot of credit for the final agreement they helped draft and I was honored to join them in crafting the original Three R's proposals that is clearly reflected in the bill before us.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I also thank Senator KENNEDY for getting a good target formula in this bill.

I yield 10 minutes to the Senator from Maine whose fingerprints are all over this bill—especially in the area of Rural-Flex and Ed-Flex, which she basically designed, and the reading programs. She has put a significant amount of time and effort into this bill, and it paid off royally.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, let me begin by saluting the outstanding leadership of Senator KENNEDY and Senator GREGG. It is due to their tireless efforts, their commitment to a quality education, and their persistence and hard work that we can celebrate today the passage of landmark education reform legislation. It has been a great pleasure to work with them, with Secretary of Education Paige, and with the President to reach this day.

During the past year, it has been a pleasure to work with my colleagues from both sides of the aisle as well as with the President and the Secretary of Education on this landmark education legislation.

In approaching the reauthorization of the ESEA, I had three goals. One was to provide greater flexibility and more funding to our small or rural school districts. The second was to strengthen and put greater emphasis on early reading programs so that we could in fact achieve the goal of leaving no child behind. The third was fulfilling the Federal commitment to funding its share of special education costs.

I am very pleased that we will realize the first two objectives through the Rural Education Achievement Program as well as the Reading First Program included in this bill. Although I am disappointed by the failure of the IDEA mandatory funding amendments, I know the Senate support for IDEA full funding will carry over into next year. And it will remain one of my highest priorities.

The No Child Left Behind Act includes many innovative and promising reforms. Among the improvements is the Rural Education Achievement Program which I authored. The program would benefit school districts with fewer than 600 students in rural communities. More than 35 percent of all school districts in the United States have 600 or fewer students. In Maine, the percentage is even higher: 56 percent of our 284 school districts have fewer than 600 students.

Rural school districts encounter two specific problems with the current system of Federal funding.

The first is that formula grants often do not reach small, rural schools in amounts sufficient to achieve the goals of the programs. These grants are based on school district enrollment, and, therefore, smaller districts often do not receive enough funding from any single grant to carry out a meaningful activity. One Maine district, for example, received a whopping $28 to fund a district-wide Safe and Drug-free School program. This amount is certainly not sufficient to achieve the goal of that Federal program, yet the school district could not use the funds for any other program.

Second, rural schools are often shut out of the competitive grant process because they lack the administrative staff and the grant writers that large school districts have to apply for competitive grants from the Federal Government. So they do not get to participate in those programs at all. To eliminate this inequity and give rural schools more flexibility to meet local needs, our legislation will allow rural districts to combine the funds from four categorical grant programs and use them to address that school district's highest priorities.

In one school district, that might mean hiring a reading specialist or math teacher. In another, the priority might be upgrading the science lab or increasing professional development or buying a new computer for the library. Whatever the need of that district, the money could be combined for that purpose.

Let me give you a specific example of what these two initiatives would mean for one Maine school district in northern Maine. The Frenchville and St. Agatha school system, which serves 346 students, receives four separate formula grants ranging from $1,705 for Safe and Drug Free Schools to $10,045 under the Class Size Reduction Act. How do you fight drug use with $1,700? And how do you reduce class sizes with $10,000? The grants are so small they are not really useful in accomplishing the goals of the program. The total for all four programs is just over $16,000. Yet each requires separate reporting and compliance standards, and each is used for different—federally mandated—purposes.

Superintendent Jerry White told me that he needs to submit eight separate reports, for four programs, to receive the $16,000. Under our bill, his school district would be freed from the multiple applications and reports; paperwork and bureaucracy would be reduced, and the school would be able to make better use of its Federal funding.

The other problem facing small rural districts is their lack of administrative capacity. In some cases, the superintendent acts as the sole administrator. With such minimal administrative resources, the school district has no opportunity to apply for competitive grants. Here in Washington, we are surrounded by large urban school districts, each with more than 100,000 students and often having a central administrative office with specialized staff and professional grant writers. How can rural districts with a single administrator be expected to compete for the same grant opportunities?

To compensate for the inequity, our legislation provides supplemental funding. In the case of the Frenchville district, schools would receive an additional $34,000. Combined with the $16,000 already provided, the Rural Education Achievement Program would make sure the District had $50,000 and the flexibility to use these funds for its most pressing needs. That $50,000 can make a real difference in the education of school children in northern Maine. The district could hire a math teacher or a reading specialist, whatever it needed. The district could purchase technology, upgrade professional development efforts, or engage in any other local reforms.

With this tremendous flexibility and additional funding come responsibility and accountability. In return for the advantages our bill provides, participating districts would be held accountable for demonstrating improved student performance over a 3-year period.

The focus of the No Child Left Behind Act is accountability, and rural schools are no exception. Schools will be held responsible for what is really important—improved student achievement—rather than for time-consuming paperwork. As Superintendent White told me, ''Give me the resources I need plus the flexibility to use them, and I am happy to be held accountable for improved student performance. It will happen.'' I know most superintendents feel exactly the same way.

I am equally delighted that today's education bill will include significant new resources for early reading intervention programs. Unfortunately, today, in many schools, there are few services available to help a child who has a reading difficulty. Oftentimes, no help is provided at all until that child reaches the third grade and is identified for special education.

For students who have reached the third grade without the ability to read, every paragraph, every assignment, every day in the classroom is a struggle. They constantly battle embarrassment and feelings of inadequacy, and they fall further and further behind. It is no wonder so many children without basic reading skills lose their natural curiosity and excitement for learning.

The two new reading programs—Reading First and Early Reading First—in this legislation are based on the principle that if we act swiftly and teach reading effectively in the early grades, we will provide our children with a solid foundation for future academic success. Indeed, the best way to ensure that no child is left behind is to teach every child to read.

If a child's reading difficulty is detected early, and he or she receives help in kindergarten or the first grade, that child has a 90 to 95 percent chance of becoming a good reader. These early intervention programs work. They are a wonderful investment.

By contrast, if intervention does not occur during the period between kindergarten and third grade, the ''window of literacy'' closes and the chances of that child ever becoming a good reader plummet. Moreover, if a child with reading disabilities becomes part of the special education system, the chances of his or her leaving special education are less than 5 percent. So this is a program that is going to improve the quality of life for these children, help them to become successful, and, in many cases, will avoid the need for special education and all the costs involved in providing that kind of education. These are truly investments that make sense.

Other than involved parents, a good teacher with proper literacy training is the single most important prerequisite to a student's reading success. We also know that reading is the gateway to learning other subjects and to future academic achievement. That is why it is so important that this bill make such a national commitment to reading programs.

Reading First is a comprehensive approach to promoting literacy in reading in all 50 States. It will support the efforts in States, such as Maine, that have already made great strides under the Reading Excellence Act in promoting literacy. Indeed, I am very proud of the work the State of Maine has done. Our fourth graders lead the Nation year after year in reading and other subjects.

President Bush deserves enormous credit for placing reading at the top of our education agenda. The First Lady, Laura Bush, has also repeatedly highlighted the importance of reading. President Bush also deserves credit for being willing to work with us, the Members on both sides of the aisle, to hammer out the best possible education reform legislation.

Again, I thank the President for all of his efforts, and Senator GREGG and Senator KENNEDY, because without their combined leadership we would not be here today. Thanks to their hard work, we have quality legislation before us today that will reform the public education system and bring our nation closer to the goal of providing every child with an opportunity to succeed.

With the improvements in rural education, and the emphasis in this bill on reading, flexibility, and accountability, as well as a host of other reforms, I am delighted to support this reauthorization of ESEA and to see our hard work and efforts over the past year come to fruition.

I am convinced this legislation is going to make a real difference for the children of our country.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, it is a pleasure to yield 3 minutes to our friend and colleague, the only Member of this body who has been both a teacher and a school board member and has led the country, really, understanding that smaller class sizes give the best opportunity for children to learn. She has been an invaluable member of our Education Committee and our Human Services Committee.

I yield 3 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I thank my colleague from Massachusetts. I thank Senator KENNEDY, and all of his staff, for the hundreds and hundreds and hundreds of hours they have put into making this bill a success.

I do rise today to express my support for the ESEA conference report and to highlight some of my concerns with the bill.

Since 1965, the Elementary and Secondary Education Act has helped students in our schools have more equal access and be more effective than ever before. It is important we renew our Federal education policies in order to keep up with the growing challenges that face our schools.

While I do not agree with everything in the bill, I do believe Congress must move forward with education reform to provide the support that our students need today.

Throughout this process, five principles have guided my consideration.

First, I believe we have to invest in what we know works.

Second, we have to protect disadvantaged students and make sure they get the extra help they need.

Third, we have to make sure taxpayer dollars stay in public schools.

Fourth, we have to help our students meet national education goals.

And finally, we have to set high standards and provide the resources so all students can meet them.

On balance, I believe this bill meets all of my principles.

This is a bipartisan win for our students. I am proud that as we moved forward we left behind some of the most troubling proposals: from vouchers to Straight A's. This bill requires high standards for all children and provides flexible Federal support that focuses on the things that we know work, including smaller classes, high-quality teachers, afterschool programs, technology and technology training for our teachers, support for students with limited-English proficiency, a strong Safe and Drug Free Schools Program, guarantees of a quality education for homeless students, and more resources for disadvantaged students.

While I support the bill overall, I do continue to have significant concerns about some of the mandates in the bill. I believe Congress must now closely monitor how this bill impacts students.

My top concern, of course, is the funding in the bill. While we have made progress in securing an additional $4 billion, I fear the funding level will be short of what our communities will need to carry out the mandates in the bill.

In part to ease this burden, I believe we must fully fund special education next year. Almost every member of our conference committee expressed a commitment to fulfilling the promise of full funding when IDEA is reauthorized. Keeping that commitment is critical to the success of education reform.

I remain concerned, as well, about how the new tests will be used and about the Federal Government setting the formula to measure student progress. We now have a responsibility to make sure these mandates do not end up holding children back. If this bill leads to more crowded classrooms, fewer high-quality teachers, or a focus on testing instead of learning, then we will have to revisit these mandates.

But, on balance, this bill takes important steps forward to improve our public schools. While I am not pleased with every provision, I do not want the Federal Government to miss this opportunity to help students throughout the country make progress.

So, again, I thank Senator KENNEDY and his staff and my staff, including Bethany Little, for the tremendous amount of work they have done to get us to this point.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I now yield 5 minutes to the Senator from Arkansas, who has been a key player on this bill in a variety of different areas. He worked very hard on the flexibility issues, the bilingual issues, the merit pay issues, and teacher tenure. All sorts of different parts of this bill have been impacted by his influence. He has been great to work with.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. HUTCHINSON. Mr. President, I am so pleased today to be able to rise in support of this legislation. I think it is an exciting day and a memorable day for America that we adopt this legislation.

As a member of the Health and Education Committee and a member of the conference committee on this bill, I have worked long and hard with my colleagues to ensure that the reauthorization of the Elementary and Secondary Act comes to fruition.

I especially want to thank President Bush. When he came to Washington, he came with a vision to reform education. This is a big step toward the fulfillment of that vision.

President Bush shows a true compassion for helping disadvantaged students gain the tools to succeed, a compassion he gained in his work as Governor. It is that vision and compassion that have gotten us to this point of final passage. President Bush is to be commended for his efforts and his vision.

I thank Senator KENNEDY for his leadership on the committee, and for his chairmanship, his perseverance, and his willingness to reach compromise and agreement on a number of issues.

It has been a great pleasure for me to be able to work with Senator GREGG, as he has, through all the twists and turns in the long road of this past year, continued to fight for accountability and expanded options for parents. I admire his commitment to this legislation, and I am proud to have worked with him and to serve under his leadership on the HELP Committee.

Starting in the early months of 1999, the Senate Health and Education Committee began holding hearings on ESEA. The Senate attempted to pass an ESEA reauthorization bill during the 106th Congress, but was not successful. Almost three years later, final passage is before us.

The impetus that has gotten to this point after a long and arduous process is our President. President Bush has made education his number one domestic priority, and has injected new ideas and a deep sense of passion into this debate. Without his leadership, we would not be here today.

This bill reflects the themes that were laid out by the President last year: accountability, parental options, flexibility, and funding what works.

This legislation will finally inject new accountability into the title I program. For too long, we have provided billions of dollars in funding without seeing any results. In the past, we have let our poorest children down—no longer will we let this happen.

Our Nation has a right to expect all of our children to learn, and this legislation will help local school districts identify their weaknesses and address them.

Schools, for the first time, will be held to a high standard. It is time that we stop making excuses and expect results from our schools. There will be stumbling blocks along the way, and this bill is not perfect, but the education of our children is too vital to delay education reform.

There are a number of components that I am particularly pleased to see included in the bill. The provision regarding supplemental services, for which Senator GREGG has worked so diligently, is one of them.

Under this legislation, in approximately 3,000 schools across the country, parents will have an immediate option to get help for their children through tutoring at their local Sylvan Center or afterschool program.

Because of this legislation, over 200 schools in Arkansas will now provide public school choice immediately to parents to allow them to send their children to a higher performing public school. I am very pleased with the provision called transferability that will allow every school district in the country to shift up to 50 percent of Federal funds between formula grant programs, with the exception of title I. This will allow school districts to address priorities from year to year as they see fit.

I am also very pleased with the rural education initiative, proposed and championed by Senator COLLINS, that will allow over 100 school districts in Arkansas to receive additional funding and flexibility over their formula funds.

As Senator GREGG mentioned, I am particularly glad to have been involved in the bilingual reforms that will now ensure fairness in the distribution of dollars by turning the bilingual program into a formula grant program. It will benefit States such as Arkansas that never did well in the competitive grant competitions. For the first time, States must now set objectives for students to learn English, a component that was amazingly absent from the previous bilingual program.

I am glad to have been able to offer an amendment that allowed professional development funds for our teachers to now be used to reward the best teachers. That is a very commonsense and important reform in allowing those teacher development funds to be used in programs to reward those teachers who have the best record of performance.

This legislation is a giant step in education reform and represents a bipartisan agreement between Republicans, Democrats, the House, the Senate, and the administration. I am pleased to have worked on the bill and look forward to President Bush signing it into law. I thank him for his vision and leadership. Education reform was a fleeting thought a year ago. Thanks to George W. Bush, it is now a reality.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield 4 minutes to my friend and colleague from Massachusetts, Senator KERRY. Senator KERRY understands that leadership in local schools makes an extraordinary difference. We have seen constant examples of that. He has had a focus and attention particularly on having good principals in the schools. He has introduced a number of pieces of legislation. We have drawn on them heavily. He is one who is deeply concerned and involved in the education issue.

The PRESIDING OFFICER (Mr. NELSON of Florida.) The Senator from Massachusetts.

Mr. KERRY. Mr. President, I begin by thanking my colleague and congratulating him on his extraordinary leadership in this effort. I thank Senator GREGG also for his cooperation and leadership. Senator KENNEDY, as we all know, has been fighting for and pushing for education reform for a long time. He has been our leading voice in the Senate on the subject of education. His tenacity in pursuing this in moments that even appeared to be bleak—and I thank his staff also for that—have helped to bring us to this moment.

It gives me great pleasure to come to the Senate floor today to talk about, and to lend my support to, the conference report for H.R. 1, the No Child Left Behind Act. This is groundbreaking legislation that enhances the Federal Government's commitment to our Nation's public education system, dramatically reconfigures the federal role in public education, and embraces many of the principles and programs that I believe are critical to improving the public education system.

This bill represents a true coming together of Republicans and Democrats, and both sides made important compromises in order to arrive at this point. I have come to the floor many times over the past few years to express my belief that we were past due to break the partisan gridlock over education reform, and to come together around the programs, policies, and initiatives that members of both parties could agree are critical to improving public education. For years we spun our wheels as we tried to reform the public education system, Republicans calling for a diminished Federal role, Democrats calling for more programs and greater funding levels. I was of the opinion that there was significant room for consensus on public education reform, and last year I worked with 10 of my Democratic colleagues to introduce legislation that would help break the stalemate and move beyond the tired, partisan debates of the past. Our education proposal became the foundation of the bill before us today. I am extraordinarily pleased that Republicans and Democrats came together to adopt a fresh, new approach to improving public education, one that focuses on increasing student achievement and that provides increased resources and flexibility in exchange for increased accountability.

The No Child Left Behind Act provides public schools with more funding and flexibility in return for demanding accountability for results. I am convinced that a strong accountability system is the linchpin of this reform. For the first time, the Federal Government will put into place an accountability system that will hold States, schools, and districts accountable for steadily improving the learning of their children and closing the achievement gap between rich and poor and between minorities and non-minorities. The accountability provisions in this bill sharply redefine the definition of adequate yearly progress to ensure that schools and districts are making demonstrable gains in closing the achievement gap. This legislation requires States, districts, and schools to set annual goals for raising student achievement so that all students achieve proficiency in 12 years. The bill applies performance standards and consequences not only to the title I program but to all major programs. And in addition to requiring tough corrective actions for chronically failing schools, it gives students in failing schools the right to either transfer to a better public school or obtain supplemental services.

This bill puts in place a new accountability system, which is a vital first step to improving student achievement. But implementing and enforcing the accountability system are equally as important as creating one. The Federal Government must follow through on its commitment to hold schools accountable for student achievement or the legislation that we are passing today will do little to change the status quo. I urge the administration to vigorously implement and enforce the provisions of this new law.

Another key component of this bill is the expansion of public school choice and charter schools. I strongly support increasing the educational options available to parents within the public school framework, and in fact, expanding public school choice has been one of my education reform priorities. I believe that choice and competition within the public school system are vital ingredients to increasing accountability and improving our schools. I am pleased that the No Child Left Behind Act strengthens the Federal charter school program and authorizes the inter-and intra-district choice initiative. The legislation also requires states and local districts to issue detailed report cards with data on school performance so that parents can be better informed about the quality of their child's schools and can make educated decisions about which school their child should attend.

This bill does an excellent job of targeting federal education funds to public schools with large numbers of poor children. The title I program was originally designed to compensate for spending gaps left by state and local education funding in order to help level the playing field for children in low-income school districts. However, despite the goal of sending funds to those very low-income schools, over the years, money has been directed to communities with extremely low poverty rates and in some instances does not reach the country's poorest schools at all. This legislation funnels new title I funding through the targeted grant formula, which will ensure that the neediest communities receive additional funding.

I am extremely pleased that the conference report includes my amendments to improve school leadership and increase alternative education opportunities, which were part of the education reform bill that Senator GORDON

SMITH and I introduced during the 106th Congress. Focusing on school leadership is critical to ensuring that the ambitions reforms contain din this legislation are successfully implemented in the schools. Many of today's principals are reaching the age at which they could choose to retire, and evidence has pointed to a decline in the number of candidates for each opening. If we don't stem the flow of retirees and buoy up the numbers of aspiring principals, we will face a crucial school leadership crisis—one that could debilitate meaningful education reform. A good principal can create a climate that fosters excellence in teaching and learning, while an ineffective one can quickly thwart the progress of the most dedicated reformers. I can tell you unequivocally that I have never been in a blue-ribbon school that doesn't have a blue-ribbon principal. And I'm sure that my colleagues have noticed this, too when they have visited schools in their respective States. Without a good leader as principal, it is difficult to instigate or sustain any meaningful chance and schools cannot be transformed, restructured, or reconstituted without leadership.

Our amendment addressed this critical problem in school leadership by giving States greater flexibility in the use of their title II dollars so that funding can be used to retain high-quality principles and to improve principal quality. By expanding the list of authorized uses of funds, this amendment will allow States and school districts to use Federal dollars to ensure that principals have the instructional skills to help teachers teach, implement alternative routes for principal certification, or mentor new principals, and to provide principals with high-quality professional development.

The conference agreement also includes our amendment on alternative education opportunities. The presence of chronically disruptive students in schools interferes with the learning opportunities for other students. One way to ensure safe schools and manageable classrooms has been to require the removal of disruptive and dangerous students. While expulsion and suspensions may make schools safer and more manageable, students' problems do not go away when they are removed from the classroom—the problems just go somewhere else. The consensus among educators and others concerned with at-risk youth is that it is vital for expelled students to receive educational counseling or other services to help modify their behavior while they are away from school. Without such services, students generally return to school no better disciplined and no better able to manage their anger or peaceably resolve disputes. Our amendment enable States and school districts to develop, establish, or improve alternative educational opportunities for violent or drug abusing students under the Safe and Drug Free Schools program.

This bill is a compromise, and thus, everyone can point to things that they wish were done differently. I echo the comments made by my colleagues, in particular Senator JEFFORDS, who have decried the lost opportunity to include in this bill guaranteed full funding for the Individuals with Disabilities Education Act. This bill fails to deliver on the Federal Governments commitment to fully fund special education, and it does this just as it places substantial new requirements on schools. Perhaps most disconcerting, all of this comes at a time when state budgets are in deficit. According to the National Governors' Association, states are facing a $35 billion shortfall due to the national recession, and states have already begun paring back their education budgets. The No Child Left Behind Act contains significant, meaningful reforms, but these reforms cannot succeed without sufficient resources. We expect about a 20 percent increase in education funding this year, which is a tremendous step forward. But we need to continue to make resources a priority—we need to fully fund IDEA—we must not thrust new requirements on schools without providing them with sufficient resources to implement reforms.

I also have concerns about the mandatory testing provisions contained in the bill. This legislation requires the testing of all students in math and reading in grades 3–8. I am not opposed to testing, in fact, I think that tests are important so that we know year to year how well students are achieving. It is critically important to be able to identify where gaps exists so that efforts can be focused on closing them. When used correctly, good tests provide information that helps teachers understand the academic strengths and weaknesses of students and tailor instruction to respond to the needs of students with targeted teaching and appropriate materials. My concern is that once we know where the gaps exist, once we know how a child needs to be helped, we will not provide the resources necessary to ensure that all students are able to reach proficiency. It is my sincere hope that Congress and the States will continue to recognize that reform and resources go hand-in-hand. Resources without accountability is a waste of money, and accountability without resources is a waste of time. The two together are key to successful reform.

I would like to congratulate the conferees for their tremendous work on this legislation. I am excited and encouraged by the reforms in this bill. I believe that they will have a tremendous impact on raising student achievement by increasing accountability, improving teacher and principal quality, expanding flexibility, and increasing public school choice. This groundbreaking legislation has enormous potential. I hope that the Congress will live up to its commitment to provide states and schools with the resources they need to make these reforms work.

We are now about to adopt a fresh new approach to improving public education in a way that focuses on improving student achievement and providing increased resources simultaneously. Though I will add to the voice of my colleagues in the Senate, the resources are not what they need to be to guarantee success.

Last year, I joined with 10 of my Democratic colleagues to introduce legislation that we hoped would break the stalemate, that would change the dialog. I would like to believe that thanks to the efforts of the Senator from Indiana and the Senator from Connecticut and others, we have contributed in a way that has helped to shift that dialog.

We are now providing a strong accountability system which is the linchpin of reform, together with a reconfiguration of the role that the Federal Government plays in providing some resources and flexibility over the use of funds to the States in exchange for that strong accountability system. For the first time, the Federal Government is putting into place accountability that will hold States, schools, and districts accountable for steadily improving the learning of their children and closing the achievement gap between the rich and the poor, between minorities and nonminorities.

I am also pleased that the law includes a mechanism to target additional funding to schools with high concentrations of low-income students. Historically, title I has always been our focus of directing Federal funds to schools with large proportions of poor students, but Congress has not always met that goal. It is our hope that this increased targeting, for which I again congratulate Senator KENNEDY, is going to be an important part of our achieving that.

Another key component is the expansion of school choice in public schools together with the charter schools. I strongly support increasing educational options available to parents within the public school system framework. In fact, expanding public school choice has been one of my top education priorities. I am pleased that the No Child Left Behind Act strengthens that Federal charter program and authorizes the inter- and intradistrict school choice initiative.

I am also pleased that it includes several amendments that I have proposed, one specifically to improve principals, to improve the strength of leadership. We can have all the rules we want and all the framework we want, but if you don't have adequate leadership in the schools, it is often hard to achieve. We have a method in here to help to increase that.

We also include an amendment that I have introduced to enable States and school districts to help to develop, establish, and improve alternative educational opportunities for violent or

drug offending students under the Safe and Drug Free Schools Program. That is one way to guarantee that we will ensure safe classrooms, safe schools, manageable classrooms by removing disruptive students and dangerous students and making sure that those who are expelled receive educational counseling or other services to help modify their behavior.

This bill, as all legislation, is a compromise. Not everything meets everybody's eye. I do believe we have to push on to achieve the opportunity of guaranteeing full funding for individuals with disabilities education, and we have to guarantee the resources for this act.

I congratulate Senator KENNEDY and all those who have been part of this effort to bring this bill to the floor.

I thank the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, at this time I yield 8 minutes to the Senator from Alabama who, as a member of the committee, played a significant role. This is such a complex bill. It required a lot of different people thinking about different parts of it. It has so many moving parts, it really is not the handiwork of one individual. It truly was the handiwork of a large number of Senators participating from both sides of the aisle. The Senator from Alabama played a major role in a variety of areas, especially in the discipline area and the safe and drug free schools. I very much appreciate the work he did.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, It is a pleasure to see this bill come up now for what I believe will be its approval. We have worked hard on it. I know it was a thrill to see the bill come out of committee with a unanimous vote under the leadership of Senator KENNEDY and ranking member, Senator GREGG. I thought that showed good bipartisan support. It languished a bit in conference with the House, and we struggled a bit. The President had to raise the level of heat a bit, but things have moved forward. It is exciting to see this bill move toward law.

The President campaigned on education as one of his top themes. He talked about it constantly. He visited schools regularly. His wife was a teacher. He has honored that commitment by continuing to press a major education bill this year which will represent one of the largest increases in funding for education in recent years. It also represents a significant policy change that will allow more freedom for the school systems, that will put more money in local schools, that will help children who are being left behind and move them forward.

I believe we should recognize and salute the leadership of the Secretary of Education, Rod Paige. He came here from Houston. He was chosen to be the superintendent of the Houston school system, comprised around 200,000 students. He believed that a 37-percent passing rate of the Texas test in Houston was unacceptable. In 5 years, with determination, sound policies and great leadership, he doubled the percentage of schoolchildren passing that test.

I say that because there are some people who do not believe that progress is possible. I have seen school systems in every State in America. There are systems where teachers, parents, and leaders have come together to achieve significant increases in productivity and change. Certainly money is not the complete answer; it is also policy change, determination, and leadership. We have too many schools where children are locked into a failing system, and they have been falling behind. Nobody even knows or cares that they are falling behind. They can't go to any other school. They are required by law to attend this dysfunctional school. And that is just not good.

The President understands this deeply. As Governor of Texas, he made education one of his highest priorities, and he has made it his number one domestic priority as President. He has helped us move forward to what I think is really historic legislation. It is an honor to be a part of it.

Testing and accountability have been a matter of some debate. I do not believe tests are accurate reflections of a child's complete ability to learn and what they absolutely know. But it is true that you can determine through a test whether a child can do fundamental mathematics, whether a child knows fundamental science, and whether a child can read or not. It is a tragedy in America that we have been moving children through the school system, even to graduation, who can't read and write and they are making the lowest possible scores on tests. We have just accepted that. That is not a good way to do it.

The President has said he is not going to leave any child behind, and we will make sure we achieve that goal. We are going to find out if children are falling behind. We will have a testing program in grades 3 through 8 in math and reading that will not be Federal Government-mandated tests, but state tests, and we will begin to learn. The newspaper editors, the business community, the teachers, the principals, the parents, and the students will know how the kids are doing in that school system. Some schools do better than others. We need to find out which ones are doing best and identify those that are not doing well. I think that is important. As Secretary Paige says, if you love the children and you care about them and you want them to learn so they can be successful throughout their lives, you will not allow them to fall behind.

What we need to do is intervene early in the lives of children when they are falling behind—as soon as possible. Then we can make some progress. This bill says there can be supplemental services in a system that is not working and where kids are falling behind. They can get maybe $500 or $1,000 for outside tutoring for a child who is not keeping up because as you get further behind, a lot of bad things happen. Dr. Paige says that a child in the seventh, eighth, and ninth grades, if they are really behind, that is when they drop out. Normally, it is around the ninth grade. They can't keep up, they are behind and discouraged, and they drop out.

We need to find out in the third grade, the fourth grade, and fifth grade how they are doing and make sure we then intervene, when the cost is not so great. We can increase their ability to be a functional and good student and help them go on to success. It is a lot like business management, frankly. It is just good supervision and having a system that does not allow the status quo to drift, but one where we care enough to make the tough decisions, apply tough love, to insist that children behave in the classroom, they do their homework, and teachers do their work. If teachers are not performing, they need to be held to account, and we need to create accountability in the system. If we do so, I believe we can make real progress.

As a part of the compromise that went on in the legislation, some good language was put in to ensure that all this testing we require is paid for by the Federal Government, so it is not an unfunded mandate. We also have in the bill testing rules that guarantee States will not have their curriculum set by Washington. It will guarantee that the tests don't mandate a single type of learning in America. I think that process worked well as we went forward.

The flexibility goal has been achieved in a number of ways. It is not as great as I would like to see it. I have visited, in the last 15 to 18 months, 20 schools in Alabama and spent a lot of time talking with teachers, principals, superintendents, school board members. They felt very strongly. These are people who have given their lives to children. They have chosen to teach and to be involved in education. They have told me consistently that the Federal Government has too many rules and regulations that make their lives more difficult and actually complicate their ability to teach in a classroom. There is money, but it is only available for what the Federal Government says, not for what they know they need at a given time in their communities.

I think we need to continue to improve in the area of flexibility. We have made some real progress in that, and I am happy we have made progress in this bill. But it could have been greater. I think our teachers and principals will like what they see. It is a step in the right direction.

Alabama has established an exceedingly fine reading program that is being replicated by many States. Senator KENNEDY's excellent school system in Massachusetts is always on the

cutting edge of things. They have appropriated $10 million to just study this program and implement some of it in their system.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SESSIONS. Mr. President, I salute the leadership on this legislation. I note that the IDEA program amendments that were passed in the House and the Senate were not included in this, which was a disappointment to me. But we will have an opportunity next year to reform that, during the reauthorization of IDEA.

I believe education is one of the most important issues that faces our Naiton today. We need to do all we can to free States and localities from Federal regulation, assure accountability by setting high standards, and empower parents with choices and information.

As Governor of Texas, President Bush recognized the importance of education and made it the centerpiece of his campaign for President. When he took office, he delivered on his promise by releasing a comprehensive plan for reform during the first days he was in office.

I believe that President Bush's leadership has been essential to the Congress producing the historic reform legislation that was passed by the conference committee on December 11. Since the tragedy on September 11 the Congress and the President have understandably been focused on the war on terrorism.

I believe it is a credit to the leadership of President Bush that he was able to continue to make education reform a priority. He never lost sight of protecting our greatest resource, and children. His leadership never wavered and I believe we could not have reached the bipartisan compromise in the education conference without his influence.

Secretary of Education Rod Paige was also essential to our efforts at reform. Secretary Paige's real-life experiences as Superintendent of the Houston school system were invaluable in helping us to formulate legislation that will truly foster reform for all our children.

I would also like to recognize the leadership of Senators GREGG and KENNEDY here in the Senate and Congressmen BOEHNER and MILLER in the House. Even when our country was threatened and they could have abandoned this effort, they stayed focused and were able to hammer out their differences and come up with a good piece of legislation.

While the legislation does not contain all the provisions that I would have liked to have seen in the bill, it does take some important steps toward improving the educational opportunities for all our children.

The conference report includes testing in grades 3 through 8 in math and reading, which is the cornerstone of the President's plan. I am glad that we have recognized the need to measure the progress of our students. We must determine if our schools are actually teaching our children the skills they need to succeed. The only way to measure our students knowledge is through testing.

While some have raised concerns about reliance on testing, I believe this legislation strikes an important balance to ensure that we bring accountability to the system without overburdening our State and local school systems.

The bill significantly changes accountability standards with the goal of assuring that low income students are learning at a level that is equal to their peers. The States are charged with developing the tests based on their own curriculum. This is not a one-size-fits-all approach.

The bill specifically prohibits federally sponsored national testing or Federal control over curriculum and sets up a series of controls to ensure that any national evaluating test such as NAEP must be fair and objective and does not test or evaluate a child's views, opinions, or beliefs.

In addition, the bill includes a trigger mechanism so that State-based testing requirements are paid for by the Federal Government thus avoiding an unfunded mandate.

In Alabama, we have already recognized the importance of testing, we already test our students in virtually every year of school. I believe this legislation will assist Alabama in these efforts and the new funds will help to improve the current system.

The legislation also includes a number of major new initiatives which give parents options when their children are trapped in failing schools.

For the first time, parents whose child is trapped in a failing school will be able to take a portion of the monies available under title I for their child—approximately $500 to $1,000—and use it to get the child outside tutorial support. These services can come from public institutions, private providers, or faith-based educators.

For children who have fallen behind because of lack of good services at their school, groups such as Boys and Girls Clubs, Catholic schools, Sylvan Learning Centers, and a variety of other agencies would be able to give these children the support they need to catch up in the areas of math and English.

Another new opportunity provided for parents under this legislation involves public school choice. A parent whose child is trapped in a failing school will have the opportunity to send their child to another public school which is not failing and have the transportation costs paid for.

This bill does not allow parents to access private schools, but it does provide parents the option to move their child to a better public school where they can get an adequate education.

We believe this option will put pressure on those public schools within a major school system that are failing and will give these children a viable chance to succeed.

I believe one of our most important goals is to give States and local communities more flexibility. After all, they are best suited to make decisions regarding their own children. While the legislation does not provide the flexibility that many of us would have liked to have seen, it does make major improvements in freeing State and local education agencies from burdensome Federal regulations.

Currently, Federal rules mandate that funds only be used for a designated purpose. Under this legislation, all 50 States will be permitted to make significant spending decisions of up to 50 percent of their non-title I funds by being allowed to move those funds from account to account without Federal approval.

This means that States and local communities can spend these funds where they feel they will get the most benefit for the dollars.

Seven States will also be permitted to consolidate 100 percent of their State activity, administrative funds, and innovative block grant funds and use them for any activity authorized under H.R. 1. This frees up hundreds of millions of dollars for these States to use at their discretion. This will dramatically expand a State's flexibility of they decided to participate in the program.

Up to 150 school districts—at least three per State—could also apply to participate in even broader flexibility. They will be able to apply for waivers from virtually all Federal education rules and requirements associated with a variety of ESEA programs in exchange for agreeing to further improve academic achievement for their low-income students.

The concept is simple, the Federal Government will give them even greater flexibility in exchange for significant results.

The State of Alabama has instituted a major reading initiative that has begun to make a difference in the lives of students in our state. In fact, the Alabama Reading Initiative is becoming a model for reading programs in other States.

Massachusetts has appropriated $10 million to begin a program based on Alabama's efforts and Florida is beginning a pilot program in 12 school districts patterned after the Alabama Initiative.

President Bush also recognizes the importance of reading, he has described reading as ''the new civil right.'' Early on, he stated his goal that every child should be able to read by the third grade. One of the cornerstones of President Bush's education plan was his Reading First and Early Reading First initiatives.

These initiatives are meant to encourage States and local schools to implement scientifically based reading programs and to augment programs

such as the Alabama Reading Initiative.

The Reading First Initiative would help to establish reading programs for children in kindergarten through grade 3. Under this legislation, Federal funding for reading programs will be tripled from $300 million in 2001 to $900 million for 2002. President Bush has demonstrated his commitment to this program by budgeting $5 billion over 5 years for the effort.

The companion program, Early Reading First, is intended to enhance reading readiness for children in high poverty areas and where there are high numbers of students who are not reading at the appropriate level. The $75 million initiative is designed to provide the critical early identification and early reading interventions necessary to prevent reading failure among our children.

This legislation also takes important steps to improve teacher quality in our schools. In order to provide increased flexibility, the agreement eliminates the class-size reduction program and now gives school districts the option to choose whether they want to use federal teacher dollars to recruit or retain teachers, reduce class-size or to provide additional training to teachers already in the classroom.

States would also be able to spend Federal teacher dollars on merit pay, tenure reform, teacher testing and alternative certification.

The point is to allow flexibility for school districts to address the needs most important to the local community, instead of simply dictating what should be done from Washington.

The legislation also includes the teacher liability language that passed the Senate.

These provisions help to ensure that teachers, principals, and other school professionals can undertake reasonable actions to maintain order and discipline in the classroom, without the fear of being dragged into court or subject to frivolous lawsuits simply for doing their jobs.

One issue that I am disappointed that we did not address in this legislation are the problems with the discipline provisions in Individuals with Disabilities Education Act, IDEA.

While both the House and the Senate passed provisions to address this problem, unfortunately, many of my colleagues on the conference committee opposed both versions and neither was included in the final conference report.

Having traveled all over Alabama and visiting a number of schools over the past few years, I am firmly convinced that the Federal IDEA discipline regulations cause more distress for dedicated teachers than any other single Federal rule or mandate.

Some of my colleagues on the conference committee feel very strongly about this issue and strongly opposed my amendment. But I want to make my proposal clear.

My amendment was carefully tailored to allow schools to discipline IDEA students in the same manner as non-IDEA students, when the behavior that led to the disciplinary action is not related to the child's disability. No child could be denied educational services for behavior that is related to their disability.

My amendment also retains many of the procedural safeguards in current law to ensure that IDEA children are treated fairly, but it allows state and local educators more flexibility in their discipline policies.

My amendment also would provide a better option for parents of children with disabilities to move their child to a better educational environment. While this option is available under current law, my language would streamline this process. The parents of the child and the school would still have to agree on this decision.

I believe this is a reasonable proposal that would allow more students with disabilities, with the agreement of the school, to seek special education programs that better meet their needs.

During my meetings at schools, I encouraged teachers to write to me to share their experiences with IDEA. I received a large stack of mail.

The frustration and compassion in the letters is powerful. Real stories from educators and students are the best evidence of the need for change.

Two things are clear to me. First, current Federal IDEA discipline rules cause disruption in the classroom and even threaten the safety of students and teachers.

Second, the Federal Government needs to increase IDEA funding and meet its commitment to providing 40 percent of the national average per pupil expenditure.

President Bush's budget included a $1 billion increase for IDEA for next year, the largest increase ever proposed by a President in his budget. He is committed to increasing this funding in future years.

This new funding will be an important step in assisting schools to meet the goals established under IDEA.

The IDEA law is filled with complex issues and problems besides discipline. One area that Secretary Paige seeks to address is the possible over-identification and disproportionate placement of minority students in special education.

Secretary Paige has spoken to me about this problem and I stand ready to work with him to address it. For example, we need to look at how to distribute Federal special education funds without creating inappropriate incentives regarding referral, placement or services to children.

We shouldn't be creating an incentive for schools to place children in special education programs that can be helped under our existing system.

The IDEA law provides many wonderful and special benefits for children with disabilities, but we can make it better. It is important that we return common sense and compassion to this problem.

I am committed to working to improve the law when it comes up for reauthorization next year. If we work together by providing more money for IDEA and give more authority to our local school officials, we can take a big step toward improving learning.

While I continue to believe that education is and must remain the primary function of State and local government, I believe this legislation will help to improve our public education system.

This legislation is far from perfect and I am sure we will have to make adjustments in future years.

But I believe that with President Bush's leadership this legislation presents the best opportunity in 35 years to return power and dollars to the state and local school districts and to make academic achievement a priority.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield 2 minutes to the Senator from Arkansas. First, I remind the Senate that during the debate on this issue her amendment to increase the funding for bilingual education passed 62 to 34, and we kept her first year mark in this bill. That will mean that 400,000 more limited-English-speaking children will be able to learn. It is a major achievement and accomplishment. She has educated the Senate about the change in demographics and what is happening in her part of the world. We welcome the opportunity to yield her 2 minutes.

The PRESIDING OFFICER. The Senator from Arkansas.

Mrs. LINCOLN. Mr. President, I come to the floor today to express my support for the education reform package that is now before the Senate. After debating this issue for almost 3 years, I am pleased we have reached a bi-partisan agreement on a package that puts our children's future ahead of the partisan bickering that has diverted our energy and attention for too long. This proposal before the Senate represents an important step in the right direction by recognizing the right of every child to receive a high quality education.

I know many of my colleagues played a critical role in fashioning this very important legislation. I especially want to express my appreciation to Senator KENNEDY and Senator GREGG for their tireless efforts on behalf of our nation's school children. As someone who has followed the progress of this bill very closely, I think each Member of this body owes the managers of this bill a debt of gratitude for bringing Senators with very different points of view together to find common ground on this critical issue. I applaud their leadership and I congratulate your success.

I also want to say a special word of thanks to Senators LIEBERMAN and BAYH who demonstrated real leadership by talking about many of the reforms we are about to ratify before those ideas were very popular. They deserve

a lot of credit for the final agreement they helped draft and I was honored to join them in crafting the original Three R's proposals that is clearly reflected in the bill before us.

As I noted previously, I support this bipartisan compromise because it contains many of the elements that I think are essential to foster academic success. It provides school districts with the resources they need to meet higher standards. It expands access in Arkansas to funding for teacher quality, English language instruction, and after-school programs by distributing resources through a reliable formula based on need, not on the ability of school districts to fill out a federal grant application. And finally, and most importantly, in exchange for more flexibility and resources, it holds States and school districts accountable for the academic performance of all children.

I do want to highlight one component of this legislation that I had a direct role in shaping. During consideration of the Senate reform bill in May, I successfully offered an amendment with Senator KENNEDY and others calling on Congress to substantially increase funding to enable language minority students to master English and achieve high levels of learning in all subjects. More importantly for my State of Arkansas, under the approach I promoted, funding will now be distributed to States and local districts through a reliable formula based on the number of students who need help with their English proficiency.

Currently, even though Arkansas has experienced a dramatic increase in the number of limited English proficient (LEP) students during the last decade, my state does very poorly in accessing federal funding to meet the needs of these students because the bulk of the funding is distributed through a maze of competitive grants.

I am pleased the conferees accepted the funding level and the reforms I advocated. This new approach represents a dramatic improvement over the current system and will greatly benefit schools and students in my State.

Ultimately, I believe all of the reforms that are contained in this bill will make an important difference in the future of our children and our nation. So I join my colleagues on both sides of the aisle to urge the adoption of this truly landmark legislation.

Unfortunately, I feel compelled to mention one aspect of this legislation that dampens my excitement for its passage. Even though I believe the bill on balance represents a major improvement over the current federal framework, I am very disappointed that we are once again denying the promise we made to our constituents in 1975 to pay 40 percent of the costs of serving students under IDEA.

In my opinion, our failure to live up to this promise undermines to some extent the very reforms we seek to advance. I will continue to work in the Senate to reverse this record of inaction which is profoundly unfair to school districts, teachers, and the students they serve.

I want to close, by thanking all of my colleagues who spent many weeks and months negotiating this agreement. Even though progress has been slow at times, the way Democrats and Republicans have worked together on this bill is a model I hope we can repeat often in the future.

Mr. President, again, I thank the Senator from Massachusetts for his leadership and assistance to me in being able to achieve something on behalf of the people of Arkansas. Once again, I express my support for the education reform package now before the Senate. We have debated this issue for almost 3 years, and we are so pleased we have reached a bipartisan agreement on the package that puts our children's future ahead of the partisan bickering that has diverted our energy and attention for way too long.

The proposal before the Senate represents an important step in the right direction by recognizing the right of every child in this great Nation to receive a high-quality education.

I know many of my colleagues played a critical role in fashioning this very important legislation, but there are two individuals who have been absolutely incredible in this debate and in this negotiation. I especially express my appreciation to Senator KENNEDY and to Senator GREGG for their tireless efforts on behalf of our Nation's schoolchildren.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I yield 7 minutes to the Senator from Tennessee who has played a very considerable role in this legislation, especially in the flexibility accounts, but he had input throughout the legislation and has done an exceptional job in making this a better bill.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise to congratulate Senator GREGG and Senator KENNEDY for their leadership in pulling together a complex bill. This bill accomplishes the goals that many of us have been talking about over the last 2 years, the total length of time we have been working on this bill. Those goals included striving for more flexibility, accountability, and local control.

The events of September 11, 2001 dramatically changed our nation. As a result, the President is focused on combating forces unlike any other we have faced in our history. Nonetheless, the President has remained steadfastly committed to education reform and thanks to his efforts, today we send to him a bill that will transform the Federal Government's role in education.

Since 1965, Federal aid has been provided to school districts for the education of disadvantaged children through title I. Despite spending $125 billion on Title I over the past 25 years, the most recent results of the National Assessment of Educational Progress, NAEP, tests for fourth-grade reading confirm that our current education system has not closed this achievement gap.

The NAEP results revealed that 37 percent of the nation's fourth graders scored below basic. That means 37 percent of our fourth graders cannot read.

I was disturbed to read in our Nashville newspaper, the Tennessean, last week that only 45.5 percent of third-graders in Nashville are reading at the national average, down almost three percentage points from 1998. Perhaps more disturbing is the fact that the Nashville metro area failed to reduce the performance gap between poor students and their better-off peers: it was reduced only .2 percent in the elementary and middle-school grades, and it increased by 1 percent for high-school students.

As President Bush has said, too many children in America are segregated by low expectations, illiteracy, and self-doubt. In a constantly changing world that is demanding increasingly complex skills from its workforce, children are literally being left behind.

The following programs and reforms contained in the ''No Child Left Behind Act'' will help our schools better prepare our children for the future:

For reading first, $975 million in funds will be authorized for States to establish a comprehensive reading program anchored in scientific research. States will have the option to receive Early Reading First funds to implement research based pre-reading methods in pre-school. Tennessee's recently awarded $27 million grant will continue, and Tennessee will no longer have to apply for such funding. Funding to the State will be guaranteed through this new formula grant program.

On rural education, $300 million in authorized funding will be available to some of Tennessee's rural school districts to help them deal with the unique problems that confront them.

On unprecedented flexibility, all states and local school districts will be able to shift Federal dollars earmarked for one specific purpose to other uses that more effectively address their needs and priorities. And 150 school districts choosing to participate would receive a virtual waiver from Federal education requirements in exchange for agreeing to improve student achievement. I am particularly pleased that this latter initiative, known as Straight A's, was included in the final form of the bill.

On empowering parents, parents will be enabled to make informed choices about schools for their children by being given access to school-by-school report cards on student achievement for all groups of students. Students in persistently low-performing schools will be provided the option of attending alternative public schooling or receiving Federal funds for tutorial services.

That means that starting in September, students in more than 6,700 failing schools will have the authority to transfer to better public schools. Students in nearly 3,000 of those schools also would be eligible for extra academic help, such as tutoring and summer classes paid with Federal tax money. In Tennessee alone, 303 schools will be provided these services.

As to accountability for student performance, parents will know how well their child is learning, and schools will be held accountable for their effectiveness with annual state reading and math assessments in grades 3–8. States will be provided $490 million in funding for the assessments. Tennessee will receive approximately $53 million of these funds over the next 5 years.

With regard to improvements to the Technology and Bilingual Education programs, the Technology and Bilingual Education programs have been streamlined and made more flexible. Parents must be notified that their child is in need of English language instruction and about how such instruction will help their child. The bill also focuses on ensuring that schools use technology to improve student academic achievement by targeting resources to those schools that are in the greatest need of assistance.

On better targeting, Senator LANDRIEU offered an amendment to S. 1 earlier this year that required better targeting of funds to our poorest schools. I supported that effort and am proud to say that this bill targets funds better than ever before. Through consolidation of programs and improved targeting of resources, we enable schools to do so much more with the 7 percent of funds they receive from the Federal Government.

As to resources for teachers, over $3 billion will be authorized for teachers to be used for professional development, salary increases, class size reduction and other teacher initiatives. Additionally, teachers acting in their official capacity will be shielded from Federal liability arising out of their efforts to maintain discipline in the classroom, so long as they do not engage in reckless or criminal misconduct. And another $450 million will be authorized for Math and Science training for teachers, an initiative that is particularly important to me.

I want to take a few minutes to discuss the Math and Science Partnership program, because I am particularly concerned about the state of Science education in our country. The most recent NAEP science section results showed that the performance of fourth- and eighth-grade students remained about the same since 1996, but scores for high school seniors changed significantly: up six points for private school students and down four for public school students, for a net national decline of three points. A whopping 82 percent of twelfth-grade students are not proficient in Science and the achievement gaps among eighth-graders are appalling: Only 41 percent of white, 7 percent of African-American and 12 percent of Hispanic students are proficient.

The disappointing overall results for seniors on the science section of the NAEP prompted Education Secretary Rod Paige to call the decline ''morally significant.'' He warned, ''If our graduates know less about science than their predecessors four years ago, then our hopes for a strong 21st century workforce are dimming just when we need them most.'' I couldn't agree with the Secretary more.

I urge the appropriators to take note of these statistics and fund the Math and Science Program at the level it needs to make a difference.

In this brief statement, I can only begin to list the number of reforms within this bill. The bill:

enhances accountability and demands results;

it has unprecedented state and local flexibility;

it streamlines bureaucracy and reduces red tape;

it expands choices for parents;

it contains the President's Reading First initiative;

it promotes teacher quality and smaller classrooms;

it strives toward making schools safer;

it promotes English fluency;

And that is just a brief summary.

I want to again congratulate our President, who provided great leadership by making education reform his top domestic priority. The result is that our elementary and secondary schools will be strengthened and local teachers, administrators and parents will be better able to make sure that no child is left behind.

For the first time, Federal dollars will be linked to specific performance goals to ensure improved results. That means schools will be held accountable. And, by measuring student performance with annual academic assessments, teachers and parents will have the ability to monitor each student's progress.

I want to thank Senators GREGG and KENNEDY for all they have done on this bill. Senator GREGG was forced into a new leadership role when he suddenly became Ranking Member of the HELP Committee in the middle of the 6 week debate of S. 1. Suddenly, he was charged with managing a 1,200 page education bill, which was the top domestic priority of the President. I know he and his staff, particularly Denzel McGuire, have dedicated innumerable hours to this piece of legislation and I commend them for their efforts.

I congratulate, on my staff, Andrea Becker, whose diligence, dedication, and hard work are reflected in this legislation. Senator GREGG and Senator KENNEDY were able to bridge some strong policy differences throughout and work together to make sure politics did not prevent passage of this landmark legislation. I thank them for their leadership and congratulate them on passage of this bill.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I thank the Senator from Tennessee for his kind comments, and especially for his assistance in making this bill a reality.

Could the Chair advise us as to the time remaining?

The PRESIDING OFFICER. The Senator from New Hampshire has 6 minutes remaining. The Senator from Massachusetts has 23½ minutes remaining.

Mr. GREGG. How much time is remaining for the Senator from Minnesota?

The PRESIDING OFFICER. Ten minutes for the Senator from Minnesota.

Mr. GREGG. I reserve our time.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield 4 minutes to the Senator from Connecticut. The Senator from Connecticut has been a strong advocate in terms of accountability in schools and also investing in those children. So I welcome his comments.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair and I thank my friend from Massachusetts, who has played a pivotal role in bringing us to this extraordinary moment of accomplishment. I rise today to join my colleagues in voicing my enthusiastic support for this conference report to reauthorize the Elementary and Secondary Education Act and help reinvigorate America's public education system.

This democracy of ours is a magnificent process, beautiful in its freedom, although often untidy and cumbersome in its execution. We come to one of those wonderful moments when it has worked to provide a revolutionary change in the Federal Government's relationship to public education in our country. This agreement marks a truly unique coming together of parties, ideologies and people behind legislation that will help us deliver a high-quality public education to the children of this Nation and, in doing so, help us deliver on the promise of equal opportunity for every American.

With this bill, we are fundamentally changing the educational equation in our country. We are saying public education is no longer a local responsibility, but it is now truly a national priority. We are saying we are no longer going to tolerate failure for our children and from the adults who are supposed to be educating them. We are saying we believe, as a matter of faith, that every child in this country can learn at a high level. And we are doing what has been long overdue—refocusing our Federal policies and redoubling our national efforts to help realize those expectations of excellence and raise academic achievement for all of our children.refocusing our Federal policies and redoubling our national efforts to help realize those expectations of excellence and raise academic achievement for all of our children.

This new educational equation could be summed up in six words: Invest in reform; insist on results.

We are proposing to substantially increase Federal funding to better target those dollars to the community and students with the greatest needs, to give States and schools far more freedom in choosing how to spend those dollars and then, in exchange, to demand more accountability for producing results. No longer are we in Washington going to ask: How much are we spending and where is it going? Now we will ask: How much are our children learning and where are they going?

This new approach, and the reforms we have developed to implement it, reflect the best thinking of both parties in both branches of our Government and the hard work of a lot of Members, including particularly Senators KENNEDY and GREGG in this Chamber, and Representatives BOEHNER and MILLER from the House. I want to express my appreciation to them for their leadership, their vision, and their commitment to rethinking the way we aid and support public education and reengineering our partnership with the States and local districts.

I am very proud to have had the opportunity to participate in this enormously constructive process as one of the negotiators of the Senate version of the bill and as a member of the conference committee. For that, I am grateful to Majority Leader DASCHLE and to Chairman KENNEDY, who solicited ideas and input from Senator BAYH and me and other New Democrats, even though we were not members of the HELP Committee, and broke with tradition to appoint us to the conference committee.

I am particularly proud of the role we New Democrats played in shaping the framework and ideas behind this reform plan, which incorporates many of the principles and programs of the comprehensive Three R's plan that Senator BAYH and I, and several of our colleagues in this Chamber sponsored last year. When we started out three years ago along this road, our goal was to bring some fresh thinking to Federal education policy and to help break the partisan impasse on this critical matter, to offer a proposal that could bridge the gaps between left and right and forge a new consensus for real school reform for America's children, and to truly reinvent the Federal role in education. With this bill, I think all of us, new and old Democrats—I take the liberty to say new and old Republicans—can fairly say ''mission accomplished.''

We pushed not only for more funding, but to target more of those resources to the poorest districts and to restore the traditional Federal focus on disadvantaged children. This bill does just that. We pushed to streamline the Federal education bureaucracy, reduce the strings attached to funding, empower local educators and encourage innovation. This bill does just that.

We pushed to create strong standards of accountability, to impose real consequences for chronic failure, and to demand measurable progress in closing the achievement gap between the haves and have-nots. Again, this bill does just that. Last but not least, we pushed to inject market forces deeper into our public school system, to promote greater choice and better information for parents, and to harness the positive pressure of competition to drive real change. This bill does just that.

However, our work is not done. This new vision will take time and money to succeed, and we must be vigilant in following through on the implementation of this legislation. Simply put, these reforms will not work if they are not matched with resources. The significant funding levels provided in the Senate and House appropriations bills of about $22 billion, an increase of over $4 billion, provide a substantial down payment in realizing the necessary investment. But we must do more. We cannot close the achievement gap on the cheap. We must make increased investment a priority for the life of this bill, not just this year. I think the critical factor is for all of us to continue to work together in a bipartisan way to make sure we adequately and aggressively fund the reforms that are part of this proposal.

In the meantime, I want to applaud President Bush for working with us in a cooperative, constructive manner to transform a promising blueprint for reform into what will soon be a landmark law. This was a model of bipartisanship and a reminder of what we can accomplish when we leave our partisan agendas at the door. I hope we will soon duplicate it.

Mr. President, I wish to expand on my earlier comments to provide more historical background on the development of this conference report and explain its legislative intent.

I am extremely pleased that the bill embodies many of the legislative intentions and key concepts that a number of my fellow New Democrats, particularly Senator EVAN BAYH, and I, proposed when we first introduced the Public Education Reinvestment, Reinvention, and Responsibility Act—otherwise known as the ''Three R's'' bill—in March 2000. I believe that we have achieved the same core goals in this conference report. The following analysis outlines the long, complex and ultimately fruitful evolution of the bill, and the concepts and themes underpinning its key provisions.

The need for improving the federal role in K–12 public is well established. Too many of our schools have for years been failing to give low-income and minority students the education and skills they need to thrive in our increasingly knowledge-based economy. In addition, our nation faces a large achievement gap between higher- and lower-income students, and between white students and most minority students.

Data from the National Assessment of Educational Progress for 2000 makes this clear. According to the report, 60 percent of the nation's fourth graders in poverty were reading below the basic proficiency level, compared to 26 percent of more affluent fourth graders. And the gap between children of different races and ethnicities is just as significant as the income gap; 63 percent of African-American fourth grade children and 58 percent of Latino children were reading below the basic proficiency level, compared with 27 percent of white children.

The same problems persist at the top of the educational ladder. On average, of every 100 white kindergarten students, 93 will finish high school and 29 will earn at least a bachelor's degree. However, of every 100 African-American kindergarten students, only 86 will finish high school and only 15 will obtain at least a bachelor's degree. And of every 100 Latino kindergartners, just 61 will graduate from high school and 10 will obtain at least a bachelor's degree. The result is that almost half of all college graduates by age 24 come from higher income families and only 7 percent from low-income families.

These achievement gaps are unacceptable and unnecessary. Every day, more and more schools offering low-income students high standards and real support demonstrate that an underprivileged background does not consign a child to academic failure. In fact, students from low-income families can achieve at similar or higher levels than their more affluent peers. We were convinced that with the right approach, the federal government could help school districts and states spread these successes across the nation.

Any reform of the federal role in education must start with the understanding that Washington is most helpful when it empowers states and localities to do their job more effectively, not when it micro-manages the running of schools and districts. Though Congress helped fuel state and local improvements through its last reauthorization of ESEA in 1994 and through its support of charter schools and public school choice, those proved ultimately insufficient to the size of the challenge before the country. To support states and localities as they worked hard to adopt better standards, improve the quality of their teachers, and increase choice and competition in public education, the federal role had to change more profoundly.

It was this desire to spur a more accountable, competitive and innovative public education system, and ultimately raise academic achievement among children of all incomes and backgrounds, that led my colleagues and me to propose the Three R's bill.

In the winter of 1998, I began early discussions on the issue with my former colleague, Republican Senator Slade Gorton, sharing the belief that a broad, bipartisan education reform agenda could and should be developed. We convened a series of meetings with

key think tanks and policymakers—including the Progressive Policy Institute, the Education Trust, the Heritage Foundation, the Fordham Foundation and Empower America—and it soon became clear that we shared goals and approaches to reform that could serve as the basis for a legislative blueprint.

Many of the concepts discussed in these meetings were distilled in a white paper in April 1999 on performance-based funding prepared by Andrew Rotherham of the Progressive Policy Institute in 1999, Toward Performance-Based Federal Education Funding: Reauthorization of the Elementary and Secondary Education Act. Based on this framework, my staff and that of Senator BAYH began working regularly with like-minded moderate Democrats to draft a legislative proposal. Soon thereafter, the moderate Democrats formed the Senate New Democrat Coalition, with Senator BOB GRAHAM as the leader, and selected education reform as the coalition's first legislative priority, with Senator BAYH and myself spearheading the effort.

On March 21, 2000, I joined Senator BAYH and other Senate New Democrats, including Senators MARY LANDRIEU, BOB GRAHAM, JOHN BREAUX, BLANCHE LINCOLN, HERB KOHL, Richard Bryan, and Charles Robb, to introduce the Three R's Act, S. 2254, a sweeping piece of legislation designed to fundamentally reform federal education policy to a performance-based system focused on providing states and local school districts with greater resources and flexibility in return for greater accountability for increased student academic achievement. In May of 2000, Representative CAL DOOLEY, a leader of the New Democrats in the House of Representatives, introduced the Three R's companion bill, H.R. 4518, which was cosponsored by Representative ADAM SMITH.

To correct a system that had grown too rigid, bureaucratic, and unresponsive to the needs of parents, the Three R's Act called for providing states and localities with more federal funding and greater flexibility regarding how to spend those dollars. In return, educators would be held more accountable for academic results. We argued that as a nation, we should ultimately base success on students' real educational outcomes—including test results and other measures—rather than on the number of programs or the size of the federal allocation.

The Three R's Act called for streamlining the number of federal education programs and focusing federal dollars and attention on a few critical educational priorities, including serving disadvantaged students, raising teacher quality, increasing English proficiency, expanding public school choice, and stimulating innovation. Overall, it would have increased federal investment in public education by $35 billion over the next five years, targeting most of those new dollars to the poorest school districts in the nation.

In April 2000, in conjunction with the introduction of our Three R's bill, the New Democrats held a forum on Capitol Hill to foster dialogue on the need for education reform. Participants included Bob Schwartz of ACHIEVE, former Secretary of Education William J. Bennett, Amy Wilkins of The Education Trust, University of Maryland Professor Dr. Bill Galston, and Joseph Olshefske, Superintendent of Seattle Public Schools. Although some participants offered constructive criticism on certain provisions in the Three R's bill, they largely cited the bill as the building block for a broad and bipartisan consensus.

In the Spring of 2000, Republican Senators GORTON and GREGG approached Senator BAYH and myself to discuss the possibility of producing just such a reform package, and together we reached agreement on a number of provisions later to appear in the Conference Report before us today, such as the concept known as ''supplemental services.'' Despite our inability to reach a final compromise at that stage, these negotiations significantly furthered the framework for a comprehensive bipartisan bill.

During the May 2000 debate over S. 2, the Health, Education, Labor and Pensions Committee's Elementary and Secondary Education Act reauthorization bill, my fellow Senate New Democrats and I successfully pushed for the inclusion of provisions enhancing accountability for educational performance in the Democratic Caucus' alternative amendment, Amdt. 3111, to S. 2. In addition, our coalition successfully pushed for a separate debate on our Three R's proposal, which we offered as a substitute amendment, Amdt. 3127 to S. 2. That amendment was one of the few to be considered on the Senate floor before the ESEA bill was withdrawn. Though our amendment only garnered 13 votes, all Democratic, its defeat could not obscure the fact that the basis for bipartisan agreement was building.

Also in June of that year, I joined with Senator LANDRIEU in cosponsoring her amendment, S. 3645, to the Labor-HHS-Education FY 2001 Appropriations Bill, H.R. 4577, which proposed focusing $750 million in federal funds on serving the poorest school districts. Unfortunately, that amendment was tabled, and thus defeated, despite bipartisan support for improving the distribution of federal funds to better serve all students. However, on behalf of the New Democrats, I successfully garnered inclusion of language requesting a GAO study of the formulas used to distribute federal education funds under Title I of the ESEA, including an assessment of their effectiveness in meeting the needs of the highest poverty districts. The GAO full report is expected in January 2002.

As 2000 advanced, progress on the Three R's reform model was slowed by special interests, partisan politics, and the Presidential campaign of which I was a part. Congress failed to reauthorize ESEA on time for the first time since its enactment in 1965. Nonetheless, New Democrats and members supporting reform on the Republican side managed to take significant steps in the 106th Congress toward furthering the framework for the bipartisan compromise reached in the 107th Congress. Key among our victories were building on the consensus for greater accountability for academic results and agreeing to examine better targeting of federal resources on our nation's most disadvantaged communities.

In August 2000, the Presidential elections went into full swing, taking up much of my time. It was encouraging for me to see both Presidential candidates adopting into their campaign platforms many of the concepts in the Three R's bill. Sandy Kress, current education advisor to President Bush and then advisor to Governor Bush, was widely reported to be a key architect of his education blueprint. I was not surprised to later learn that as a member of the Democratic Leadership Council in Texas, Sandy was intrigued by many of the concepts contained in the Progressive Policy Institute's education reform plan and our Three R's legislation in the Senate. I am pleased that President Bush embraced so many of these reforms in his blueprint for education reform.

After the election, President-elect Bush invited several key education reformers, including Senator BAYH and Representative TIM ROEMER, to Austin to discuss the reauthorization of ESEA. By including key New Democrats at this meeting, the President-elect sent a clear signal that to his administration, a bipartisan bill centered around a moderate message of reform would be a top priority.

That message proved valuable in guiding us toward a compromise this year. On February 13, 2001, early in the 107th Congress, I joined other New Democrat cosponsors in reintroducing the Three R's bill as S. 303. The same day, the White House released a white paper outlining the Administration's education plan, ''No Child Left Behind,'' which shared significant common ground with the Three R's Act. Also that winter, Representative TIM ROEMER reintroduced the Three R's companion bill, H.R. 345, in the House of Representatives, together with 18 other New Democrat cosponsors including CAL DOOLEY and ADAM SMITH, who had introduced the first House bill.

Over the same period, Senate New Democrats were approached by Senator GREGG with the backing of the White House about the introduction of a bipartisan bill using the Three R's as a base. In late February and March 2001, Senators BAYH, LANDRIEU, LINCOLN, and myself began bipartisan negotiations with Sandy Kress of the White House and Republican Senators GREGG, HUTCHINSON, COLLINS, and FRIST.

The Senate Education Committee was simultaneously beginning work on

ESEA legislation, and on March 28, 2001, Senator JEFFORDS, Chairman of the HELP Committee, reported out of committee an education bill, S. 1, entitled ''Better Education for Students and Teachers Act,'' or ''BEST.''

Understanding that lasting reform requires broad bipartisan support, Senator BAYH and I encouraged the White House and our Republican colleagues to bring all interested parties—many of whom had the same reform goals—together. I am appreciative of the leadership shown by Senators LOTT and DASCHLE in uniting these efforts and to have been included in those negotiations.

However, the bill that emerged from the Senate was not as strong on accountability as the Three R's Act. I was disappointed, for example, that concerns raised by some members of Congress and many outside groups prompted the White House and others to abandon strong accountability tools to measure the performance of all students of all racial groups. Nonetheless, I believe that the language ultimately reached, while not as strong as I would have preferred, marked a dramatic step forward in holding schools, districts and states accountable for making annual progress in student academic achievement.

In the first week of May 2001, this bipartisan substitute bill, S. 1, was brought to the floor. The Senate had a very lively debate on the bill for several weeks, with hundreds of amendments introduced and passed. The debate was interrupted periodically for other debates, most notably the consideration of the final conference report on the budget and tax relief bill, which itself included several education amendments. Several New Democrats, myself included, were concerned that insufficient funds were being provided for investments in important priorities such as education. An amendment to support full funding of IDEA was introduced and passed overwhelmingly by the Senate. Immediately thereafter, Senator JEFFORDS changed his membership in the Republican Party to independent status and the Senate was reorganized. Senator KENNEDY became Chairman of the Senate HELP Committee and Senator GREGG became the Ranking Member of the Committee. Fortunately, the bipartisan working spirit was not harmed by this change, and work on the education bill continued.

During the debate on S. 1, I cosponsored with Senator LANDRIEU an amendment to restore the original purpose of Title I funding by prohibiting the allocation of Title I funds to school districts unless new funds were appropriated to the Targeted Grant formula, focusing these funds on the communities and schools with the greatest need. The amendment, S. Amdt. 475, passed by a vote of 57 to 36. We were able to secure $1 billion in funding for these targeted grants in a subsequent amendment, S. Admt. 2058, to the Senate Labor-HHS-Education Appropriations bill, S. 1536, for fiscal year 2002 which passed the Senate on November 6, 2001. The amendment, cosponsored by Senator LANDRIEU, Senator COCHRAN, and myself, passed the Senate by a vote of 81 to 19.

I also cosponsored, with Senators TOM CARPER and GREGG, an amendment to S. 1, S. Amdt. 518, to make public school choice a reality for children trapped in failing schools by encouraging states and local districts with low-performing schools to implement programs of universal public school choice and eliminating many of the existing barriers to charter school start-up and facility costs. Parental choice is a crucial element of accountability, and both provisions promise to give more and more parents a real stake in their children's education. I am proud that both concepts are incorporated in the legislation that we are considering today.

After several weeks of debate, the Senate passed S. 1, ''BEST'' in June 2001. Since the House of Representatives had introduced H.R. 1, entitled ''No Child Left Behind Act of 2001,'' in March, a conference was necessary to resolve the still significant differences between the bills. In July 2001, I was very gratified to be appointed a conferee to the conference committee of the House and the Senate, with my Three R's cosponsor Senator BAYH. Since Senator BAYH and I are not members of the HELP Committee, our inclusion was unprecedented; and I thank Senator KENNEDY for his keen understanding of the contribution that the New Democrats made to this process of forging a bipartisan compromise.

We have been negotiating and working diligently on the conference report since July, and although this Conference process was long and difficult, I believe the hard work has been worthwhile, as we have produced a landmark bill with the potential to vastly improve our nation's public schools. Senator KENNEDY, Senator GREGG, Representative BOEHNER, and Representative MILLER all deserve praise for creatively resolving differences between the bills.

Previously, accountability for federal education dollars had been focused on how a state, school district, or school spent funds rather than the results that those funds produced. The Three R's bill, and now the new conference report bill, shifts the focus from inputs to outcomes. This conference report embodies the performance-based accountability model put forth in the Three R's bill for holding states, school districts, and schools accountable for increases in student achievement based on state assessments and state standards.

Of course, we have not solved all of the problems that confront education in the United States, in particular, I would like to take a moment to commend Senator JEFFORDS for his leadership on the issue of educating students with disabilities under the Individuals With Disabilities Education Act, IDEA, and his dedication to ensuring that Congress lives up to its commitment made in 1975 to provide 40 percent of the costs associated with educating these students. His courage to take such a strong stand on this important priority is admirable. I am hopeful that Congress can address this issue when it takes up the reauthorization of IDEA in 2002.

Nevertheless, this conference report represents a major step forward in improving and reforming our education policies and programs. The following highlights provide an overview of concepts and policy themes that were proposed in the New Democrats' Three R's bill and had an impact on the new legislation.

On accountability, the heart of the Three R's plan called on each state to adopt performance standards in all federal programs, most importantly requiring states to ensure that all students, including those in Title I schools, would reach proficiency in math and reading within 10 years. It required states, districts and schools to disaggregate test results to better focus attention and resources on the lowest performing subgroups in order to close the achievement gap that exists in our nation between disadvantage and non-disadvantaged students, and minority and non-minority students. It further required states to develop annual measurable performance goals for teacher quality and English proficiency, and held states and districts accountable for meeting those goals. The final agreement adopts much of this accountability structure—creating a more performance-based approach to public education.

As to flexibility, the Three R's plan called for consolidating dozens of federal education programs into a limited number of funding streams that would greatly expand the ability of states and districts to allocate federal aid to meet their specific needs. Although the final agreement does not contain the level of consolidation envisioned in the Three R's bill, it does significantly increase the flexibility of states and local districts to transfer funding from many other programs; it also creates new ''State Flex'' and ''Local Flex'' experiments to provide even more freedom to consolidate funding.

Concerning disadvantaged students, the Three R's plan would have reformed the Title I program to hold states and districts accountable for closing the achievement gap; strengthened the definition of what constitutes adequate yearly progress; and required districts to first intervene and turn around chronically failing schools, and ultimately restructure them, convert them to charter schools, or close them down. The final agreement builds on these reforms and adds to them, sharply redefining adequate yearly progress so that all students must be academically proficient within 12 years, offering students in failing schools the right

to transfer to higher-performing public schools, and giving families with children in poorly performing schools the right to use federal funds for outside tutoring assistance.

Related to targeting, the Three R's plan not only called for increasing federal funding for Title I and other major programs, but for targeting those resources to the districts with the highest concentrations of poverty. The final agreement includes a New Democrat amendment sponsored by Senators LANDRIEU and myself that channels most of the new Title I dollars to the poorest districts through a more targeted formula. It also changes other program formulas to better target teacher quality, English proficiency, reading, technology and after school funding to the districts and schools with the greatest need.

On teacher quality, the Three R's plan called for consolidating several teacher quality grant programs into a single formula stream, better targeting those dollars to the districts with the most teachers teaching out of their area of specialty, and holding states and districts accountable for ensuring that all teachers are deemed highly qualified by a specified deadline. The final agreement meets all three goals, requiring all teachers in a state to be qualified—not only meeting state certification requirements but also meeting rigorous content standards—by 2006.

As to bilingual reform, the Three R's plan called for a total overhaul of federal bilingual education programs that would streamline the bureaucracy, increase federal investment to meet growing enrollment, and refocus the program's mission on helping non-native speaking students achieve proficiency in English and other academic subjects. The final agreement adopts almost all of these reforms, including a requirement to annually assess students' language proficiency and hold districts accountable for improving English proficiency for the first time.

Regarding public school choice, the Three R's plan called for increasing educational options for parents within the public school framework, strengthening funding for charter schools and creating a new initiative to promote intra- and inter-district choice programs at the local level. The final agreement includes a New Democrat amendment sponsored by Senator CARPER that is based largely on these provisions, as well as Three R's-related measures requiring states and districts to expand the use of report cards to inform parents about school performance.

I would like to turn now to a detailed discussion of some of the major titles and parts of the conference report which have been influenced by the provisions and intent of the Three R's bill. The heart of the Three R's plan, especially for Part A of Title I, was a comprehensive accountability system for closing the academic achievement gap that held each, district, and school responsible for improving academic performance. It called for a major investment of federal resources under Title I and better targeting of those funds to the highest poverty communities. Under that restructured system, states would be required to define adequate yearly progress, or AYP, for student academic achievement so that all students would be proficient in reading and math within 10 years and each district and school would be required to show measurable progress each year—not just on average, but specifically for minority and disadvantaged subgroups. If schools failed to meet these standards, districts would be required to intervene and make improvements. If schools continually failed, districts would eventually be required to take dramatic steps to overhaul them or close them down, while providing students in those schools with the right to transfer to another higher performing public school.

Title I, Part A of the conference report incorporates much of the ideas and architecture of this system as envisioned under the Three R's bill and substantially builds on them. It authorizes $13.5 billion in funding for fiscal year 2002 while significantly reforming the funding formulas under Title I, Part A, subpart 2. It demands that states develop new annual assessments in grades 3–8 to better monitor student learning, and sharply redefines the definition of adequate yearly progress to ensure that schools and districts are making demonstrable gains in closing the achievement gap, and that all students are academically proficient within 12 years. And, it demands annual accountability for that progress by intervening in failing schools and districts to turn them around, and imposes tough actions on those that fail to improve over time.

Regarding standards and assessments, the Three R's bill maintained the requirements for state content and student performance standards and annual assessments that existed under current law, as directed under the enactment of the 1994 reauthorization of the Elementary and Secondary Education Act. Under section 1111(b)(4) of Title I, it required that states have in place their annual assessments in English language arts and mathematics by the 2002–2003 school year. It further recognized the growing importance of a high quality science education for all students, so that our nation may continue to compete in a global and increasingly high-tech, high-skilled economy. As a result, it expanded current law by requiring states to develop and implement science standards and assessments by the 2006–2007 school year. States that failed to have their 1994 required assessments, and the new science assessments, in place by the required deadlines would not receive any new administrative funds and would lose 20 percent of their administrative funds in subsequent years if the failure continued. States would be required to administer assessments annual to at least one grade in each the elementary, middle and high school levels.

It further required in section 1111(b)(4) that states assess limited English proficient—LEP—students in the student's native language if such language would be more likely to yield accurate and reliable information on what that student knows and is able to do. However, it demanded that states require assessments in English for English language arts for LEP students. School districts could delay this requirement for one additional year on a case-by-case basis.

As with the Three R's, the conference report upholds the requirements that exist under current law, as enacted under the 1994 reauthorization of the ESEA, for standards and assessments and penalizes states that fail to meet the requirement to have standards and assessments in place by the 2001–2002 school year. Under the requirement, the Secretary shall withhold 25 percent of a non-compliant State's administrative funds. It further expands on the testing requirements called for under current law and under the Three R's plan. It requires, in section 1111(b)(3), that States develop and implement new annual assessments for all grades, between and including, third-eighth for mathematics, and reading or language arts. Such assessments must be administered beginning in the 2005–2006 school year. The Secretary may withhold administrative funds if states fail to meet deadline for the new annual assessments.

In addition the Act upholds the importance of a science education, as highlighted under the Three R's bill, by requiring states under Title I Part A section 1111(b)(1)) to establish science standards and for those standards to be in place by the 2006–2007 school year, and as required under section 1111(b)(3) for states to develop and begin implementation of science assessments in at least one grade in each elementary, middle and high school level by the 2007–2008 school year.

Title I, Part A of the Act, section 1111(3), also requires the assessment of limited English proficient students in English in reading or language arts in English if such student have been in the United States for three years, but allows districts to seek a waiver from this requirement for up to two additional years, on a case-by-case basis. The intent of the new legislation is that these waivers be used only in very limited circumstances, and by no means broadly applied, to protect the integrity of the new program.

In order to assist states with the costs associated with the development of assessments and standards, Title VI of the Three R's bill allowed states to use funds set aside under that title for the continue improvement and development of standards and assessments. This new Act too will ensure that

states have substantial resources to use for the development and administration of new annual assessments. Under section 1111(b)(3), the Act authorizes $370 million in funding for fiscal year 2002 and raises that level by an additional $10 million in subsequent fiscal years, up to $400 million for each fiscal year 2005–2007. If appropriated federal funds fall below the specified amount in any fiscal year, states are allowed to cease the administration, but not the development, of new annual assessments.

To prevent gaming of test results, section 1111(b)(2) of the Three R's stated that in order for a school to be found meeting adequate yearly progress, it must meet its annual measurable objectives set for each subgroup and it must annually assess at least 90 percent of the students in each subgroup. The conference report improves this goal by requiring schools to assess 95 percent of the students in each subgroup. This provision will help protect against any abuses by schools or districts in excluding certain students from annual assessments.

I believe that it is the intention of the language in section 1111(3) regarding new annual assessments in mathematics and reading or language arts, and science, that such assessments shall be interpreted by the U.S. Department of Education to mean state developed tests that produce valid and reliable data on student achievement that is comparable from school to school and district to district. This conference report's expanded and improved focus in section 1111(3) of Title I on high-quality annual assessments will help ensure that schools and parents have a better understanding of students' levels of knowledge and the subject areas requiring improvement. Such regular monitoring of achievement also will help schools and district better achieve continuous academic progress.

Regarding English proficiency assessments, Title III of the Three R's required states to develop annual assessments to measure English proficiency gains. This new Act recognizes the importance of measuring English proficiency attainment by limited English proficient students. Under section 1111, it requires that states hold districts accountable for annually assessing English proficiency (including in the four recognized domains of reading, writing, speaking and listening). States must demonstrate that, beginning no later than the 2002–2003 school year, school districts will annual assess English proficiency of all students with limited English proficiency. In addition, it is the intention of the Conference that the Secretary provide assistance, if requested, to states and districts for the development of assessments for English language proficiency as described under section 1111(3) so that those assessments may be of high quality and appropriately designed to measure language proficiency, including oral, writing, reading and comprehension proficiency. Regular and high quality comprehensive assessment of English language proficiency will help create a stronger mechanism for measuring proficiency gains and ensuring progress.

In calling for reformed accountability systems in states, Section 1111(b)(2) of the Three R's required states to end the practice of having dual accountability systems for Title I and non-Title I schools, requiring states to establish a single, rigorous accountability plan for all public schools. It allowed states to determine what constitutes adequate yearly progress, or AYP, for all schools, local educational agencies, and the state in enabling all children in schools to meet the state's challenging student performance standards.

It also established some basic parameters on AYP, requiring it to be defined so as to compare separately the progress of students by subgroup—ethnicity/race, gender, limited English proficiency, and disadvantage/non-disadvantaged; compare the proportions of students at each standard level as compared to students in the same grade in the previous school year; be based primarily on student assessment data but may include other academic measures such as promotion, drop-out rates, and completion of college preparatory courses, except that the inclusion of such shall not reduce the number of schools or districts that would otherwise be identified for improvement; include annual numerical objectives for improving the performance of all groups of students; and include a timeline for ensuring that each group of students meets or exceeds the state's proficient level of performance within 10 years.

Section 1111(b)(2) of the conference report defines AYP in a manner that is consistent with the goals of the Three's. It defines AYP as a uniform state bar or measure of progress for all students, set separately for mathematics and reading or language arts, and is based primarily on assessment data. The amount of progress must be sufficient to ensure that 100 percent of all students reach the state's standard of academic proficiency within 12 years. States are required to set a minimum bar, or measure, based on either the level of proficiency of the lowest performing subgroup in the state or the lowest quintile performing schools, whichever is higher, plus some growth. States may keep the bar at the same level for up to three years before raising it to the next level. However, the first incremental increase shall be two years after the starting point, and the bar shall be raised in equal increments. Each of the four disaggregated subgroups—disadvantage/non-disadvantaged, limited English proficient, disabled, and race/ethnicity—must meet the state uniform bar, or measure of progress, for both mathematics and reading or language arts in order for a school or district to be determined meeting AYP.

However, the Conferees understand that some subgroups may make extraordinary gains but still fall below a state's uniform bar for progress. Therefore, section 1111(b)(2) of this conference report contains a ''safe harbor'' provision for such cases. Schools with subgroups that do not meet AYP, but whose subgroups make at least 10 percent of their distance to 100 percent proficiency (or reduce by 10 percent the number of students in the relevant subgroup that are not yet proficient), and make progress on one other academic indicator, will not be identified under section 1116 as in need of improvement.

The Conferees intend that this system of setting progress bar and raising it in equal increments over a 12–year period will allow states the flexibility of focusing on their lowest performing subgroups and schools, while gradually raising academic achievement in a meaningful manner. It will further ensure that state plans outline realistic timelines for getting all students to proficiency, and prohibits states from ''backloading'' their expected proficiency gains in the out years. I believe that the Secretary in approving state plans shall give close scrutiny to the timelines established by states so that they may be meaningful and meet the requirements of this language—to have 100 percent of student in all subgroups reach the state's proficient standard level within 12 years.

In order to address concerns raised over the volatility of test scores, section 1111(b)(2) of the conference report allows states to establish a uniform procedure for averaging of assessment data. Under this system, states may average data from the school year for which the determination is made under section 1116 regarding the attainment of AYP with data from one or two school years immediately preceding that school year. In addition, States may average data across grades in a school, but not across subjects.

As did Three R's, the new Act recognizes that in order to maintain high quality pubic education alternatives, charter schools must be held accountable for meeting the accountability requirements under Title I for academic achievement, assessments, AYP, and reporting of academic achievement data. However, the legislation also understands the unique relationships established under individual state charter school laws. As a result, this conference report clarifies that charters schools are subject to the same accountability requirements that apply to other public schools, including sections 1111 and 1116, as established by each state, but that the accountability provisions shall be overseen in accordance with state charter school law. It further expresses that authorized chartering agencies should be held accountable for carrying out their oversight responsibilities as determined by each state through its charter school law and other applicable state laws.

To aid low-performing schools so that they may make the necessary improvements to turn themselves around, such as providing more professional development for teachers, designing a new curriculum and hiring more highly qualified teachers, the section 1003 of the Three R's bill required states to set aside 2.5 percent of their Title I, Part A funds in fiscal years 2001 and 2002, and 3.5 percent of funds for fiscal years 2003–2005. States would be required to send 80 percent of these funds directly to school districts for the purpose of turning around failing schools and districts.

This conference report contains similar requirements, demanding that states set aside two percent of their Title I funds received under subpart 2 for fiscal years 2002 and 2003, and four percent of their funds in fiscal years 2004–2007 to assist schools and districts identified for improvement and corrective action under section 1116, and to provide technical assistance under section 1117. States shall send 95 percent of the funds reserved in each fiscal year directly to local school districts. It further authorizes $500 million for grants to local school districts to provide supplemental efforts by districts to address schools identified under section 1116. I believe it is the intention of these provisions that funds be directed first, at schools and districts in corrective action, and second, to schools and districts identified for improvement.

Under the Three R's, section 1116, school districts shall identify as being in need of improvement any school that for two consecutive years failed to make adequate yearly progress, or was in, or eligible for, school improvement before enactment of the legislation. Schools identified would have the opportunity to review the school data, and if the principal believed that identification was made in error, the identification could be contested. In addition, districts would be required to notify parents of the school's identification and what it means, what the school is doing to address the problems, and how parents can become more involved in improvement efforts.

Parents of students in schools identified prior to the enactment of the proposed legislation would be given the choice to transfer their child to a higher performing public schools that was not identified under section 1116. For parents of students in schools identified after enactment, the districts would be required to provide the parents with the option to transfer their child to a higher performing school within 12 months after the date of identification.

Schools identified for school improvement under section 1116 of the Three R's would be required to develop and implement school improvement plans to address the school's failure, and to devote 10 percent of Title I, Part A funds for high quality professional development for teachers. Although districts would be allowed to take action earlier, the bill required districts to identify for corrective action, any school that, after two years of being identified for school improvement, failed to make AYP. As under improvement, schools would have the opportunity to contest the identification for corrective action. Districts would be required to impose corrective actions that included implementing new curricula, reconstituting school personnel, or making alternative governance arrangements for the school, such as shutting it down and reopening it as a charter school. In addition, parents with students in such schools would continue to receive the right to transfer to another school and have transportation costs or services provided by the district. The bill capped the amount of Title I funds that could be spent by a district in meeting this requirement at 10 percent.

The bill also required states to identify local educational agencies that had failed to make AYP under a similar timeframe, requiring them to develop and implement improvement plans, giving parents the right to transfer their student to another school, and imposing corrective actions for repeated failure.

The conference report embodies much of the concepts proposed in the Three R's bill for turning around low performing schools and imposing corrective actions on those who continually fail. It expands the options available to parents of students in schools identified for improvement or corrective action. And, it ensures that schools that continually fail will face tough consequences.

Under section 1116 of Title I of the conference report, schools and districts that have been identified for improvement or corrective action prior to enactment would start in the same category after enactment. It is the intention of these provisions that schools that have been failing for years do not get to restart their clocks, and that actions be taken immediately to address the failure in those schools and districts.

To address concerns raised that one year's worth of data is not enough to judge success or failure, the Act requires that schools must fail to make AYP for two consecutive years before being identified for improvement under section 1116. Schools identified shall develop and implement improvement plans and receive additional technical and financial assistance to make improvement, and must devote 10 percent of their Title I funds to professional development activities for teachers and principals. Parents of children in these schools will be given the option to transfer their child to a higher performing public school with transportation costs or services provided. The Act clarifies that, although districts are required to provide transportation, they may only use up to 15 percent of their Title I funds to pay for such costs or services. The option to transfer shall only be consistent with state law—local law or policy shall not apply—and schools receiving transferring students must treat them in the same manner as any other student enrolling in the school. It is the intent of these provisions that capacity constraints not be a barrier to public school choice and that choice be meaningful by ensuring that transportation costs or services will be provided.

Schools that fail for three consecutive years to meet AYP shall continue the improvement plan and other requirements from the previous year, and shall give parents the option of receiving, and selecting, outside tutoring assistance for their child from a state-approved list of providers. Such providers may include private organizations, non-profit organizations, and community-based organizations. School districts shall only be required to reserve 20 percent of their Title I funds under Part A, and spend up to 5 percent of their Title I funds on providing parents with the option to transfer to another school and 5 percent to provide supplemental services, with the remaining 10 percent of funds split between the two requirements as determined by the district. District shall not be required to spend more than the reserved maximum of 15 percent on providing supplemental services and shall select students by lottery if not all eligible students may be served.

It is the intention of these provisions that student in failing schools have meaningful options to choose from while enabling districts to devote the bulk of their Title I resources on making improvements in the underlying school.

Just as the Three R's demanded that tough actions be taken with schools that fail to improve, the conference report requires that schools that fail to meet AYP for four years undergo at least one corrective action. Such actions include instituting a new curriculum, replacing the principal and some relevant staff, or reopening the school as a charter school. Schools that fail for five consecutive years shall continue the action from the previous year and must begin planning for restructure. These measures are intended to ensure that districts take actions that will result in a substantive and positive change in the school, and that directly address the factors that led to failure.

This conference report embodies the intent of the Three R's and conferees that schools that continually fail to improve must, at some point, face dramatic consequences. Section 1116 requires that Schools that fail to meet AYP for six consecutive years shall be completely restructured, including instituting a new governance structure, such as a charter school or private management organization, and replace all relevant staff. These steps shall, in effect, result in the creation of an entirely new school.

I believe that the timelines established under this conference report are

rigorous but fair and will allow for true identification of low performing schools so that they may get the assistance and time they need to turn around performance, but ensure that they face comprehensive and tough penalties if they fail to make improvement.

Clarifying that identification should be based on two years worth of data, the Act requires that schools must make AYP for two consecutive years in order to be removed from improvement status, corrective action, or restructure under section 1116. Districts may delay corrective action or restructure for one year for a school that makes AYP for one year. It is the intention of this provision that schools that may be on the right track to better performance should not be forced to curtail current improvement actions in order to implement a new one. Rather, such schools should be expected to continue current improvement activities and monitored for progress for one additional year. If schools fail to make a second year of AYP, then they would be forced to undergo corrective action, or restructure.

As under the Three R's, the conference report requires states to establish a similar process for identifying and taking corrective action on school districts that fail to meet AYP, and for providing parents in failing districts with the option to transfer to a higher performing school or receive supplemental services from a tutoring provider. Just as districts shall be required to enforce improvement, corrective action and restructure requirements, it is my belief that this conference reports intends for states to aggressively monitor district performance and follow the requirements established under section 1116 regarding district improvement and corrective action. I further believe that the Secretary shall consider non-compliant any state that fails to take action on districts identified under section 1116, or fails to take actions on schools identified under section of 1116—in cases where districts within the state fail to uphold these requirements.

Regarding teacher quality, the Three R's Title II required states to have all teachers fully qualified by 2005, meaning that they must be state certified and have demonstrated competency in the subject area in which they are teaching by passing a rigorous content knowledge test, or by having a bachelor's degree, or equivalent number of hours in a subject area. The provisions were intended to ensure that all students, particularly those in high poverty schools, were taught by educators with expertise in their subject area. It sought to address the inequity that exists in our public education system where disadvantaged students are more often taught by a teacher that is out of field than their more advantaged peers. It also defined, in section 1119 of Title I, professional development, so that teachers and principals would receive high quality professional development that provides educators and school leaders with the knowledge and skills to enable students to meet state academic performance standards; is of ongoing duration; is scientifically research based; and, in the case of teachers, is focused on core content knowledge in the subject area taught.

To place greater emphasis on the crucial need for highly trained teachers in our nation's poorest schools and recognizing that a significant portion of Title I funds are used to hire teachers, the Three R's required states under Title I section 1119, as well as under Title II to ensure that all teachers meet the requirement to be fully qualified by the end of 2005; to annually increase the percentage of core classes taught by fully qualified teachers; and to annually increase the percentage of teachers and principals receiving high quality professional development.

Section 1119 of the Three R's also established requirements for paraprofessionals to ensure that such individuals would be appropriately equipped to assist teachers in the classroom and assist in tutoring students. Paraprofessionals that provided only translation services for non-native speaking students and families, or parent involvement activities, would be exempted from the new requirements. The bill also placed restrictions on the types of duties that paraprofessional may provide in schools. The intent of these provisions was to reduce the reliance in schools on paraprofessionals in providing core academic instruction to students, and place a priority on ensuring that students be taught by a highly trained teacher.

This conference report embodies much of the Three R's goals and provisions on teacher quality, professional development and paraprofessional quality. Section 1119 of the report requires states to ensue that all teachers hired under Title I will be highly qualified by the end of the 2005–2006 school year. Highly qualified is defined as being state certified and, in the case of a newly hired teacher, having demonstrated competency by passing a rigorous content knowledge test or having a bachelor's degree in the subject area taught. And, in the case of an existing teacher, highly qualified teachers shall have demonstrated competency by passing a rigorous content knowledge test or meeting a high, objective and uniform standard of evaluation developed by the state.

I believe it is the intention of this language to ensure that content knowledge assessments or state standards of evaluations as described in section 1119 will provide for a rigorous, uniform, objective system that is grade appropriate and subject appropriate, and that will produce objective, coherent information of a teacher's knowledge of the subject taught. Such a system is not intended to stigmatize teachers but to ensure that all teachers have the crucial knowledge necessary to ensure that students may meet the state's challenging academic achievement standards in all core subjects.

In addition, I believe that it is crucial that existing teachers be given the high quality professional development necessary to ensure that they meet the definition of highly qualified. That is why under Part A of Title II of the Three R's bill, and under section 1119 of this conference report, states would be required establish annual measurable objectives for districts and schools to annually increase the percentage of teachers receiving high quality professional development, and to hold districts accountable for meeting those objectives. It also is why both pieces of legislation require under Part A of Title I that districts spend five percent of their Title I funds received under subpart 2 on professional development activities, and require under section 1116 that schools identified devote 10 percent of their Title I funds to professional development activities as defined under section 1119.

On report cards, The Three R's, in Title IV, section 4401, required states, districts and schools to annually publish and widely disseminate to parents and communities report cards on school level performance. It required that report cards be in a manner and format that is understandable and concise. State report cards would be required to include information on each district and school within the state receiving Title I, Part A and Title II, Part A funds, including information disaggregated by subgroup regarding: student performance on annual assessments in each subject area; a comparison of students at the three state standard levels of basic, proficient and advanced in each subject area; three-year trend data; student retention rates; the number of students completing advanced placement courses; four-year graduation rates; the qualifications of teaches in the aggregate, including the percentage of teachers teaching with emergency or provisional credentials, the percentage of classes not taught by a fully qualified teacher, and the percentage of teachers who are fully qualified; and information about the qualifications of paraprofessionals.

District level report cards would be required to report on the same type of information as well as information on the number and percentage of schools identified for improvement, and information on how students in schools in the district perform on assessments as compared to students in the state as a whole. School level report cards would be required to include similar information as that required under the state and district report cards as well as information on whether the school has been identified under section 1116. Parents would also have the right to know, upon request to the school district, information regarding the professional qualifications of their student's classroom, and information on the level of performance of the individual student.

Section 1111 of Title I of the conference report contains a similar structure for report cards and essentially the same required information. States would be required to annually report to the public on student performance information in the aggregate for each of the four subgroups, in addition to migrant students and gender, including: student performance on state assessments; a comparison of students performing at each of the states standard levels of basic, proficient and advanced; graduation rates; the number and names of schools identified under section 1116; the qualification of teachers; and the percentages of students not tested.

Districts would be required to provide similar information in their report cards, in addition to information on the numbers and percentages of schools identified for school improvement under section 1116, and how long the schools have been identified. In the case of school level information, districts shall also include whether the individual school has been identified for improvement.

Expanding on the intent behind the Three R's to make the public, including parents, schools, and communities more aware of how our nation's schools are performing, the conference report further requires that states submit annual reports to the Secretary with information, including the disaggregated assessment results by subgroup; the numbers and names of each school identified for improvement under section 1116 and the reasons for the identification as well as the measures taken to address the achievement problems; the number of students and schools that participated in the public school choice and supplemental service programs and activities in section 1116; and information on the quality of teachers and the percentages of classes not taught by a highly qualified teacher. The Secretary, in turn, shall transmit a report to Congress with data from these state reports.

This conference report carries out the intent of the Three R's to provide the public, particularly parents, with a greater awareness of state, districts and school performance on raising academic achievement; the academic achievement levels of all students disaggregated by subgroup; and the qualifications of our nation's educators. Such information expands public understanding of the academic achievement gap that exists between minorities and non-minorities, and between disadvantage and non-disadvantaged students so that the federal government, states, districts, and schools may better target attention and resources in order to close those gaps.

As to targeting funds, the Three R's plan made a commitment not only to boost the Federal investment in public education, but to improve the targeting of those resources to the schools with the greatest needs. It found in Title I, section 1001, that:

> The Federal Government must better target Federal resources on those children who are most at risk for falling behind academically. Funds made available under this title [Title I, Part A] have been targeted on high-poverty areas, but not to the degree the funds should be targeted on those areas, as demonstrated by the following: (A) although 95 percent of schools with poverty levels of 75 percent to 100 percent receive title I funds, 20 percent of schools with poverty levels of 50 to 74 percent do not receive any title I funds; [and] (B) only 64 percent of schools with poverty levels of 35 percent to 49 percent receive title I funds. Title I funding should be significantly increased and more effectively targeted to ensure that all economically disadvantaged students have an opportunity to excel academically.

The Three R's plan upheld the commitment made in the 1994 law that all new funds under Title I, Part A would be distributed to states and districts under the Targeted Grant formula described in section 1125. This commitment was further codified this past June when the Senate passed an amendment, S. Amdt. 475, to S. 1, the Senate ESEA reauthorization bill, that would prohibit the Secretary from making awards under Title I, Part A, Subpart 2 unless the goals of the Targeted Grant formula were met.

This campaign to better target federal funds met with much political resistance. But the Conference Committee decided to make this goal a priority, and as a result, the conference report upholds and in some cases goes beyond the call for targeting in the Three R's plan. In particular, it includes the amendment sponsored by myself and Senator MARY LANDRIEU regarding the Targeted Grant.

The conference report maintains current law formulas under subpart 2 for Basic, Concentration and the Targeted Grant formula, but applies a hold harmless rate of 85–95 percent of the previous fiscal year allocation to each district for each of these three formulas. However, it also ensures that localities that fail to meet the minimum threshold for the Concentration grant for four years shall no longer be eligible for funds under this formula.

Crucial to the priority of targeting our federal funds, are the provisions made under section 1125 to Targeted Grant and the Education Finance Incentive Grant. In particular, the language prohibits the allocation of funds under Part A, unless all new funds are distributed through the Targeted Grant formula. It is the intent of this provision to address the history of Federal appropriations, which have failed to provide funding to the Targeted Grant, by requiring appropriators to uphold the commitment that has existed in authorized law since 1994 to better target Federal resources to our nation's highest poverty districts via the Targeted Grant formula.

In addition, these provisions significantly modify the Education Finance Incentive Grant Program. This program has never been funded and previously would have been the least targeted formula for Title I, Part A funds. The conference report changes the formula so that funding to states would be based on the total number of poor children within the State multiplied by the per pupil expenditure, the state's effort factor, and the state's equity factor. Most significantly, within state allocations would be highly targeted to the highest poverty districts within each state. Allocations to districts would be based on the Targeted Grant formula, with greater weighting given to higher poverty areas depending on the state's equity factor.

I believe that these changes clarify the intent that new Title I funds should be distributed through the Targeted Grant formula while ensuring that Education Incentive Grant is modified to better target resources to high poverty states and districts. These provisions will make for some of the most important reforms in this conference report, and will help ensure that Federal resources are targeted to our districts and schools with the greatest need, rather than diluted across districts with relatively low levels of poverty.

Regarding Title I, Part B—Student Reading Skills Improvement Grants, I believe that reading is an essential building block to learning. Title I, Part A, sections 1111 and 1116 of the New Democrats Three R's bill put special emphasis on ensuring that all children reach the state proficiency level in reading and mathematics within 10 years, and held states and school districts receiving federal funds accountable for ensuring that their students achieve at the proficient level in both core subjects. It further called for a significant increase in funding for Title I and under subpart 2, called for greater targeting of those resources on our highest poverty communities so that they have the funds necessary to ensure all students achieve higher levels of learning in core subjects, such as reading.

The Three R's bill throughout its entirety, but especially in Titles I, called for targeting of resources to the poorest students and schools. With the same policy goal, the conference report in Title I, Part B, also targets resources to the poorest students. It does so by sending ''Reading First'' awards, authorized at $900 million level in FY02 in subpart 1 to states under a poverty-based formula that requires states to give priority in awarding competitive grants within the state to high poverty areas; and requires school districts to target funds to schools with high percentages of students from families below the poverty level, or that have a high percentage of children in grades K–3 reading below grade level and that are identified for school improvement under Sec. 1116. Additionally, subpart 2 of Part B of conference report provides a new competitive grant initiative authorized at $75 million in FY02 called ''Early Reading First'' which funds early reading intervention targeted at children in high-poverty areas and

where there are high numbers of students who are not reading at grade level.

The intention of the Reading First programs is to place a high federal priority on reading so that students may better succeed academically in other subjects as well. These programs seek to provide students with the basic skills to reach proficiency in reading or language arts in their grade level, and to better train teachers to teach children to read. They provide the fundamental building blocks to help ensure that states, districts and schools reach their academic achievement goals set forth in this Title.

Teacher quality is also essential to student success, which is why our Three R's legislation dramatically increased the national investment in teacher professional development in its Title II, Part A, to help ensure that all teachers are competent in their subject area, and provided them with more opportunities for high quality professional development. The ''Reading First Program'' in Title II, Part B of the conference report follows this lead and calls for preparing teachers, including special education teachers, through professional development and other support, so the teachers can identify specific reading barriers facing their students and so the teachers have the tools to effectively help their students learn to read. It is the intent of the legislation to ensure that teachers are highly qualified and trained in the latest research and techniques to help all children learn to read and that the Department provides technical assistance and disseminates best practices and the latest research on reading.

Because it is important to better understand each child's level of understanding and learning as he or she enters schools and to identify children at risk for reading difficulties, Title I, Part A, of the Three R's bill required states to assist and encourage districts to conduct first grade literacy diagnostics and assessments that are both developmentally appropriate and aligned with state content and student performance standards and to provide districts with technical assistance. With this same goal, the conference report in Title I, Part B calls for states to assist school districts in selecting and developing rigorous diagnostic reading and screening, diagnostic and classroom-based instructional reading assessments. The intent of the legislation is to ensure that every child receives a rigorous diagnosis and assessment of their reading capabilities and that schools and teachers are helped to administer and use these assessments so that they can better determine each student's level of reading and design strategies to ensure that child will read at grade level.

Throughout its entirety, the Three R's bill emphasized greater accountability for results. This conference report encompasses this results-based approach. Additionally, Title IV, Part D, of the Three R's bill called for much more public reporting of progress so that parents can make more informed decisions regarding their child's education. The ''Reading First Program'' in Title I, Part B, Subpart 1, of this new bill requires states receiving grants to provide the Secretary with an annual report including information on the progress the state, and school districts, are making in reducing the number of students served under this subpart in the first and second grades who are reading below grade level, as demonstrated by such information as teacher reports and school evaluations of mastery of the essential components of reading instruction. The report shall also include evidence that they have significantly increased the number of students reading at grade level or above, significantly increased the percentages of students in ethnic, racial, and low-income populations who are reading at grade level or above, and successfully implemented the ''Reading First Program'' in Title I, Part B, Subpart 1 of the conference report. It is the intent of this legislation that the Secretary hold accountable states, school districts, and schools for making progress in increasing the numbers of students—in all major economic racial and ethnic groups—who are reading at or above grade level by calling upon the Secretary to review the data contained in these reports to make a determination on continued funding for states. I would encourage the Department, in its review, to rigorously enforce the intended accountability for lack of performance by taking stringent actions to ensure that recipients of federal funds demonstrate results in reading gains for all students.

In regards to Title II—Preparing, Training and Recruiting High Quality Teachers and Principals, the conference report will make revolutionary changes in federal programs aimed at raising the quality of our nation's teachers and principals. Many of these reforms were promoted in the Three R's legislation introduced in the 106th and 107th Congresses. Most significantly, this conference report builds on the structural reform advocated by the New Democrats in Title II of the Three R's bill to streamline several programs into one formula program to states and localities to better focus Federal attention on the critical aspects of teacher and principal quality to ensure that all students, especially those most disadvantaged, are taught by a highly qualified teacher. It also further enhances the call for better targeting of our federal resources on the highest poverty states and school districts.

Title II, Part A of the Three R's bill emphasized the importance of every child being taught by a highly qualified teacher because research consistently shows that teacher quality is a key component of student achievement. It transformed the current Eisenhower Professional Development Programs into one performance-based program that in return for greater investments, held states and districts accountable for having all teachers ''fully qualified'' within four years and for providing teachers and principals with high quality professional development. The Three R's required states to set annual measurable objectives so that all teachers would be ''fully-qualified'' by the school year 2005–2006, with ''fully-qualified'' defined for secondary as being state certified, having a bachelor's degree in the area that they teach, and passing rigorous, state-developed content tests. Title VII of the Three R's bill further required states to meet the annual measurable performance objectives established in each title and imposed fiscal consequences if they did not meet their goals.

Title II, Part A—Teacher and Principal Training and Recruiting Fund of the new bill has accountability measures similar to that of the Three R's bill in Titles II and VII and stipulates that all teachers must be ''highly-qualified'' by the school year 2005–2006. It further requires states to set annual measurable objectives to meet that goal and to ensure that teachers and principals get high quality professional development. States must hold districts accountable for meeting these annual objectives; districts that fail to make progress toward meeting the objectives for two consecutive years must develop an improvement plan that will enable the agency to meet such measurable objectives. States must provide technical assistance to such districts and schools within the districts. If a district fails to make progress toward meeting the objectives for three consecutive years, the district shall enter into an agreement with the state on the use of the district's funds. Under this agreement, the state shall institute professional development strategies and activities that the district must use to meet the measurable objectives and prohibit the district from using Title I funds received to fund paraprofessionals hired after the date of enactment, except that the district may use Title I funds if the district can demonstrate a significant increase in student enrollment, or an increased need for translators or assistance with parent involvement activities. During this stage of professional development strategies and activities by the state, the state shall provide funding to schools affected to enable teachers within such schools to select high-quality professional development activities.

It is the intent of this legislation that states rigorously enforce these accountability measures in regards to districts that fail to meet the goals established by the state. I would encourage that the Secretary consider as noncompliant any state that fails to take action on districts failing these goals, and urge the Secretary to take action to ensure that such states uphold the requirements of this language to hold districts accountable.

The conference report establishes a different definition of what constitutes a ''highly-qualified'' teacher, found in Title I, Sec. 1119, than was proposed in the Three R's definition of ''fully qualified'' teacher, found in Title II, Part A. However this definition still retains a strong and reasonable focus on ensuring all teachers meet a high state standard of demonstrated content knowledge. Specifically, the ''No Child Left Behind Act'' defines ''highly-qualified'' teachers as teachers that are state certified and:

1. In the case of a newly hired elementary school teacher, has a bachelor's degree and has demonstrated, by passing a rigorous state test, subject knowledge and teaching skills in reading, writing, mathematics, and other areas of the basic elementary school curriculum.

2. In the case of a newly-hired secondary school teacher, has a bachelor's degree and demonstrates a high level of competency in each subject area taught by passing a rigorous state academic subject area test, or completion, in the subject area(s) taught, of an academic major, graduate degree, or equivalent course work for an undergraduate major, or advanced certification.

3. In the case of a veteran elementary or secondary school teacher, holds a bachelor's degree and has passed a rigorous state test, or demonstrates competency based on a high, objective and uniform standard of evaluation developed by the state.

As stated earlier, I believe it is the intention of this language to ensure that content knowledge assessments or state standards of evaluations as described in section 1119 will provide for a rigorous, uniform, objective system that is grade appropriate and subject appropriate, and that will produce objective, coherent information of a teacher's knowledge of the subject taught. Such a system is not intended to stigmatize teachers but to ensure that all teachers have the crucial knowledge necessary to ensure that students may meet the state's challenging academic achievement standards in all core subjects.

In addition, I believe that it is crucial that existing teachers be given the high quality professional development necessary to ensure that they meet the definition of highly qualified. That is why under Part A of Title II of the Three R's bill, section 1119 of this conference report, and this title, states would be required to establish annual measurable objectives for districts and schools to annually increase the percentage of teachers receiving high quality professional development, and to hold districts accountable for meeting those objectives. It also is Three R's and this legislation required districts to spend a portion of their Title I funds on professional development, and required under section 1116 that schools identified devote 10 percent of their Title I funds to professional development activities as defined under section 1119. In addition, I am pleased that this title authorizes over $3 billion for the purpose of ensuring that all students be taught by a highly-qualified teacher by providing a major investment of federal resources to help states and districts with the recruitment and retention of high quality teachers.

Following the intent of the Three R's bill, to target federal education funding to meet the needs of the poorest children, schools, and school districts, and to provide assistance to maintain and upgrade skills of teachers, the conference report distributes funding to states through a formula based 65 percent on poverty and 35 percent on student population, and to school districts through a formula based 80 percent on poverty and 20 percent on student population. This targeting formula is the same as that proposed in S. AMDT 474 by Senator LANDRIEU and adopted this summer into S.1, the Senate education bill. The conference report further requires local school districts to provide assurances that they will target funds to schools that have the lowest percentage of highly qualified teachers, have the largest class sizes, or are identified for school improvement under Title I.

Research shows that poor and minority children are more likely to be taught by a teacher who is teaching out of field—without a major or minor in the field they are teaching. Obviously, this is a disadvantage to students as well as teachers. The emphasis on targeting under the Three R's and expanded upon in this bill, will significantly help our nation's poorest districts, who often face the greatest obstacles to recruiting and retaining high-quality teachers.

As called for in Title II of the Three R's bill, Title II, Part A of the conference report also consolidates teacher quality and professional development programs into one program for the purposes of assisting state and local educational agencies with their efforts to increase student academic achievement through such strategies as improving teacher and principal quality, providing high quality professional development for teachers and principals, and recruiting and retaining highly qualified teachers and high quality principals. Similar to Title II of the Three R's bill, the conference report requires districts to provide high quality professional development for teachers, principals and administrators so that they are better prepared to raise students' academic achievement and meet state performance standards.

Title II, Part A, subpart 3 of the conference report also encourages innovative training and mentioning partnerships between local school districts and universities, non-profit groups, and corporations and business organizations, by requiring states to reserve 2.5 percent of the funds they receive under this subpart for competitive grants to local partnerships involving higher education institutions and school districts to provide high quality professional development activities for teachers and principals and high quality leadership programs for principals. This mirrors the educator partnerships suggested in Title II, Part A of the Three R's bill. The intent of such partnerships is to provide a better linkage between institutions that prepare teachers and the need for high-quality and on-going professional development to teachers and principals in order to reach the goal of having fully qualified teachers in all classrooms and all core subjects.

As did Title II in the Three R's bill, the conference report gives states and school districts significant flexibility in how they can use federal education funds to meet the goal of having all teachers highly qualified within four years. Such flexibility allows states to reform teacher/principal certification; develop alternative routes to certification for mid-career professionals; provide support to new teachers and principals (such as mentioning); provide professional development; promote reciprocity of teacher and principal certification and licensing between states; encourage and support training for teachers to integrate technology into curricula; develop merit-based performance systems; and develop differential and bonus pay for teachers in high-need academic subjects and teachers in high-poverty schools/districts. This flexibility also extends to the local level, and helps realize the goal proposed in the Three R's bill to provide states and local with maximum flexibility to address the problem of recruiting and retaining highly-qualified teachers and meeting the goal of ensuring all children are taught by a qualified teacher.

Title II Part B—Mathematics and Science Partnerships responds to the recognition of a national deficit in the number of teachers with demonstrated content knowledge in math and science. The Three R's bill sought to address this problem by requiring states to set aside 10 percent of the funds they received under Title II, Part A to establish partnership grants—between states, institutions of higher education, local educational agencies, and schools—that supported professional development activities for mathematics and science teachers in order to ensure that such teachers have the subject matter knowledge to effectively teach mathematics and science. Following this same intent, Title II Part B of the conference report provides for a separate Mathematics and Science Partnerships program to states for the creation of partnerships focused on improving the academic achievement of students in math and science by: improving math and science teacher training at institutions of higher education; providing sustained professional development for math and science teachers; increasing the subject matter knowledge of mathematics and

science teachers by bringing them together with scientists, mathematicians and engineers; encouraging institutions of higher education to share equipment and laboratories with local schools; and developing more rigorous math and science curricula, and training teachers in the effective integration of technology into the curricula.

Matching the focus on accountability for results in the Three R's bill, Part B of Title II of the new bill emphasizes accountability and calls for recipients to develop measurable objectives, and to report to the Secretary on the progress of meeting the objectives of increasing the number of math and science teachers receiving professional development; on improved student academic achievement based on state math and science assessments or the International Math and Science Studies; and on other measures such as student participation in advanced courses. The new bill calls on the Secretary to consult and coordinate with the Director of the National Science Foundation with respect to these programs.

The intent of this Part of the conference report is to improve the preservice training, recruitment, and retention of mathematics and science teachers and to encourage partnerships with institutes of higher education, scientists and engineers who are employed in other sectors to ensure that teachers receive high quality professional development in science and mathematics and with the goal to improve academic achievement by all students in these important subjects. It also creates a stronger focus on core subject knowledge by teachers in mathematics and science where the problems of out-of-field teaching are greatest.

In relation to Title II, part D—Enhancing Education Through Technology, the Three R's bill recognized that it is necessary but not sufficient to increase schools' access to computer hardware; to be an effective educational tool, technology must be integrated into the core curricula and teachers must have adequate training on how to do so. The Three R's bill—Title VI, section 6006, New Economy Technology Schools—provided funding for states and school districts for high-quality professional development for teachers in the use of technology and its integration with state content and student performance standards; effective educational technology infrastructure; training in the use of equipment for teachers, school library and media personnel and administrators; and technology-enhanced curricula and instructional materials that are aligned with state content and student performance standards. It also required states and districts to provide high-quality training to teachers, school library and media personnel and administrators in the use of technology and its integration with state content and student academic standards. These core principles were adopted in Title II part D of the conference report, which consolidated several technology programs into a state-based technology grant program entitled ''Enhancing Education Through Technology.''

The purposes of part D of Title II of the new law are to provide assistance to states and localities for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement; to encourage private-public partnerships to increase access to technology; to assist states and localities in the acquisition, maintenance and improvement of technology infrastructure to increase access for all students, especially disadvantaged students; to support initiatives to integrate technology into curriculum aligned with state student academic standards; to provide professional development of teachers, principals and administrators in teaching and learning via electronic means; to support electronic networks and distance learning; to use technology to promote parent and family involvement, and most importantly to support rigorous evaluation of programs and their impact on academic performance. These points are comparable to Title VI Sections 6001 and 6006 of the Three R's bill.

The primary goal of the conference report's Title II, part D, as stated in its purpose section, is to improve student academic achievement through the use of technology in elementary and secondary schools, to ensure that every child is technologically literate by the time they finish the eighth grade regardless of their background and to encourage the effective integration of technology and teacher training and curriculum. The conference report requires states to develop state technology plans which must include an outline of the long-term strategies for improving student academic achievement and local applications for grants must include a description of how they will use Federal funds to improve academic achievement aligned to challenging state academic standards. These parallel the goals under the Three R's Title VI which emphasized that technology should be an integrated means to higher achievement, not an end unto itself. It is our intent that achieving this emphasis remains a key goal for state technology plans, and that states rigorously review local applications and performance in making any future awards.

The Findings Policy and Purpose section of Title VI of the Three R's bill, section 6001, found that technology can produce far greater opportunities to enable all students to meet high learning standards, promote efficiency and effectiveness in education, and help to immediately and dramatically reform our nation's educational system. It also found that because most federal and state educational technology programs have focused on acquiring educational technology hardware, rather than emphasizing the utilization of the technologies in the classroom and the training and infrastructure required to support the technologies, the full potential of educational technology has rarely been realized. It also noted that the effective use of technology in education has been inhibited by the inability of many State educational agencies and local educational agencies to invest in and support needed technologies, and to obtain sufficient resources to seek expert technical assistance in developing high-quality professional development activities for teachers and keeping pace with rapid technological advances. Three R's also emphasized that to remain competitive in the global economy, our nation needs a workforce that is comfortable with technology and able to integrate rapid technological changes into production processes. These purposes remain fully applicable to the implementation and goals of the new Act.

The emphasis in the new law on using technology to improve student academic achievement in core subjects is directly related to the goals of the Three R's bill which called for improved academic achievement for all children. Title II part D of the conference report is closely aligned with Title VI—High Performance and Quality Education Initiatives of the Three R's bill. The intent of this legislation is to make sure that technology programs are not just providing access to hardware, but are effectively integrating technology into activities that are part of the core curricula and to assist students in improving academic achievement aligned with state content and performance standards and this intent is carried over into the new law. The Department in overseeing these provisions should be expected to place strong emphasis in ensuring that these goals are achieved.

The Three R's emphasized targeting of resources to the poorest children and schools. This goal was expanded upon in the new law's Title II, Part D, as funds are allocated to the states based 100 percent on what the state received under Title I, Part A. Additionally, of the total state funds distributed to locals, 50 percent shall be distributed through a state formula based on Title I, Part A, and the remaining 50 percent shall be distributed via competitive grants. Additionally, competitive grants shall give priory to high need areas. The intent is that states shall determine which school districts, because of their size, receive an insufficient amount of formula funds, to implement efficient and effective activities, and provide them with supplemental competitive grants.

Title II, part D of the new law requires states to submit applications for technology funds and that such applications shall include long-range strategic technology plans. The intent of this is to ensure that states design long-term strategies for improving student academic achievement, including

technology literacy, that incorporate the effective integration of technology in the classroom, curricula, and professional training of teachers. Such plans shall also contain a description of: the state goals for using advanced technology to improve student achievement aligned to challenging state academic standards; the steps they will take to ensure that all students and teachers in high-need school districts have increased access to technology; the process and accountability measures the state will use to evaluate the effectiveness of the integration of technology; how incentives will be provided to teachers who are technologically literate to encourage such teachers to remain in rural and urban areas; and how public and private entities would participate in the implementation and support of the plan. We intend that in administering this effort, that the Department of Education require that states effectively integrate technology in their classrooms and curricula, and provide adequate professional development for their teachers, with the goal of improving student academic achievement in core subjects.

The specific intent in the new Title II, part D is that each local application for technology grants shall include a description of: how the school district will use federal funds to improve the academic achievement, including technology literacy, of all students and to improve the capacity of all teachers to provide instruction through the use of technology; what steps they will take to ensure that all students and teachers in high-need School districts have increased access to technology; how they will promote teaching strategies and curriculum which effectively integrate technology into instruction leading to improvements in student academic achievement as measured by challenging state standards; how it will provide ongoing professional development for teachers principals administrators and school library personnel to further the effective use of technology in classrooms and library media centers; and the accountability measures and how they will evaluate the extent to which the technology has been integrated into the curriculum, increasing the ability of teachers to teach and increasing the academic achievement of students. All of these elements are consistent with the Three R's goals that technology shall not be introduced for technology's sake, but deeply integrated into the curricula and teaching strategies to foster an enhanced learning environment. We intend that the Department of Education shall aggressively enforce the requirements that states ensure that school districts have a comprehensive technology plan in place; that the use of technology in the classroom foster a learning environment which will improve academic achievement in the core subjects, and not only increase access to technology hardware.

The Three R's emphasis on improving accountability by setting measurable annual goals and standards for student achievement, and evaluating and measuring progress achieved can be seen in the new Title II part D's requirements for state and local applications. These require states to develop: state goals for using advanced technology to improve student achievement aligned to challenging state academic standards; steps to ensure that all students and teachers in high-need school districts have increased access to technology; and accountability measures the state will use to evaluate the effectiveness of the integration of technology. We intend that, just as in other areas of this Act, the Secretary of Education provide oversight and assist states in the development of rigorous and measurable goals and standards regarding the use of technology to raise student academic achievement, and to develop evaluations of the impact of technology on student academic achievement.

Additionally, one of the allowable uses under state activities in the new Title II, Part D is the development of enhanced performance measurement systems to determine the effectiveness of education technology programs funded under this subpart, especially their impact on increasing the ability of teachers to teach and enable students to meet state academic content standards. We intend that states and school districts develop measurable annual goals and standards to integrate and use advanced technology to improve student achievement, and expect that this option be exercised wherever possible by applicants and strongly encouraged by the Department of Education.

Title II, Part D—Enhancing Education Through Technology requires that state plans and local applications allocate 25 percent of the funds to be reserved for high quality professional training for teachers, principals, librarians and administrators to assist them in integrating the technology and core curriculum. This mirrors the intent of the Three R's Title II, Part A—Teacher and Principal Quality and Professional Development, which calls for teachers to receive high quality professional development and to be trained in the areas that they teach, and specifically the Three R's Title VI, section 6006 which calls for high quality professional development for teachers in the use of technology and its integration with student performance standards.

Regarding Title II, Part A—Teacher and Principal Training and Recruiting Fund, the Three R's proposal called for a radical restructuring of Federal programs serving limited English proficient, or LEP, students. This restructuring streamlined the existing competitive Bilingual Education Act programs and significantly increased and concentrated federal investment for LEP students into one formula program for districts while, in return, demanding results from states, school districts and schools for annual gains in English proficiency and academic achievement among non-native speaking children. Title III of this new Act embodies much of the restructuring and policy goals proposed in the Three R's, and creates a new, major federal initiative aimed at ensuring LEP and immigrant children have the English language skills and academic knowledge to successfully participate in American society. This conference report will, for the first time, hold recipients of federal funds accountable for annually increasing the percentage of LEP children achieving English proficiency as well as high levels of learning in all core subjects, and nearly doubles the amount of federal funding provided to states and localities for the education of LEP and immigrant students.

The Three R's bill, in Title III, section 3001, recognized that educating limited English proficient students is an urgent and increasing need for many local educational agencies. It found that over the past two decades, the number of LEP children in schools in the United States has doubled to more than 3,000,000, and will continue to increase. One of the key goals of the Three R's bill in Title III, section 3003, was to ensure that students with limited English proficiency learn English and achieve high levels of learning on core academic subjects, including reading and math. Title III of this conference report also has the goal of assisting all LEP students to attain English proficiency, so that those students can meet the same challenging state content standards and challenging state student performance standards as all students are expected to meet.

Title III, section 3001, of the Three R's noted that each year 640,000 limited English proficient students are not served by any sort of program targeted to their unique needs. The title increased the amount of Federal assistance to school districts serving such students and streamlined the existing competitive Bilingual Education Act programs into a single performance-based formula grant for state and local educational agencies to help LEP students become proficient in English. Title III of this new Act also consolidates the Bilingual Education Act, as well as the Emergency Immigrant Education Program, and authorizes $750 million for one formula program to states and school districts once federal appropriations levels reach $650 million. The intention behind this language to recognize that a substantial level of federal resources are essential in order to provide funding to districts that is meaningful. It further ensures that resources are not diluted.

The Three R's focused resources to those most in need and allocated funds to states based on the number of LEP students, and required states to send 95 percent of the funds received to school districts so that they may better assist such students. Similarly, the conference report provides funding in Title

III (Part A, subpart 1) to states via a formula based 80 percent on the number of LEP children in the state and 20 percent on the number of immigrant children. Additionally the conference report calls for 95 percent of the funds to be used for grants to eligible entities at the local level. Districts shall receive funds based on their number of LEP students. However, to ensure that funds are not diluted, the Act requires that states shall not make an award to districts if the amount of grant would be less than $10,000.

Under the Three R's Title III, section 3109, states were required to establish standards and annual measurable benchmarks for English language development that are aligned with state content and student academic achievement standards; develop high quality annual assessments to measure English language proficiency, including proficiency in the four recognized domains: speaking, reading, writing and comprehension; develop annual performance objectives based on the English language development standards set to increase the English proficiency of LEP students; describe how the state will hold districts or schools accountable for meeting English proficiency performance objectives, and for meeting adequate yearly progress with respect to LEP students as required in Title I, section 1111; describe how districts will be given the flexibility to teach English in the scientifically research based manner that each district determines to be the most effective; and describe how the state will provide assistance to districts and schools. Section 3108 further required states to certify that all teachers in any language instruction program for LEP student were fluent in English to help ensure that students in language instruction programs are taught by the most qualified educators.

We intend that these requirements will ensure that states emphasize language proficiency that ensures a comprehensive understanding of the English language so that students have the oral, writing, listening and comprehension skills necessary to successfully achieve high-levels of learning in our schools and later in the American workforce.

In turn, under sections 3106 and 3107, school districts were required to describe how they would use funds to meet the annual English proficiency performance objectives and how the district would hold schools accountable for meeting the performance objectives. Under Title VII, section 7101, states that failed to meet their performance objectives after three consecutive years would have 50 percent of their state administrative funding withheld. And, states that failed to meet such performance objectives after four consecutive years would have 30 percent of their Title VI programmatic funds withheld.

Title III, section 3105 of the Three R's further required the Secretary of the U.S. Department of Education to provide assistance to states and districts in the development of English language standards and English language proficiency assessments. The intent is that the Department provide support to ensure high quality plans, performance objectives, and English language assessments.

The conference report, contains nearly the same accountability provisions and requirements. Title III, section 3113, requires states to establish standards and objectives for raising the level of English proficiency that are derived from the four recognized domains of speaking, listening, reading and writing, and that are aligned with achievement of the challenging state academic content and student academic achievement standards in section 1111; to hold districts accountable for annually assessing English proficiency as required under Title I, section 1111; and hold districts accountable for meeting annual measurable objectives, in section 3122, for annual increases in the percentage of LEP students attaining proficiency in English, and for making adequate yearly progress as required under Title I, section 1111 while they are learning English.

Section 3122(b) requires states to identify school districts that have failed to meet their annual measurable objectives for two consecutive years and ensure that such districts develop an improvement plan to ensure that the district shall meet the objectives and addresses the factors that prevented the district from achieving such objectives. For districts that fail to meet the annual objectives for four years, states shall ensure that districts modify their language instruction program; determine whether to terminate program funds to the district; and replace educational personnel relevant to the district's failure to make progress on the annual measurable objectives.

States shall be held accountable for meeting the annual performance objective for Title III under Title VI, section 6161 of this Act. The Secretary is required to, starting two years after implementation, annually review whether states have met annual measurable objectives established under Title III. If states have failed to meet such objectives for two years, the Secretary may provide technical assistance to states that is rigorous and provides constructive feedback to each failing state. In addition, the Secretary shall submit an annual report to the Congress listing the states that have failed to meet the objectives under Title III.

Title III of the Three R's bill gave districts the flexibility to determine what method of instruction to implement. This conference report also gives districts the flexibility to design English language instruction programs that best meet the needs of their limited English proficient students. It further, as did the Three R's bill, eliminates the requirement that 75 percent of funding be used to support programs using a child's native language for instruction to give districts the flexibility they need to meet new proficiency goals.

One of the fundamental goals of the Three R's bill was to provide better information to parents about quality and progress of their child's education. Title III (section 3110) of the Three R's bill required parental notification of each student's level of English proficiency, how it was assessed, the status of the student's academic achievement, and the programs that are available to meet the student's educational needs. Title III further required that states give parents the option to remove their student from any language instruction program. States were required to provide parents with timely information, in manner and form understandable to the parents, about programs under Title III and notice of opportunities to participate in regular meetings regarding programs developed.

Similarly, the conference report, under Title I (section 1112), requires districts to provide parents notification of their child's placement in a language instruction program, and give parents the right to choose among various programs if more than one type is offered, and have the right to immediately remove their child from a language instruction program. The Title further allows districts to develop parent and community outreach initiatives and training so that parents may be more active in their child's education. As with the Three R's bill, the intent of the provision is to provide the maximum information about performance and programs to parents, and the Department must take steps to ensure this.

Title IV, Part A—Safe and Drug Free Schools of the Conference Report was influenced by concepts in the Three R's bill. The Three R's bill sought to more directly focus resources and activities on the improvement of academic achievement. This conference report progresses that goal in the Title IV, Part A—Safe and Drug Free Schools Program, stressing activities that will foster a learning environment that supports academic achievement. The conference report requires states to describe how they will fulfill this goal in their comprehensive plan and their application to the Secretary. Local applications must also assure that the activities will foster a safe and drug free learning environment that supports academic achievement. Additionally, following another major intent of the Three R's bill (in both Titles VI and VII), increased accountability and evaluation is called for in Title IV Part A in the conference report. The activities shall be based on an assessment of objective data and assessment of need. Established performance measures will be used and the programs will be periodically evaluated to assess their progress based on the attainment of these performance measures. National

reports are required every two years by the Secretary and reports by states and school districts are required on an annual basis. The Three R's bill in Title II, Part A and Title VI, Sec. 6006, highlighted increased professional training for teachers, principals, and other staff related to academic content as well as dealing with disruptive students and those exhibiting distress. Similarly, the conference report contains greater awareness and support for training activities.

On academic achievement, the purposes of Title IV Part A—Safe and Drug Free Schools in the conference report are to support programs that: prevent violence in and around schools; prevent the illegal use of alcohol, tobacco and drugs; involve parents and communities; and that are coordinated with related federal, state, school and community efforts and resources. Under the conference report, a school district can use funds to develop, implement and evaluate comprehensive programs and activities which are coordinated with other school and community-based services and programs that foster a safe and drug-free learning environment that supports academic achievement. The overall goal of the programs in the conference report's Title IV Part A is to foster a safe and drug-free learning environment which supports academic achievement. This embodies similar principles in the Three R's bill in Title VI, sections 6001 and 6006 and the general intent of the Three R's bill in focusing all activities on the improvement of academic achievement for all children.

Related to accountability and evaluations, Title VI of the Three R's bill emphasizes that programs should be evaluated to determine if they are effective in achieving the goals of improving safe learning environments. The conference report allows up to $2 million for the Secretary to conduct a national impact evaluation for the ''Safe and Drug Free'' programs under Title V Part A. National reports are required every two years by the Secretary and state and school district reports are required on an annual basis. The conference report also requires states to implement a Uniform Management Information and Reporting System that would include information and statistics on truancy rates; the frequency, seriousness, and incidence of violence and drug related offenses resulting in suspensions and expulsion in elementary and secondary schools in states; the types of curricula, programs and services provided, the incidence and prevalence, age of onset, perception of health risk and perception of social disapproval of drug use and violence by youth in schools and communities. Title V part A of the conference report also requires that state and school district applications must contain a needs assessment for drug and violence prevention programs which is based on objective data and the results of on-going state and local evaluation activities. They shall also provide a statement of the performance measures for drug and violence prevention programs that will be used in evaluations. Under the conference report, programs in this Title will be periodically evaluated to assess their progress based on performance measures. The results shall be used to refine, improve and strengthen the program and to refine the performance measures. Such evaluations shall be made available to the public on request. These provisions follow the intent of the Three R's bill to increase accountability and evaluation in all major activities with the understanding that education reforms cannot be achieved without continual, thorough evaluations of their effectiveness and making such evaluations available to parents and the public. The Department shall act to ensure that quality evaluations are implemented.

The Principles of Effectiveness Activities part of the new act requires that activities shall be based upon an assessment of objective data regarding the incidence of violence and illegal drug use in the elementary and secondary schools, and communities to be served, including an objective analysis of the current conditions and consequences regarding violence and illegal drug use, delinquency and serious discipline problems. In addition, activities shall be based on established performance measures aimed at ensuring that the elementary and secondary schools and communities to be served by the program have a drug-free, safe and orderly learning environment; be based upon scientifically based research that provides evidence that the program to be used will reduce violence and illegal drug use; be based on an analysis of data reasonably available at the time of the prevalence of risk factors and include meaningful and ongoing consultation with parents. It is our intent that the Department act to ensure a high quality assessment effort fully consistent with the requirements.

Regarding streamlining and targeting, the Three R's bill consolidated a number of national competitive grant programs—such as in Title VI—into state and school district formula programs to drive more resources to school districts and to concentrate resources in the poorest areas. The Safe and Drug Free Schools Program in Title V Part A of the conference report, utilizes a formula that is nearly the same as that established under the Three R's bill, with positive improvements. Title V, Part A distributes funds to states through a formula that is based 50 percent on school age population and 50 percent on Title I Concentration Grants, which requires districts to have at least a 15 percent poverty level, or 6,500 low income students. Eighty percent of the funds received by the state shall be distributed to school districts via a formula distribution that is the same as that contained in the Three R's bill, with 60 percent based on poverty in Title I, Part A, subpart 2, and 40 percent on school enrollment.

The Act further allows states to reserve, not more than 20 percent of the total amount received for competitive grants to school districts and community-based organizations, and other entities for activities that complement and support district safety activities. Such activities shall especially provide assistance to areas that serve large numbers of low-income children, or rural communities. This provision further targets funds to areas of need and the Department is expected to adopt guidelines for the flexible program effort that assure quality and creativity.

On professional training, Title II, Part A of the Three R's bill also called for increased professional training for teachers, principals and other personnel, with the goal of providing them with more expertise to create safer environments and to deal with disruptive students, as well as obtain greater ability to help students reach academic achievement goals. Specifically, Title VI, section 6006 of the Three R's allowed localities to use funds to provide professional development programs that provide instruction on how best to discipline children in the classroom, how to teach character education; and provide training for teachers, principals, mental health professionals, and guidance counselors in order to better assist and identify students exhibiting distress, such as exhibiting distress through substance abuse, disruptive behavior, and suicidal behavior. With the similar goal of having trained personnel work with children, Title VI, Part A of the conference report allows for drug and violence prevention professional development and community training. It further, under National Programs under Title V Part A, provides for the development and demonstration of innovative strategies for the training of school personnel, parents and members of the community for drug and violence prevention activities.

Title IV, Part B—21st Century Community Learning Centers of the conference report contains a similar focus to that of the Three R's bill. A major intent of the Three R's bill was to ensure that all ESEA programs, more directly focus on the academic performance of students and that accountability for these programs be strongly linked to increased performance toward that goal. Specifically, Title VI Sec. 6006. of the Three R's bill required localities to spend 25 percent of the funds they received, under a new major federal program that was focused on spurring academic achievement through innovation, on providing high quality, academically-focused after school opportunities to students.

This conference report furthers that principle by making improved academic achievement a primary element of the modified 21st Century Community Learning Centers program. Title

IV, Part B also enhances the aim of greater accountability as set forth in the Three R's—Title VI Sec. 6005 and Title VII, Part A. The legislation provides significantly increased funding for entities providing students with opportunities for continued academic enrichment before and after school, and during the summer. Such opportunities are intended to help students, particularly students who attend low-performing schools, meet state student performance standards in core academic subjects. And, building on the focus of the Three R's bill to demand greater results in return for greater investment, the conference report calls for the 21st Century activities to be evaluated and monitored for their effectiveness, and requires states to consider those results and apply a series of fiscal sanctions if performance does not meet performance goals. Additionally, the Act carries forth the intent of the Three R's bill to target the funds to those most in need. Title IV, Part B of the conference report distributes funds to the states based on their share of Title I, Part A and requires states to give priority for competitive grants to recipients serving low-income communities and schools.

The purpose of 21st Century programs in Title IV, Part B of the conference report is to provide opportunities to communities to establish or expand activities before and after school that: provide academic enrichment, including providing tutorial services to help students, particularly students who attend low-performing schools, to meet state and local student performance standards in core academic subjects; offer students a wide array of additional services and activities such as art, music, and recreation, technology education, character education, and counseling programs that reinforce and complement the regular academic program; offer families of students opportunities for literacy and related educational development. These programs should be designed and approved consistent with the intent of the Three R's bill in Title VI Section 6006 that provided funds to School districts and schools for innovative programs and activities that transform schools into ''21st Century Opportunities'' for students by creating a challenging learning environment and facilitating academic enrichment through innovative academic programs or provide for extra learning time opportunities for students. The intent of the Three R's bill to focus before and after school programs on learning opportunities, especially for those most in need, is mirrored in the intent and purpose of the conference report's 21st Century program.

Regarding streamlining and targeting, the Three R's bill, in several titles including Title I, had the intent of targeting the education funds to the poorest communities and schools who are most in need. Following this direction, 21st Century funds under the conference report in Title IV Part B are allocated to the states based 100 percent on Title I, part A subpart 2, thereby targeting these funds on a poverty basis. Additionally, the conference report in Title IV Part B requires states to focus competitively awarded grants on applicants that seek to serve students who primarily attend schools eligible for schoolwide programs in Title I, those schools with at least 40 percent low income students, and other schools with a high percentage of low income students;

Regarding accountability and evaluation, the Three R's bill in Title VI Section 6007 and 6008 called for evaluating the impact of 21st Century Opportunity programs on academic achievement. Title IV Part B of the conference report follows this intent, by requiring states to conduct a comprehensive evaluation of the effects of their 21st Century program and activities and requires that state applications describe how the state will evaluate the effectiveness of their 21st Century programs and activities.

Title V, Part B of the conference report contains major influences from the Three R's bill. A primary policy goal of the Three R's bill was to provide additional innovation and effective voluntary public school choice options for children and parents with the belief that market forces and choice integrated into the public framework will result in a stronger system for students with greater incentives for schools to raise academic performance. Title V, Part B of the conference report follows this same intent and develops many of the same programs.

Building directly on many of the proposals contained in the Three R's bill, the conference report would strengthen the Federal commitment to expanding the range of educational options available to all students within the public school framework. Although the conference report makes only minor changes to the current charter schools start up program, designated as subpart 1, does contain a new initiative to help charter schools deal with the cost of operations and facility financing, section 5205(b), as well as a new initiative to encourage broader choice programs at the local level, subpart 3. These provisions are based on language from the Three R's bill—Title IV, Part C—as well as an amendment—S. AMDT. 518—to the Senate bill, S.1, which Senators CARPER, GREGG and I cosponsored that would encourage and expand intra-district wide or inter-district wide public school choice programs as well as help to provide additional options for financing charter schools. In addition, the conference report includes a program that has been funded under appropriations, but never authorized that provides critical funding for charter school construction under subpart 2.

Titles I and VI of the Three R's bill called for increased funding to help finance charter schools, provide them with technical assistance, evaluate the programs, and disseminate information on innovative approaches, all with the purpose of helping expand the educational choices available in the public system to parents and students. I have been a long time advocate for charter schools and was the chief Democratic sponsor of the Public School Redefinition Act of 1991, S. 1606, and in 1993, S. 429, which provided states with funding to establish charter school.

I am pleased that this conference report will continue this strong federal support for the expansion of the charter school movement, while ensuring that those schools meet the same high accountability standards expected of all schools under Title I, Part A. It was the intent of conferees that charter schools shall meet the accountability requirements in this Act, including those provisions in section 1111 and 1116, but that the mechanism for holding them accountable should be consistent with state law. In most cases, this means that the recognized chartering authority would be responsible for holding charter schools accountable. It is my belief that chartering authorities that fail to carry out their responsibilities in holding charter schools accountable should themselves be held accountable based on State law.

The conference report also ensures that charter schools receive their full allotment of Title I funds by stipulating that a local educational agency, in passing through subgrant awards to charter schools, may not deduct funds for administrative fees unless the applicant enters voluntarily into a mutually agreed upon arrangement for administrative services with the relevant school district. I advocated for this agreement in conference because of the importance of giving charter schools fuller decision-making authority over the funds to which they are entitled.

In addition, the conference report will help further the range of public education options available by creating a new ''Voluntary Public School Choice'' demonstration program under Title IV, Part B, subpart 3. This program authorizes the Secretary to award grants on a competitive basis for the development of universal public school choice programs. The program evolved out of the Three R's bill and an amendment sponsored by Senator CARPER to S. 1. It is the intent of this program that the Secretary give priority to applicant providing the widest choice and that have the potential of allowing students from low-performing schools to attend high performing schools. I believe that demonstrations that provide inter-district, or state wide choice should be of highest priority. In addition, I am pleased that the program calls for an evaluation of the success of these demonstrations in promoting educational equity and excellence, and the effect of the programs on academic achievement of students

participating and on the overall quality of participating schools and districts.

I believe that the language under section 1116 of Title I, granting parents the option to transfer their student out of a school identified for improvement or corrective action to a higher performing public school, will be meaningless unless the federal government actively supports and encourages programs such as the Charter School Programs and the Voluntary Public School Choice programs under Title V to expand the creation of new alternative public education opportunities.

That is why I also am pleased that the agreement contains the Per Pupil Facility Financing and Credit Enhancement Initiatives, which will help charter schools facing financial burdens due to their lack of bonding or tax raising capabilities. As a result of their inability to raise resources, charter schools must spend more of their resources on operating costs, and fewer dollars on educational needs, such as hiring qualified teachers. To ensure that charter schools better spend their own resources on academic activities, and to address the special financial problems faced by charters, Title V, Part B, section 5205(b) directs the Secretary to make competitive awards to states as seed money for the development of innovative programs providing annual financing to charters schools on a per pupil basis for operating expenses, facility acquisition, leasing payments, and renovation. The language authorizes $300 million for Part B, but designates $200 million for subpart 1, Charter School Programs, other than 5205(b), and the next $100 million in funding for the purpose of meeting the Per Pupil Facility Financing provisions in section 5205(b). Once funding levels for Part B, subpart 1 reaches $300 million, any new funding above that level will be equally split between 5205(b) and subpart 1, the charter start up program.

To provide clearer understanding of this funding arrangement, I proposed, along with Senator GREGG, the following report language:

> Charter schools are public schools, yet lack the bonding and taxing authority traditionally available to school districts to finance their facilities. As a result, charter schools are forced to use operating revenues that are intended to be spent in the classroom to pay rent or to make debt payments for facilities. States have the primary obligation to address this inequity. But, to stimulate state incentives, this conference report authorizes a limited-term federal role in encouraging states to establish or expand per pupil facilities aid programs.
>
> Conferees support significant funding increases for the charter school program in order to free up resources, as quickly as possible, for the per-pupil financing program, a program that assists charter school in meeting their operating needs, so that charter school resources may be better spent on academic activities.

Title V, Part B, Subpart 2 of this conference report includes language from an amendment, S. Amdt. 518, to the Senate bill, S. 1, which Senators CARPER, GREGG, and I cosponsored to provide funding for a competitive program awarded by the Secretary to entities that develop innovative credit enhancement initiatives that assist charter schools with the costs of acquiring, constructing and renovating facilities. This language was included in the Appropriations agreement for FY 01, but was never authorized under the ESEA. The program is authorized at $150 million, and will provide critical funding for charter schools for renovations and repairs of facilities.

It is my belief that these provisions, combined with the strong public reporting requirements under section 1111 of Title I, will ensure that parents have tools and the options available to make real educational choices.

Title VI.—Flexibility and Accountability of the conference report contained a number of similar concepts as the Three R's bill. The Three R's plan established a clear accountability contract for Federal assistance: the federal government would provide far more resources and more flexibility than ever before to states and localities, and in exchange, states would be held accountable for measurable results. The bill significantly streamlined a wide range of Federal programs into a limited number of priority areas, especially under Titles II, III and VI, reduced the strings attached to those funds, and gave states and local districts broad latitude to focus those funds on their most pressing needs.

The conference report embraces the goal of greater flexibility and puts it into practice, so that local educators can best utilize federal resources to meet their specific challenges and do what is necessary to improve academic achievement. The conference report is not as streamlined as the Three R's plan. But it does consolidate a number of large and small programs, especially under Titles II and III, and provides States and local districts with additional flexibility to transfer funds from different accounts to target local priorities. It also creates two pilot programs to give States and local districts broad discretion to merge and consolidate federal funding.

Regarding Three R's consolidation and transferability, Title VI—High Performance and Quality Education Initiatives of the Three R's consolidated several Federal programs (21st Century Community Learning Centers, Technology programs, Innovative Programs block grant, and the Safe and Drug Free Schools program) into one formula program to States and local districts for the purpose of: (1) providing supplementary assistance for ''School Improvement'' to schools and districts that have been, or are at risk of being, identified as being in need of improvement under section 1116 of Title I; (2) providing assistance to local districts and schools for innovative programs and activities that transform schools into ''21st Century Opportunities for students'' by creating challenging learning environments and providing extra learning time; (3) providing assistance to districts, schools and communities to strengthen existing activities or develop and implement new programs that create ''Safe Learning Environments''; and (4) creating ''New Economy Technology Schools'' by providing assistance for high quality professional development, educational technology infrastructure, technology training for teachers, and technology-enhanced curricula and instructional materials aligned with State content and student performance standards. Districts were required to spend 30, 25, 15 and 30 percent of funds, respectively, on the four areas.

Section 6005 required districts to ensure that programs and activities conducted were aligned with State content and student performance standards under section 1111; to establish annual measurable performance goals and objectives for each program; and to establish measures to assess progress by schools in meeting established objectives as well as holding schools accountable for meeting the objectives. Districts were required to annually publish and widely disseminate to the public a report describing the use of funds in the four purpose areas; the outcomes of local programs as well as an assessment of their effectiveness; the districts progress toward attaining its goals and objectives; and the extent to which such funding uses increased student achievement.

Based on the premise that districts that are achieving academic goals should have greater flexibility in deciding how to spend Federal resources, the Three R's allowed districts that were meeting adequate yearly progress—AYP—established by the State under section 1111, to transfer up to 30 percent of their program funds among the four purpose categories. Districts that were exceeding AYP would be allowed to transfer up to 50 percent of their funds across the four purpose categories.

If districts, however, failed to make AYP for two consecutive years, they would only be allowed to transfer 25 percent of program funds from three categories, and only into the School Improvement category. In addition, the State would have the authority to direct how remaining Title VI funds would be spent in the district. Districts that were under corrective action (as described in section 1116 of Title I) would lose all decision-making capacity over the use of Title VI funds and States would determine how funds would be spent. The bill called for a similar accountability structure between local districts and schools.

Regarding the conference report transferability and flexibility, although the conference report does not call for the same level of streamlining as called for under the Three R's, the Act does provide States and districts with flexibility similar to that established under the Three R's. Title VI,

Section 6123, allows States to transfer up to 50 percent of their State administrative and activity funds among the following Federal programs: Part A of Title II—Teacher and Principal Quality, Part D of Title II—Technology, Part A of Title IV—Safe and Drug Free Schools, Part B of Title IV—21st Century Community Learning Centers and Part A of Title V—Innovative Programs, Block Grants.

In addition, just as the Three R's linked the degree of flexibility allowed to the attainment of adequate yearly progress under section 1111 of Title I, school districts that are making AYP may transfer up to 50 percent of the following Federal program funds: Part A of Title II—Teacher and Principal Quality, Part D of Title II—Technology, Part A of Title IV—Safe and Drug Free Schools, and Part A of Title V—Innovative Programs, Block Grants. School districts that have been identified under section 1116 as being in need of improvement may only transfer 30 percent of the program funds, but shall only transfer funds into their set aside under section 1003 for turning around low-performing schools and into section 1116 activities. States and districts may transfer funds into Title I, but no funds may be transferred out of Title I. School districts in corrective action may not transfer any funds.

In addition, the conference report creates two pilot programs for states and districts to further expand opportunities for greater flexibility. Subpart 3 of Title VI gives the Secretary authority to award ''State Flexibility Demonstrations'' to up to seven states, and allows them to consolidate their state activity and administration funds under the following Federal programs: Part A of Title II, Part D of Title II, Part A of Title IV, Part A of Title V, and section 1004 of Title I. To be eligible, states must also have four to 10 local districts within the state that agree to participate and that will also consolidate similar funds and align them to the State Flexibility Demonstration. At least half of these local districts must be high poverty. Selected states would receive maximum flexibility in spending consolidated funds on any educational purpose authorized under the Act. States that failed to make AYP for two years would have their demonstration terminated.

States participating a demonstration must still meet all the accountability requirements from any of the programs from which funds are consolidated, including meeting the requirement in section 1119 in Title I and Title II that all teachers be highly qualified by the end of the 2005–2006 school year. The Act creates a similar demonstration program for localities. 150 districts (70 of which much come from the seven State Flexibility Demonstration States) may apply for a local flexibility demonstration from the Secretary; however, there shall only be three districts participating in any State (except for the State Flexibility Demonstration States). These local districts would be allowed to consolidate funds from Part A of Title II, Part D of Title II, Part A of Title IV, and Part A of Title V. Participating districts would be given maximum flexibility over the use of funds for any educational purpose under this Act. School districts that failed to make AYP for two years would have their demonstration terminated.

Regarding state accountability, in return for substantial federal investment and flexibility over the use of funds, the Three R's demanded that States be held accountable for greater academic achievement for all students. Title VII of the bill required that States that failed to make adequate yearly progress under section 1111, or its established annual measurable performance objectives under titles II and III be sanctioned. Specifically, it required that, in the case of a state that failed to meet such goals for three years, the Secretary withhold 50 percent of that state's administrative funds from the relevant title. In the case of a state that failed to meet such goals for four years, the Secretary was required to withhold 30 percent of the state's funds under Title VI.

Three R's was based on the premise that states, in addition to school districts and schools, should be held accountable for the attainment AYP, and other state-wide goals and objectives established in Titles II and III. It recognized that in the history of the ESEA, no Secretary has imposed fiscal sanctions on States for failure, and so required that the Federal government impose tough sanctions on states that repeatedly fail to meet their own goals.

This Act does not contain the same degree of state-level accountability as envisioned under the Three R's bill, but does call for meaningful initial steps to hold States accountable for progress, and lays a solid foundation for stronger measures in the future. Specifically, under section 6161 of Title VI, it requires the Secretary of the U.S. Department of Education to, starting two years after implementation, annually review whether states have met their adequate yearly progress—AYP—established under section 1111 and the annual measurable objectives established under Title III. The Secretary must provide technical assistance to states that fail to meet AYP for two years, and may provide technical assistance to states, where any district receiving funds under Title III fails to meet the annual objectives established in such title. In addition, technical assistance must be valid, reliable, rigorous, and provide constructive feedback to each failing state. In order to ensure full public knowledge of a state's failure to meet its goals, the Secretary shall submit an annual report to the Congress containing a list of states that have failed to meet AYP; the teacher quality reporting requirements under section 1119; and a list of states that have failed to meet the annual English proficiency and academic achievement objectives for limited English proficient students under Title III.

In order to clarify the intent behind this language, Conferees agreed to conference report language that makes it clear that Congress expects states identified by the Secretary to develop and implement improvement strategies that address the factors that led to failure and that will ensure the state meets AYP under Title I and its English proficiency objectives under Title III. I believe that this process will enable the Secretary to better follow the progress of states and take steps to help ensure that State meet their own established goals.

In addition, the conference report states:

> Conferees stress that a fundamental purpose of Title I as established under this Act is to hold States, local educational agencies, and schools accountable for improving the academic achievement of all students, and for identifying and turning around low-performing schools. As a result, Conferees expect States to meet their definition of adequate yearly progress to the same degree as local school districts and schools. The Conferees further urge Congress and the Secretary to thoroughly examine the data collected from the State assessment systems and factor such information into future discussions on accountability measures for States, which should include consideration of the use of fiscal sanctions to hold those States that continually fail to meet their definition of adequate yearly progress and fail to improve the academic achievement of all students accountable.

Although I believe that more improvements could be made to better hold State accountable for academic progress, I do believe that the conference report contains strong requirements under sections 1111 and 1116 of Title I, Part A of Title II, and subpart 2 of Part A of Title III, to hold districts and schools accountable for meeting the goals of this Act. Such provisions take a new approach to accountability by requiring districts and/or schools to meet annual goals, make improvements after initial failure, and eventually imposing tough penalties on those that continually fail to improve.

Furthermore, the reporting requirements for state and district report cards in section 1111, and annual reports by States to the Secretary, in section 1111, annual reports by the Secretary to Congress, in section 1111 and section 6161, and the information provided under the National Assessment of Educational Progress as outlined in section 6302, will provide an uncomparable wealth of information on academic achievement for parents, communities and the public. This unprecedented stream of annual information, combined with the substantial increase in public school choice provided to parents in Title I, section 1116, and Title V—Part B, under the Charter Schools Programs and the Voluntary Public School Choice Programs, will provide an infusion of the market forces of transparency, accessibility,

and competition into our nation's public school system. This dynamic will create for some of the greatest accountability that can exist—accountability by parents.

Regarding the National Assessment of Educational Progress, the conference report builds on the basic concept in the Three R's bill to provide parents and communities with greater awareness of the performance of schools as compared to other schools in a local school district, and as compared to other schools in the State. This conference report expands that aim by requiring in section 6302 of Part C of Title VI that States participate biennially in the National Assessment of Educational Progress—NAEP—of fourth and eighth grade reading and mathematics. States shall not be penalized based on their performance on the NAEP, but it is the intent that public knowledge of state performance will help drive states to develop more rigorous content and student academic achievement standards and assessments.

Mr. President, I want to end by briefly thanking my fellow Conference members and their staff for their hard work on this historic conference report, particularly Elizabeth Fay with Senator BAYH, Danica Petroshius with Senator KENNEDY, Denzel McGuire with Senator GREGG, Sally Lovejoy with Representative BOEHNER, Charles Barone with Representative MILLER, as well as all the Conference Committee staff. And, I would like to give a special thanks to Sandy Kress of the White House for all of his efforts in this process, and to Will Marshall and Andy Rotherham of the Progressive Policy Institute as well as Amy Wilkins of the Education Trust for their policy expertise. Finally, I want to thank my own staff for their hard work, particularly Michele Stockwell, Dan Gerstein, and Jennifer Bond.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I yield 3 minutes to my friend from Iowa, the champion for the disabled, the leader in our full funding for IDEA. He has also been a leader in terms of school construction. On so many of these issues, we have profited from his intervention.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank my chairman for his kind words and I thank him for his leadership. There is no doubt we need to make education the top priority in this Nation. No one in the entire country, let alone this Congress, has made this more of a top priority over all of the years we have been working on this issue than the chairman of our committee, Senator KENNEDY. I commend him and I commend Senator GREGG for their leadership and for working to bring this bill to fruition.

There is a lot in this bill. We know kids are behind in science. We know it has been level in the fourth and eighth grades, but we know by the time they get to the twelfth grade they fall way behind. There is no doubt in my mind we need to make schools accountable and we need to make teachers and principals accountable. In order to do that we have to have the resources for it, and that is why I commend my friend, the Senator from Minnesota, Mr. WELLSTONE, who has fought so hard and so eloquently to keep pointing out time and time again we cannot demand accountability unless we include resources. I am hopeful, having passed this bill, that the Bush administration will follow through with support for the appropriations process.

I happen to chair the appropriations subcommittee that funds education. Now that we have the bill and we have the authorization, the next step is to get the appropriations.

I await the Bush budget next year. I want to see the budget President Bush is going to send down and I want to see if he is going to put the money behind the rhetoric and leave no child behind. That is really going to be the true test next year, the budget the President sends down.

Lastly, I want to thank all of the Senators who have worked so hard to try to get full funding for special education, to get it on the mandatory side, to get it off the plate where we are pitting kids with disabilities against other kids in our schools, to just get rid of that once and for all and make special education a mandatory funding item.

We had that in our bill. It was supported in the Senate by both Republicans and Democrats, and in conference, I might add. It was only because of the intransigence of the administration, in holding the Republicans on the House side, that we did not get full funding and we did not get mandatory funding for special education. One of the biggest losses in this bill is that we did not get mandatory full funding for special education because now we are going to be right back in that same rut again, with kids with special needs in schools fighting with their parents saying why should they get all this money, what about our kids in schools? And you are going to have continued problems until we step to the plate and we provide that 40 percent of funding we promised 26 years ago.

Lastly, I thank the chairman and Senator KENNEDY and Senator GREGG for including two provisions which I think are extremely important. One is the elementary and secondary school counseling program. I believe a lot of this violence is because kids are not getting good counseling. I thank them for keeping it in.

The second is the effort and equity formula for title I. It is important that States put in more money and equalize their funding so our poor kids get the money they need in the schools.

I thank Senator KENNEDY and Senator GREGG for keeping those two provisions in the final bill.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I yield 2 minutes to our friend from Michigan, Senator STABENOW.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, I congratulate and thank Senator KENNEDY and Senator GREGG for their leadership and the tremendous amount of manhours to bring this legislation to this point. I thank all my colleagues deeply involved in this issue.

It is said that knowledge is power. We know that our country's economic engine is fueled by a skilled workforce. It is critical we focus on education. I know the main goal of the compromise bill is to narrow, over a 12-year period, the educational achievement gap between the poor, disadvantaged students and their more affluent peers, and between minority and nonminority students. Wide achievement gaps between these groups have been tolerated for decades at great personal and social cost.

We need to constantly repeat the fact that accountability is not just a test. It is parents, teachers, administrators, communities, and, yes, it is resources. I appreciate the fact there are additional resources designated in this bill.

However, while I intend to support this legislation, I am deeply disturbed and disappointed that we are not taking the opportunity to finally fulfill a 25-year promise regarding special education in this country. Fully funding IDEA is something whose time is past due. While it is not in this legislation, I am very concerned that we continue the fight so next year IDEA is reauthorized and we finally get it done.

As I talk to schools in Michigan, they tell me there would have been an additional $460 million available to children in Michigan this year if we had just kept our promise.

Congratulations to all involved. We have more work to do and I look forward to working together.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I yield 3 minutes to the Senator from Florida who took a special interest in bringing greater targeting of funds to be used more effectively and also for further evaluation of the students to consider some of the challenges they are facing in their ability to learn.

The PRESIDING OFFICER. The senior Senator from Florida is recognized.

Mr. GRAHAM. I thank Senator KENNEDY for the leadership he has given over many years which has brought us to this point today.

I am very supportive of this legislation and will vote for it with enthusiasm. I do point out there are some areas where I think further action will be required. As we began this debate, there was an assumption, maybe a tacit assumption, that there was a common set of reasons for school failures. That tacit assumption was reinforced by the suggestion that for every

school failure there would be a one-size-fits-all prescription. That was school vouchers. The Senate and the conferees have wisely not adopted this approach.

However, there still remains the issue of an intelligent process to determine why schools fail. The reality is, anyone who has spent time in a variety of schools, as I know our Presiding Officer and I have had the opportunity to do, there are a variety of reasons why a school might be considered failing. Some of the reasons have to do with what is happening inside the school. Some of those reasons have to do with the neighborhood, the environment, the circumstances from which the students come and which adverse circumstances they bring to the schools.

For instance, it might be that an absence of effective health care causes students to come to school with a limited ability to learn. It may be because of nutritional restrictions. It may be because there are not sufficient activities in the communities to support what is happening inside the school. This legislation recognizes that and provides for a diagnostic process in which, when a school is identified largely based on the testing process, there will be a determination made as to what the reasons were for that specific school failing to educate its students.

This will put new responsibilities on a variety of institutions. It will put responsibilities on the community to provide resources through things such as public health services as well as nongovernmental agencies such as the United Way, YMCA, and the Boys and Girls Club, and on the Federal Government to bring to bear its agencies, particularly the Health and Human Services, to provide assistance in dealing with those out of the classroom reasons why schools are failing.

Again, I commend the conferees for their good work. I point out that this is an important chapter, but we have more chapters yet to be written. They will require the cooperation of all groups I have referred to in order to see we comprehensively deal and provide the appropriate description to why that specific school is failing.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. When I think of teacher recruitment, principal recruitment, rebuilding schools, or full funding, I think of the Senator from New York. I yield to the Senator from New York for 2 minutes.

Mrs. CLINTON. Mr. President, I thank our chairman for his extraordinary work. I also appreciate the leadership of our ranking member and indeed the entire committee that has worked so hard for nearly a year and has finished the work in a conference that has resulted in a bill which will in many respects increase the opportunities that our students will have for achieving the kind of educational levels for which every child deserves to strive.

We know this bill is far from perfect. However, we do know we have made a step forward. I appreciate greatly the targeting of title I funding, particularly for the highest need school districts in the State of New York. We will receive a 25-percent increase in title I funds and a 40-percent increase in teacher quality funds. For our neediest communities, that means a dramatic improvement in the resources available to focus their attention on those children for whom this bill is intended.

I share the disappointment of many of my colleagues that we were not able to bring about the full funding of special education. That is the No. 1 issue in New York that I hear about, whether I am in an urban, rural, or suburban district. I pledge to work with my colleagues in a bipartisan manner and to work with the administration so that next year when we reauthorize IDEA, we also fully fund it and make good on a promise that we gave to the American people more than 25 years ago.

I also appreciate the kind words of the chairman about teacher and principal recruitment, which was one of my highest priorities. If we do not attract and keep quality teachers in our classroom, everything that is in this bill will not amount to very much. We have to be sure we get the teachers and principals we need.

I am glad we have taken this step forward. I hope my colleagues will continue to support education for every child.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Senator GREGG, we will try to do this again.

First of all, I thank my colleagues for their fine work. Second, it is a little frustrating for me. There are many provisions in this bill that I had a chance to work on and to write. I am proud of it. But I have to say to the Senator and especially my conservative friends that this is a stunning unfunded mandate. You are taking the essence of grassroots political culture and school districts and telling every school district and every school to test every child in grades 3, 4, 5, 6, and 7—not just title I but every child in every school.

I have heard discussions about national priorities. This bill now makes education a national priority. But the only thing we have done is have a Federal mandate that every child will be tested every year, but we don't have a Federal mandate that every child will have the same opportunity to do well in these tests. If they do not do well, they will need additional help.

Colleagues, just because there is money for the administration of the tests doesn't mean this isn't one gigantic unfunded mandate.

Look at this in the context of recession, hard times, and the cutbacks in State budgets and cutbacks in education. Look at this in the context of our now adding a whole new requirement and telling every district they have to test, having high stakes and holding the schools accountable.

My colleague from New Hampshire said: Senator WELLSTONE, you are talking about the IDEA program, but that is not really ESEA, and that is separate from title I.

That is not what I hear in Minnesota.

I thank Senator HARKIN for championing this cause. What I hear at the local level is if we had given Minnesota the $2 billion they would have gotten if we made it mandatory on a glidepath for full funding over the next 10 years, and $45 million this year, I was told we would put 50 percent of it into children with special needs. But then we could have additional dollars for other programs. Right now, the Federal Government has not lived up to its promise. We are now taking our own money that we could be using for afterschool, for technology, for textbooks, for teacher recruitment, and we have to spend that money; whereas, we would have that additional money available if you would just provide the funding for IDEA. You can't separate funding for IDEA from any of the other educational programs.

This is not just about the children who have a constitutional right to have the best education. That is Senator HARKIN's, and it is his soul. He has made that happen.

This is also about all the other children and support for educational programs at the local level. Title I money has gone up. But in the context of economic hard times and all the additional families and children who are becoming barely eligible, I will tell you something. I know that some Senators do not like to hear this. We are in profound disagreement on this.

I think in our States we are going to hear from school board members and teachers, and we are going to hear from the educational community. They are going to say to us: What did you do to us? You gave us the tests, and then you gave us hardly anything that you said you would give us when it came to IDEA. You didn't provide the resources. You made this a giant unfunded mandate. You say you are going to hold our schools accountable, but by the same token, you haven't been accountable because you have not lived up to your promise.

They are right. I think there is going to be a real negative reaction from a lot of States. In my State of Minnesota, we have hard economic times. We are cutting back on education. We are laying off teachers.

I have two children who teach in our public schools. I have been to a school about every 2 weeks for the last 11 years. I believe I know this issue well. We are seeing all of these cutbacks. Minnesota is going to say: Why didn't you live up to your promise? You have given the tests and all this rhetoric about how it is a national priority, and I don't believe the Bush administration is going to make this a commitment next year. I do not know that you do.

Frankly, they now have this education bill. This was our leverage, which was to say we can't realize this goal of leaving no child behind—not on a tin cup budget—not unless you make this commitment. And there will be no education reform bill because it can't be reformed unless we live up to our commitment of providing the resources. And we have not.

I was in a school yesterday—the Phalen Lake School. I loved being there. It is on the east side of St. Paul. I don't think one of the students comes from a family with an income of over $15,000, or maybe $10,000 a year. It is just a rainbow of children with all kinds of culture and history. They are low-income children in the inner city.

Do you know why I went. They raised money to help the children in Afghanistan. The President asked them to do so. They are all beautiful. I loved being there. But do you want to know something. I know what those children need because there are teachers who tell me what they need. They need the resources for more good teachers and to retain those teachers. They need to come to kindergarten ready to learn without being so far behind.

Where is our commitment to affordable child care? We have $2 trillion in tax cuts, and $35 billion or $40 billion in the energy bill as tax cuts for producers. Where is the commitment to developmental child care from this Congress?

I know what they need. They need more afterschool programs. They need a lot more title I money—not just 33 percent or 34 percent of these children but many more children, and more help for reading and smaller class size. They need all of that. We could have provided them a lot more, and we didn't.

I will vote no.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes 48 seconds.

Mr. GREGG. Mr. President, I again thank Senator KENNEDY and all the members of our staffs. I went over that in some length, and I specifically thanked our staff yesterday. I want to renew my thanks for their efforts. It has been extraordinary.

I also thank other members of the committee who worked with me from both sides of the aisle, and also the White House for its assistance.

I think it is important to note as we go into the final moments of this debate that we would not have gotten to this point unless we had the President, who understood how to lead on an issue of national importance.

The fact is that President Bush understands almost in a visceral sense—it totally absorbs him and his wife—that children are being left behind because our educational system is not working, and that we need fundamental reform of that system in order to try to improve it.

He came into office and was willing to lay out a very clear path for us as a Congress and as a Government to follow in trying to assist in the Federal role in elementary and secondary education. Because he was willing to lay out that path, we were able to pass a bill which takes major strides down the road to try to improve education in this country.

We all understand this is neither the end nor the beginning of the issue. We all understand that the Federal role in education is the tail of the dog.

We also understand, however, that the Federal role in education is not working, that we had 35 years of effort, that we had spent $130 billion, and that we still have low-income children falling further and further behind and that something has to be done to try to address that. He has readjusted the whole approach. He has set up a program which is, No. 1, child-centered rather than bureaucracy-centered; that empowers parents and gives parents, especially of low-income children, an opportunity to do something when their children are locked into failing schools, gives them choices; gives the local communities much more flexibility over the dollars they are going to get from the Federal Government. But in exchange for that flexibility, we are going to expect academic achievement, and we are going to have accountability standards that show us whether or not the academic achievement is being obtained.

In the end, what we are doing with this bill essentially is creating opportunities for local school districts, States, and especially parents to take advantage of using their Federal dollars in a more effective way to educate the low-income child, and hopefully have that child be competitive with his or her peers.

In the end, we also understand that it will be the responsibility of the parents, of the schoolteacher, of the principal, and of the school system that is locally based to make the tough decisions and do the work that is necessary to produce the results and have the children compete.

At least that is the Federal role. We are now setting up a framework which will greatly assist parents, schools, and teachers in accomplishing that goal of making the low-income child competitive in America so they can participate in the American dream.

I especially want to thank the chairman of the committee for his efforts and for his courtesy during the markup of this bill.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 5 minutes 26 seconds.

Mr. KENNEDY. I yield myself an additional 2 minutes of the leader's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, we have had a very good discussion and debate today and yesterday. I expect we will have an overwhelming vote in support of the conference report by Senators from all different parts of the country who have varying views on educational issues. We recognize this is an important step forward.

I want to acknowledge, as I have on other occasions, the strong leadership of President Bush. This was a unique undertaking on his part. I can remember, as I am sure the Senator from New Hampshire can, being in this Chamber 2½ years ago when we had 3 weeks of debate in the Chamber and were unable to come to any kind of common position. We were facing the fact that the program that reaches out to the neediest of children was effectively going to be awash at sea.

That has changed. The President deserves great credit for that. Credit also goes to the able chairman of our conference, Congressman BOEHNER, our leader over in the House on education issues. There are many who contributed to this conference report, but GEORGE MILLER brings a special commitment to education, as does my friend and colleague from New Hampshire, Senator GREGG.

The reason this issue is so important is that it affects every family in this country; it is one that goes back to the earliest times of our Nation. Our Founding Fathers understood the importance of educating the whole of the public. It isn't just an accident that the first public schools were developed in this country. It was a really fundamental commitment that all the children were going to be educated. Virtually all the constitutions of our States are committed to the States ensuring a quality education for all the children of this Nation. That has not always been the case.

We have seen the great social movements that have taken place in this Nation. We understand the strong drive of parents for a quality education. It was at the heart of the women's movement. It was not only the right to vote, but the women's movement understood that young ladies, young girls ought to be able to receive a quality education. It took a long time, and now it would be unthinkable if we said we were going to educate everyone but women in our society.

Then it became the principal civil rights issue in the 1950s. Long before Dr. King and others spoke about civil rights, the principal civil rights issue was, were minorities going to be able to gain an education by opening up the doors of education? It became the principal civil rights issue.

We can understand why we have seen the progress we have made for the disabled in recent times. We have heard the statements by the Senator from Iowa, the Senator from Nebraska, and the Senator from Vermont about trying to assure a quality education for those students, which really follows a national concern and commitment that has been part of our tradition. We have

not always reached that commitment. But I think, when history examines where we have been and where we are going, those who have followed this issue will believe this is a historic piece of legislation and one that deserves the support of all of the Members of this body.

The legislation before us today is a blueprint for progress in all of the Nation's schools. It proclaims that every child matters—every child, in every school, in every community in this country. That is why this legislation is so important. School improvement and school reform are not optional; they are mandatory for us to achieve if we are going to meet our responsibilities to the next generation. When we fail our students, we fail our country. We cannot expect the next generation of Americans to carry the banner of progress and opportunity if they are not well prepared for the challenges that lie ahead.

This is a defining issue about the future of our Nation and about the future of democracy, the future of liberty, and the future of the United States in leading the free world. No piece of legislation will have a greater impact or influence on that.

In conclusion, what are we really trying to do? Now that we have put this issue into some kind of framework, we are assuring American families this is what this legislation is really all about: Greater opportunity for all of our students to achieve high standards. Extra help will be there for students in need. We are committed to high-quality teachers. We are committed to extra help in mastering the basics. We are committed to reducing the dropout rate. We are committed to providing guidance counselors. We are committed to assist young children who need mental health counseling. We are committed as well to the advanced placement in foreign language, American history, civics, economics, the arts, physical education, and the gifted and talented, and character education.

We have the pathways to American excellence. We are saying to families: If your child is doing well, with this legislation your child will do even better; if your child is failing in the public schools, with this legislation they will get the help they need.

This is the challenge for the schools: Reform in our American schools, having high standards, high expectations. We are going to insist on teacher training and mentoring, high-quality teachers in every classroom, smaller class size, early reading support, violence and drug prevention programs, more classroom technology, afterschool opportunities, high-quality bilingual instruction, new books for school libraries, and greater parental involvement.

This is the third and the important final dimension. This is the power we are going to be giving parents in States and local schools all across this country so that they will know what the achievement is for all the students, not only their own but the other children who are in the classes, including children with disabilities and those with limited English proficiency, and minority and poor children. They will be able to find out what their graduation rates are, what the quality is of the teachers in those classrooms in high-poverty and low-poverty schools, and the percentage of highly qualified teachers.

This is our commitment. We are challenging the children in this Nation. We are challenging the schools in this Nation. And we are challenging the parents in this Nation. As has been pointed out in the course of the debate, finally, we are going to challenge ourselves. Are we in this Congress going to make this kind of an opportunity realized for all children in America, not just a third, but for all children to move along? That is a battle that is going to be fought on this Senate floor day in and day out over the years in the future. Are we going to expect that the States are going to meet their responsibilities in fulfilling this kind of a promise?

Those are the kinds of challenges we welcome. But we are giving the assurance to the American families that help is on its way.

This legislation deserves our support. I hope we will have an overwhelming vote on its adoption.

Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mrs. CLINTON). Is there a sufficient second?

There appears to be.

The yeas and nays were ordered.

Mr. KENNEDY. Madam President, I ask unanimous consent that at the conclusion of this vote, the staff be entitled to be make technical amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, soon we will vote on passing H.R. 1—the Better Education for Students and Teachers, BEST, Act. As everyone knows, President Bush campaigned last year with a promise to do all that he could in the realm of education so that we as a nation would ''Leave No Child Behind.''

The Republican majorities in the Senate and the House responded to the President's focus on comprehensive education reform by putting it at the top of the agenda in both chambers. The first bills introduced in both the Senate and the House—S. 1 and H.R. 1—were both named the Better Education for Students and Teachers Act. It is the conference report to that legislation that we are about to vote on, pass, and send to the President for him to sign into law as he promised.

President Bush recognizes that with almost 70 percent of our fourth graders who are unable to read at even a basic level, our children were and are at risk of being unable to compete in an increasingly complex job market. We all recognize that the ability to read the English language with fluency and comprehension is essential if individuals, old and young, are to reach their full potential in any field of endeavor. As the saying goes: Reading Is Fundamental. And again, as President Bush has said, none of our children should be left behind because they can't read.

In reforming education, Republicans have always sought to maximize local control and flexibility over both education policy and federal funding while requiring schools to be accountable for the ultimate performance of their students. School accountability means schools must respect the rights of parents to know about their child's performance as well as the quality of a child's instructors and learning environment.

That is why the most significant change under the new law is that parents are empowered with new options. For the first time, parents whose children are trapped in failing public schools will be able to demand that a local school district give them a portion of the money available for their child under the Title I Disadvantaged Children program—approximately $500 to $1,000—so the parents can use it to get their child outside private tutorial support. Such tutorial support can come from public institutions, private providers or faith-based educators. Groups such as the Sylvan Learning Center, Catholic schools, the Boys & Girls Club, and a variety of other agencies will be able to help these children come up to speed in the areas of math and English. This provision has the potential to fundamentally impact the way low-income children are educated in America.

Not only will parents have the right to demand money for tutorial assistance for their children, but whenever their children are trapped in failing public schools they will also be able to demand that their child be able to attend another public school which is not failing—and to have their child's transportation costs to the new school paid for by the local school district. This ensures parents are able to access better performing schools for their children.

So, while the bill does not allow parents to access private schools as some have proposed, it does allow a parent to get their child out of a failing public school and move them to a public school where they can get adequate education. The effect of this strong public school choice provision will be to put pressure on those public schools within a major school system that are failing to improve or find itself without any students. But fundamentally, this provision gives parents a viable option for giving their child a chance to succeed not just in school, but in life.

Groups of concerned parents and educators will also have enhanced rights under the BEST Act. The bill creates a major new expansion of self-governing Charter Schools. Charter Schools enable parents, educators, and interested community leaders to create schools

outside the normal bureaucratic structure of moribund educational establishments and much of the red tape contained in local, state, and federal regulations. This legislation will significantly expand the opportunity for parents, foundations, and other groups to create Charter Schools and help them succeed without interference from education bureaucrats and politicians who are hostile to Charter Schools.

One of our primary goals in this bill as Republicans was to give states and local communities significantly more flexibility over the management of Federal dollars they receive, and to pared down the amount of red tape that comes with the Federal dollars. While not as strong as we would have liked, there are a series of initiatives in this bill that offer significant help in this regard.

State and local governments, and local school districts, will be able to move up to 50 percent of their non-title I funds from one account to another without Federal approval. This means funding for teacher quality, technology innovation programs, safe and drug-free schools, and other programs would all be open to movement of Federal funds from account to account depending on where a State or local community, and not Washington, DC, feels that it can get the most benefit from the dollars.

In addition, 150 school districts—at least three per State—would be able to apply for waivers from virtually all Federal education rules and requirements associated with a variety of ESEA programs, in exchange for agreeing to obtain higher than required levels of achievement for their low-income students. This provision gives local communities dramatic new flexibility in running their schools.

Seven whole States, if they volunteer, may participate in a demonstration program which would allow Federal funds—other than title I funds—to be used by the State for any educational activity authorized by H.R. 1. Therefore, States would have greater control over such funds as the innovative block grant program, State administration component of title I, State administration/State activities components of title I, Part B and other Federal funds.

Another significant accomplishment of this bill is the streamlining and consolidation of the number of Federal education programs, which often led to confusion and duplication of efforts. Under current law there are 55 Federal education programs for elementary and secondary schools. This bill makes a down payment on further consolidation by reducing the total number of programs to 45, despite creating several new programs in the bill. This consolidation, although not as dramatic as one would like, is a significant improvement.

The bill also includes reforms to improve teacher quality and training. It includes the Teacher Empowerment Act which takes numerous existing professional development programs for Teachers and the current Class Size Program and merges them into one flexible program which allows local districts to use the funds as they see best for the purposes of hiring teachers, improving teacher professional development, or providing merit pay or other innovative ways to reward and retain high quality teachers.

The bill continues the initiative in current law called the Troops to Teachers program that encourages retired members of the Armed Services to become teachers. The bill also directs that 95 percent of the Federal funds targeted for teacher quality go directly to local school districts. And while the bill provides funds to be used for the recruitment of hiring qualified teachers, it explicitly prohibits funds from being used to plan, develop, implement or administer any mandatory national teacher or professional test or certification. In other words, Federal funds cannot be used to create a national teacher certification system.

Teachers are also given legal protection under the Teacher Liability Act contained within the bill which will shield teachers, principals and other school professionals from frivolous lawsuits. It is a major piece of lawsuit reform that will help ensure that teachers and other school professionals have the ability to maintain discipline, order, and a proper learning environment in the classroom without having to fear losing their home or their life savings.

H.R. 1, the BEST Act, also reorganizes bilingual education initiatives so that the emphasis is now on teaching English rather than separating children who do not speak English and putting them into an atmosphere where they never actually learn English. It also gives the parents of bilingual children the right to demand information about the classes and instructional programs their children are placed in. Most importantly, they are given the right to object to their children's placement or classes to ensure that their children do not end up being locked in a limited-English situation. This is one of the bill's most significant achievements as it involves much needed reforms to a program critical to the success of students with limited English proficiency. It provides accountability to a program which has been misdirected for too long.

The final major accomplishment of H.R. 1 is that it imposes stringent accountability standards on schools and their performance with the goal of assuring that low income students are learning at a level that is equal to their peers. In accomplishing this goal, the bill specifically prohibits federally sponsored national testing or Federal control over curriculum. It sets up a series of tests to ensure that any national test, such as NAEP, which is used for evaluation purposes is fair and objective, and does not test or evaluate a child's views, opinions, or beliefs.

The bill also includes a trigger mechanism so that State based testing requirements are paid for by the Federal Government, not states or local school districts, thus avoiding an unfunded mandate.

Finally, the bill contains several provisions which are important to ensure that Federal funds are used appropriately and objectively without bias. The bill denies Federal funds to any school district that prevents or otherwise denies participation in constitutionally-protected voluntary school prayer. Funding is also denied any public school or educational agency that discriminates against or denies equal access to any group affiliated with the Boy Scouts of America. It requires that the Nation's Armed Forces recruiters have the same access to high school students as college recruiters and job recruiters have. Schools will also be required to transfer student disciplinary records from local school districts to a student's new private or public school so discipline and safety issues are fully appreciated and anticipated by administrators, teachers, parents, and, of course, new classmates at their new school.

President Bush's agenda for education reform as embodied in this bill serves as a framework for common action, encouraging all of us, Democrat, Republican, and Independent, to work in concert to strengthen our elementary and secondary schools to, as the President says, ''build the mind and character of every child, from every background, in every part of America.''

Madam President, I do want to say, since we are about to begin the vote, how much I appreciate the outstanding leadership and work that has been done by Senator GREGG and Senator KENNEDY. Without their indomitable spirit, it would not have happened. We are indebted to them.

I yield the floor.

Mr. DASCHLE. Mr. President, it has been said that free schools preserve us as a free Nation. I believe that this education bill will strengthen our schools, and strengthen our Nation long into the future.

Much has happened since we began work on this bill to update Federal elementary and secondary education programs.

We were well on our way to reaching a bipartisan consensus on this bill last spring when control of this institution changed.

That unprecedented shift could have thrown this effort into the limbo of partisan gridlock. But we continued to move forward and in June, we passed a strong, bipartisan bill.

Then came the terrible events of September 11 and, a month after that, the anthrax attacks.

Even as we focused on urgent national security concerns, from strengthening airline security to making sure our military has what it needs to dismantle the terrorists' networks, members of the education conference

committee continued to work together and iron out differences between the Senate and House versions of this bill.

No one deserves more credit for getting this bill done this year than TED KENNEDY, a man who has spent the last 40 years of his life working to make sure that every child in America has the opportunity to go to a good public school.

I want to commend Chairman KENNEDY, and all the members of the conference committee who worked long and hard on this bill, and kept their eyes on the prize, even during the turmoil of the last three months.

President Bush also deserves credit for helping to put education first, and convincing the doubters in his party that the Federal Government must be a partner in the effort to strengthen America's public schools for all children.

The last time we authorized the Elementary and Secondary Education Act, there were those in the President's party who advocated abolishing the Federal role in education. Instead, President Bush came to us with a serious proposal and a serious commitment to make progress for our children.

He built his proposal around the principle that all children must be given the chance to succeed in school. He agreed that we must have high standards for success in every classroom in every school in every community.

He recognized that reading is, indeed, the foundation of all learning. Without reading, the job manuals and newspapers stay closed, the Internet is a dark screen, the world of discovery is worlds away, and the promise of America is, simply a closed book.

He said we have to measure results, so parents and communities can know what is working, and what isn't.

We were pleased that the President was willing to support several measures Democrats have long advocated.

This new law sets high standards for all teachers. It also provides communities with help, if they need it, to recruit, hire and train new teachers so that every classroom can be led by a qualified, effective teacher.

Under this law, low-performing schools will get the help they need to turn around, and face consequences if they fail.

Immigrant and bilingual children who need extra help to succeed in school and learn English will get that help.

And communities that require help meeting the needs of their most disadvantaged students will get it.

I am pleased that the conferees stripped provisions that many of us thought would ultimately be damaging to public schools. The bill does not allow limited Federal resources to be siphoned off to private schools through ill-advised voucher schemes. It also does not give States blank checks with no accountability, as had been proposed by supporters of the Straight As block grant program.

I am disappointed, however, that this bill does not provide full funding for the Individuals with Disabilities Education Act, or IDEA. Senator JEFFORDS is right: we made a commitment more than 25 years ago to provide 40 percent of the cost of this program; so far, we have failed in that commitment. We need to do better.

Though we finish this bill today, the work of improving our children's schools does not end. This bill lays out a blueprint for reform. But we know that real reform cannot occur without real resources.

Our schools face real challenges: the generation now passing through our schools has surpassed the Baby Boom in size, and school enrollments are expected to rise for the next decade; a large part of the teaching corps is getting ready to retire. Schools will have to hire more than 2 million new teachers over the next decade; diversity in the classroom is increasing, bringing new languages, cultures, and challenges; technology is revolutionizing the workplace and our society as a whole. Schools must keep up with the pace of change, by helping students gain important skills in technology, and by taking advantage of technological capabilities to advance learning for all children.

The first test of whether we are serious about meeting those challenges and keeping the commitments this bill makes will occur this week, when we take up the Labor-HHS appropriations bill.

The details of that bill are still being finalized, but we expect it will provide communities with an additional $4 billion to meet their new responsibilities under these programs. We must make sure that money is there not only next year, but every year.

This bill meets many of our greatest education challenges in word. I hope that this and future Congresses will ensure the resources are there to meet them in deed.

That is the only way that we can strengthen our schools and move our Nation closer to becoming a land of opportunity for every child.

It is with the understanding that we still have work ahead of us, I give this bill my strong support, and I urge my colleagues to do so as well.

The PRESIDING OFFICER. The Senator from Minnesota has 3 minutes remaining.

The Senator from Minnesota.

Mr. WELLSTONE. Madam President, actually, I think I have said what I wanted to say. I feel as though I was speaking for a lot of people in Minnesota and around the country.

My colleagues, I have figures I will leave everyone in terms of our national commitment.

In 1979, close to 12 percent of the Federal budget was devoted to education. It is now down to 7 percent.

If we just were where we were in 1979, 30 some years ago, we would be allocating an additional $21 billion to education today. I have heard colleagues say that this is all about equal opportunity for every child. There is nothing I believe in more. I know Senators can agree to disagree.

If I had one vision, one hope, one dream that I cared more about for Minnesota and the country than any other, it would be that every child, starting with the littlest of the children, regardless of color of skin, urban/rural, income, gender, every child would have the same chance to reach her or his full potential. That is the goodness of our country.

When I was in Phalen Lake school yesterday, that was the goodness of that school, those teachers and what they were trying to do under incredibly difficult circumstances. I wish I could believe that this bill lived up to that promise. When I look at the resources, it doesn't.

Make no mistake about it, a test every year doesn't give our schools the resources to either recruit or to retain more teachers. A test every year does not lead to smaller class size. It doesn't lead to better lab facilities. It doesn't lead to more reading help for children who need the help. It doesn't lead to better technology. It doesn't lead to more books. It doesn't lead to making sure the children are prepared when they come to kindergarten. Many of them are so far behind. It doesn't mean we will have afterschool programs. It doesn't mean any of that.

I am all for accountability. I am all for testing and accountability to see how the reform is doing. I am not for the argument that the actual testing represents the reform.

We have done one piece, the accountability. We haven't given our children and our schools and our teachers the resources they need.

One final time, I have shouted it from the mountaintop 1,000 times on the floor: Mr. President, you cannot realize the goal of leaving no child behind, the mission of the Children's Defense Fund, on a tin cup budget. That is what you have given us.

I vote no.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the conference report to accompany H.R. 1.

The yeas and nays have been ordered. The clerk will call the roll.

The senior assistant bill clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) is necessarily absent.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS) and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

I further announce that if present and voting the Senator from North Carolina (Mr. HELMS) would vote ''no.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 87, nays 10, as follows:

[Rollcall Vote No. 371 Leg.]

YEAS—87

Allard	Domenici	Lugar
Allen	Dorgan	McCain
Baucus	Durbin	McConnell
Bayh	Edwards	Mikulski
Biden	Ensign	Miller
Bingaman	Enzi	Murray
Bond	Feinstein	Nelson (FL)
Boxer	Fitzgerald	Nickles
Breaux	Frist	Reed
Brownback	Graham	Reid
Bunning	Gramm	Roberts
Burns	Grassley	Rockefeller
Byrd	Gregg	Santorum
Campbell	Harkin	Sarbanes
Cantwell	Hatch	Schumer
Carnahan	Hutchinson	Sessions
Carper	Hutchison	Shelby
Chafee	Inhofe	Smith (NH)
Cleland	Inouye	Smith (OR)
Clinton	Johnson	Snowe
Cochran	Kennedy	Specter
Collins	Kerry	Stabenow
Conrad	Kohl	Stevens
Corzine	Kyl	Thomas
Craig	Landrieu	Thompson
Crapo	Levin	Thurmond
Daschle	Lieberman	Torricelli
DeWine	Lincoln	Warner
Dodd	Lott	Wyden

NAYS—10

Bennett	Hollings	Voinovich
Dayton	Jeffords	Wellstone
Feingold	Leahy	
Hagel	Nelson (NE)	

NOT VOTING—3

Akaka	Helms	Murkowski

The conference report was agreed to.

Mr. KENNEDY. I move to reconsider the vote.

Mr. DASCHLE. I move to lay that motion on the table. The motion to lay on the table was agreed to.

CORRECTING ENROLLMENT OF H.R. 1

Mr. DASCHLE. Madam President, I ask unanimous consent that the Senate proceed to the consideration of H. Con. Res. 289, which is at the desk; that the Kennedy-Gregg amendment to the concurrent resolution be considered and agreed to, and the motion to reconsider be laid upon the table; that the concurrent resolution, as amended, be agreed to, and the motion to reconsider be laid upon the table, without intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2640) was agreed to, as follows:

Strike all after the resolving clause and insert the following: ''That in the enrollment of the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, the Clerk of the House of Representatives shall make the following corrections:

On page 1, in section 2 of the bill, insert the following after the item for section 5:

''Sec. 6. Table of contents of Elementary and Secondary Education Act of 1965.''.

On page 1, in the item for section 401 of the bill, strike ''century'' and insert the following: ''Century''.

On page 1, strike the item for section 701 of the bill and insert the following:

Sec. 701. Indians, Native Hawaiians, and Alaska Natives.

On page 2, in the item for section 1044 of the bill, strike ''school'' and insert the following: ''School''.

On page 4, in the item for section 1121, strike ''secretary'' and ''interior'' and insert the following: ''Secretary'' and ''Interior''.

On page 5, in the item for section 1222, strike ''early reading first'' and insert the following: ''Early Reading First''.

On page 6, in the item for section 1504, strike ''Close up'' and insert the following: ''Close Up''.

On page 6, strike the item for section 1708.

On page 12, in the item for section 5441, strike ''Learning Communities'' and insert the following: ''learning communities''.

On page 14, in the item for section 5596, strike ''mination'' and insert the following: ''Termination''.

On page 25, line 31, strike ''Any'' and insert the following: ''For any''.

On page 25, line 32, after ''part'' insert the following: '', the State educational agency''.

On page 25, line 33, after ''developed'' insert the following: ''by the State educational agency,''.

On page 30, line 3, after ''students'' insert the following: ''(defined as the percentage of students who graduate from secondary school with a regular diploma in the standard number of years)''.

On page 33, after line 35, insert the following:

''(K) ACCOUNTABILITY FOR CHARTER SCHOOLS.—The accountability provisions under this Act shall be overseen for charter schools in accordance with State charter school law.

On page 34, lines 2, 15, and 31, strike ''State'' and insert the following: ''State educational agency''.

On page 38, line 29, strike ''section 6204(c)''and insert the following: ''section 6113(a)(2)''.

On page 39, line 11, strike ''(2)(i)(I)'' and insert the following: ''(2)(I)(i)''.

On page 40, line 22, strike ''State'' and insert the following: ''State educational agency''.

On page 41, lines 28, 33 (the 2d place it appears), and 35 strike ''State'' and insert the following: ''State educational agency''.

On page 42, lines 8, 19, 23 (each place it appears), and 27, strike ''State'' and insert the following: ''State educational agency''.

On page 44, lines 24 and 35, strike ''State'' and insert the following: ''State educational agency''.

On page 46, lines 6 and 7, strike ''A State shall revise its State plan if' and insert the following: ''A State plan shall be revised by the State educational agency if it is''.

On page 46, lines 12 and 13, strike ''by the State, as necessary,'' and insert the following: ''as necessary by the State educational agency''.

On page 46, lines 15 and 16, strike ''If the State makes significant changes to its State plan'' and insert the following: ''If significant changes are made to a State's plan''.

On page 46, lines 19 and 20, strike ''the State shall submit such information'' and insert the following: ''such information shall be submitted''.

On page 48, line 23, strike ''(b)(2)(B)(vii)'' and insert the following: ''(b)(2)(C)(vi)''.

On page 50, lines 2, 12, and 18, strike ''State'' and insert the following: ''State educational agency''.

On page 52, line 9, strike ''State'' and insert the following: ''State educational agency''.

On page 62, lines 3 and 4, strike ''baseline year described in section 1111(b)(2)(E)(ii)'' and insert the following: ''the end of the 2001–2002 school year''.

On page 90, line 10, strike ''defined by the State'' and insert the following: ''set out in the State's plan''.

On page 94, line 32, strike ''State'' the first place it appears and insert the following: ''State educational agency''.

On page 104, line 25, insert the following: ''identify the local educational agency for improvement or'' before ''subject the local''.

On page 120, line 28, after ''teachers'' insert the following: ''in those schools''.

On page 130, line 34, strike ''subsection (b)'' and insert the following: ''subsection (c)''.

On page 185, lines 24 and 25, strike ''fully qualified'' and insert the following: ''highly qualified''.

On page 227, line 16, strike ''subsection (c)(1)(F)'' and insert the following: ''subsection (c)(1)''.

On page 227, line 17, strike ''9302'' and insert the following: ''9305''.

On page 274, line 23, strike ''States'' and insert the following: ''State''.

On page 274, line 33, strike ''1111(b)'' and insert the following: ''1111(h)(2)''.

On page 275, line 19, insert a period after ''school year''.

On page 276, lines 20 and 25, strike ''supplemental services'' and insert the following: ''supplemental educational services''.

On page 283, line 25, strike ''and'' after the semicolon.

On page 283, line 31, strike ''(d)'' and insert the following: ''(e)''.

On page 284, line 1, strike ''Congress''.

On page 284, line 6, strike ''(e)'' and insert the following: ''(f)''.

On page 290, lines 14 and 22, strike ''section'' and insert the following: ''part''.

On page 293, line 4, strike ''section'' and insert the following: ''part''.

On page 556, line 1, strike ''DEFINITIONS'' and insert the following: ''DEFINITION''.

On page 599, line 23, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 600, line 12, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 601, line 4, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 601, line 9, strike ''DEFINITIONS'' and insert the following: ''DEFINITION''.

On page 601, line 10, strike ''terms 'firearm' and 'school' have'' and insert the following: ''term 'school' has''.

On page 620, line 22, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 635, line 14, strike ''(b)'' and insert the following: ''(c)''.

On page 635, line 20, strike ''(c)'' and insert the following: ''(d)''.

On page 781, line 32, insert closing quotation marks and a period after the period.

On page 873, line 25, amend the heading for section 701 to read as follows:

SEC. 701. INDIANS, NATIVE HAWAIIANS, AND ALASKA NATIVES.

On page 955, after line 6, insert the following:

TITLE IX—GENERAL PROVISIONS

SEC. 901. GENERAL PROVISIONS.

Title IX (20 U.S.C. 7801 et seq.) is amended to read as follows:

On page 1004, at the end of line 2, insert closed quotation marks and a period.

The concurrent resolution (H. Con. Res. 289), as amended, was agreed to.

Mr. DASCHLE. I yield the floor.

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant legislative clerk read as follows:

A bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

Pending:

Daschle (for Harkin) amendment No. 2471, in the nature of a substitute.

Smith of New Hampshire amendment No. 2596 (to amendment No. 2471), to provide for Presidential certification that the government of Cuba is not involved in the support for acts of international terrorism as a condition precedent to agricultural trade with Cuba.

Torricelli amendment No. 2597 (to amendment No. 2596), to provide for Presidential certification that all convicted felons who are living as fugitives in Cuba have been returned to the United States prior to the amendments relating to agricultural trade with Cuba becoming effective.

Daschle motion to reconsider the vote (Vote No. 368) by which the motion to close further debate on Daschle (for Harkin) amendment No. 2471 (listed above) failed.

Wellstone amendment No. 2602 (to amendment No. 2471), to insert in the environmental quality incentives program provisions relating to confined livestock feeding operations and to a payment limitation.

Lugar (for McCain) amendment No. 2603 (to amendment No. 2471), to provide for the market name for catfish.

Harkin modified amendment No. 2604 (to amendment No. 2471), to apply the Packers and Stockyards Act, 1921, to livestock production contracts and to provide parties to the contract the right to discuss the contract will certain individuals.

Burns amendment No. 2607 (to amendment No. 2471, to establish a per-farm limitation on land enrolled in the conservation reserve program.

Burns amendment No. 2608 (to amendment No. 2471), to direct the Secretary of Agriculture to establish certain per-acre values for payments for different categories of land enrolled in the conservation reserve program.

The PRESIDING OFFICER. The majority leader.

Mr. DASCHLE. Madam President, I ask unanimous consent that the motion to proceed to the motion to reconsider the cloture vote on the substitute amendment to S. 1731 be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection? The Senator from Indiana.

Mr. LUGAR. Madam President, reserving the right to object, and I will not object, but I ask for the comity of the majority leader, if he would be prepared to amend his unanimous consent agreement of a few days ago to ensure my amendment with regard to nutrition be included in the list that he gave.

Mr. DASCHLE. Madam President, only if it is restricted to nutrition, I have no objection.

Mr. LUGAR. May I please respond to the distinguished majority leader that the amendment changes certain portions of the commodity programs and would increase nutrition spending. This is a full disclosure of what I have in mind.

Mr. DASCHLE. Madam President, I have no objection, and I ask my request be amended. I also hope that might encourage my dear friend from Indiana to vote for cloture at some point perhaps as early as tomorrow. I have no objection and so amend the request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will report the motion to invoke cloture.

The senior assistant bill clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate on the Daschle for Harkin substitute amendment No. 2471 for Calendar No. 237, S. 1731, the farm bill:

Tim Johnson, Harry Reid, Barbara Boxer, Tom Carper, Zell Miller, Max Baucus, Byron Dorgan, Ben Nelson, Daniel Inouye, Tom Harkin, Kent Conrad, Mark Dayton, Debbie Stabenow, Richard Durbin, Jim Jeffords, Tom Daschle, Blanche Lincoln.

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the substitute amendment No. 2471 to S. 1731, the Agriculture, Conservation, and Rural Enhancement Act of 2001, shall be brought to a close?

The yeas and nays are required under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) is necessarily absent.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS) and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 54, nays 43, as follows:

[Rollcall Vote No. 372 Leg.]

YEAS—54

Baucus	Dodd	Levin
Bayh	Dorgan	Lieberman
Biden	Durbin	Lincoln
Bingaman	Edwards	Mikulski
Boxer	Feingold	Miller
Breaux	Feinstein	Murray
Byrd	Graham	Nelson (FL)
Cantwell	Harkin	Nelson (NE)
Carnahan	Hollings	Reed
Carper	Hutchinson	Reid
Chafee	Inouye	Rockefeller
Cleland	Jeffords	Sarbanes
Clinton	Johnson	Schumer
Collins	Kennedy	Snowe
Conrad	Kerry	Stabenow
Corzine	Kohl	Torricelli
Daschle	Landrieu	Wellstone
Dayton	Leahy	Wyden

NAYS—43

Allard	Cochran	Frist
Allen	Craig	Gramm
Bennett	Crapo	Grassley
Bond	DeWine	Gregg
Brownback	Domenici	Hagel
Bunning	Ensign	Hatch
Burns	Enzi	Hutchison
Campbell	Fitzgerald	Inhofe
Kyl	Santorum	Thomas
Lott	Sessions	Thompson
Lugar	Shelby	Thurmond
McCain	Smith (NH)	Voinovich
McConnell	Smith (OR)	Warner
Nickles	Specter	
Roberts	Stevens	

NOT VOTING—3

Akaka	Helms	Murkowski

The PRESIDING OFFICER. On this vote, the yeas are 54, the nays are 43. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

Mr. REID. Madam President, I ask unanimous consent that when the Senator from Massachusetts, Mr. KERRY, finishes his brief remarks the Senate recess until 2:30 today for the party conferences.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Massachusetts.

EMERGENCY ASSISTANCE FOR SMALL BUSINESS

Mr. KERRY. I thank the Chair.

I was at this time going to ask unanimous consent to move to the small business bill. I am not going to do that at this point in time, having had a conversation with the majority leader, a conversation with Senator BOND and other Senators. But I say to my colleagues on the other side of the aisle that we have been for several months trying to get emergency assistance through the normal lending process of the Small Business Administration to the small businesses that have not been helped. We have helped airlines. We have been talking about help for the insurance companies. We have a lot of small businesses. We always hear the speeches on the floor of the Senate extolling the virtues of the people who really make the businesses of our country grow; the place where all of the growth of the Nation exists—not in the Fortune 500 companies but in the small businesses.

Many of those businesses simply need a small tide-over with access to credit that they have been denied because of the downturn in the economy.

If you talk about stimulus, helping small businesses at this point in time is one of the most important ways we can invigorate our economy.

I hope and plead with my colleagues on the other side of the aisle. I have yet to have the administration come to us and say, here is the way we can improve your bill, or here is a change we really would like besides gutting the bill altogether, or simply not spending any money on small business.

In fact, by creating lending through the program that 63 of our colleagues have joined as cosponsors, we would, in fact, be making loan guarantees. This is not direct lending. These are loan guarantees that would be made at a less expensive rate than the disaster assistance loans currently being made. This is a way to get much more leverage for the dollars we invest.

I urge my colleagues on the other side of the aisle—and I see the minority assistant leader is here. I hope we can try to break through on this small business bill this afternoon and find a way to reach some kind of compromise so those 63 colleagues could have their interests met.

I thank the Chair. I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:30 p.m.

Thereupon, at 1:06 p.m., the Senate recessed until 2:31 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARPER).

The PRESIDING OFFICER. The assistant majority leader.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The assistant majority leader.

ORDER OF PROCEDURE

Mr. REID. For the information of all Senators, we have two Senators who are on their way to the Chamber. The Democratic conference has taken longer than was anticipated. They should be here momentarily. I ask unanimous consent that, pending their coming to the Chamber, Senator SMITH be recognized as in morning business for up to 6 minutes.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

The Senator from New Hampshire is recognized.

MTBE

Mr. SMITH of New Hampshire. Mr. President, we are moving into the season of festivities. Hopefully, we will get an opportunity to celebrate the holidays. Unfortunately, for many in my State of New Hampshire and in other States across the country, this is a holiday season filled with the anxiety that comes with knowing their water is contaminated.

This contamination is caused by a Federal mandate that I believe is wrong. Another year has gone by and Congress has still done nothing to right that wrong.

Over the past few years, a good deal of the Nation has learned firsthand of the damage that MTBE has done to our drinking water supply. That certainly is true of many communities in New Hampshire where it has become a crisis where people cannot even drink their water or shower with it.

I have been fighting for the past 2 years to get the Senate to vote on a bill that will solve this problem. I am pleased that last week the majority leader made a commitment to me that the Senate would at least vote on this issue before the end of next February. I am grateful for that. Until that day arrives, though, I plan to come to this Chamber on a regular basis, while we are in session, to remind Senators of the terrible impact that MTBE is having on our Nation and on so many thousands of people and to remind them that it is very important that we act now.

For the past 2 years, I have met with a number of small businesses and families across New Hampshire who have been devastated by this problem. They cannot sell their homes. They cannot drink their water. They cannot shower with water. They have filters in their basements to get the MTBE out of the water.

According to the New Hampshire Department of Environmental Services, there may be up to 40,000 private wells with MTBE contamination. Of those, 8,000 may have MTBE contamination of above State health standards.

This is a crisis. We have to deal with this. I know it is nice to say we can make money by replacing MTBE with ethanol and all that. That is fine. Make all the money you want. But we need to get this issue resolved.

In many instances, the State has had to provide bottled water to my constituents. They are installing and maintaining extremely expensive treatment equipment. These costs are high. Particularly hard hit have been communities in the southern tier of my State: Arlington Lake in Salem, Frost Road in Derry, Green Hills Estates in Raymond, and so many more. But I want to briefly tell you a story about one particular site in Richmond, NH. It is in the southwestern part of the State. It is a beautiful area, and the type of beauty for which New Hampshire is so well known.

In August, I visited the Four Corners Store and several surrounding homes in the town of Richmond. It is called the Four Corners Store because it is at a rural crossroad, like so many in America, and takes up one of the four corners. Common sense is very pervasive in New Hampshire.

Mr. and Mrs. Stickles are the store's proprietors. When they purchased that country store a few years ago, they believed the MTBE contamination problem had been solved. They do have new underground storage tanks and are completely in compliance with the law.

Unfortunately, the MTBE plume from years ago still persists. A number of the nearby homes are having their wells polluted. It has contaminated a number of homes near the Four Corners Store.

I met with the owners of the store and visited those homes. The Goulas and the Frampton families were kind enough to invite me into their homes. They showed me the treatment systems that had been installed by the State. They shared their concerns about their health and their children's health. At one of the homes lives a young couple with small children.

First and foremost, they are worried about the long-term health impacts on their children. They told me about the daily inconveniences of having to deal with this contamination in their wells. They were told the water was safe for showers; however, showers should only be with cold water, limited to 10 minutes, and well ventilated. That is what they were told. So take a cold shower and make sure it is well ventilated.

It is outrageous that we would stand by and allow this to continue in our country while the debate rages about replacing the MTBE additive with ethanol. Let's get real. We need to deal with this problem now. I intend to fight for these constituents throughout the rest of this session and also early into next year until we get this legislation passed. It is not right. Sometimes you just have to speak out when things are not right—that somebody should make a profit at the expense of somebody else getting sick and not being able to use their water.

Making a profit is wonderful. That is the American way. I am all for it. But we do not need a guaranteed MTBE market. We do not need a guaranteed ethanol market. We do not need a guaranteed anything.

Let the market play, but we have to be able to replace MTBE with something, and we cannot mandate that it be ethanol. It is not right for those of you in ethanol States to make the people in my State have to suffer.

It seems to me the passage of this bill should be easy. I tried for weeks and months and years to reach an accommodation. I have debated every Senator who deals with ethanol privately and publicly, behind the scenes and in committee, but we cannot seem to get agreement.

I urge my colleagues from all States to join with me to pass this legislation now so we can get the MTBE out of the wells in New Hampshire and many other wells and water supplies throughout the country.

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired.

The Senator from Iowa.

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001—Continued

Mr. HARKIN. Mr. President, parliamentary inquiry: What is the order before the Senate right now?

The PRESIDING OFFICER. The pending business is the amendment No. 2608 offered by the Senator from Montana to the substitute.

Mr. HARKIN. We are on the farm bill and the pending business is an amendment offered by the Senator from Montana, Senator BURNS; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. Mr. President, first I want to take a little bit of time right now to once again respond to my friends on the other side of the aisle and wonder why 1 week before Christmas, less than 2 weeks before the end of this year, they continue to hold up the farm bill. We had another cloture vote today in good faith, thinking that maybe over the weekend some minds might be changed; they might think secondly about stopping a farm bill that is so important to farmers in rural America. But on the vote we just had a little bit ago, I believe, if I am not mistaken, we had three Republicans vote for cloture. I am sorry, four Republicans voted for cloture. We picked up one.

I am told by my friend from Mississippi we had four all along.

Again, we see this stalling tactic, dragging out the farm bill. One of the press people outside just stopped me and said that a Senator on the other side said the reason this bill has so much trouble is because it is such a partisan bill. I would like to point out again to my friends and my farmers in Iowa and all over this country, this bill came out of the Agriculture Committee, every single title, on a unanimous vote, Republicans and Democrats. You can't get much more bipartisanship than that. Quite frankly, I will submit this is the most bipartisan bill to come out of our committee since I have been serving on it for the last 17 years in terms of support on both sides of the aisle on the final bill that came out of committee.

Obviously, we disagreed on the commodities title, but that was still bipartisan. It was not unanimous, but it was still bipartisan.

To those who say this is some kind of a partisan bill, I say: Look out the window. It is daylight out there. It is not midnight. It is daytime. Look at the bill for the facts of what happened when that bill came from committee. This bill has very strong bipartisan support.

Again, there is a lot of politics now being played on this bill—a lot of politics being played. It is a shame. It is a shame that our farmers and their families, farm families all over America, facing the uncertainty of what is going to happen next year, are being held hostage by certain political games that may be going on here. It is just a darn shame. It is about time that we bring this bill to a close. We have the votes. We can have the debate, and we can have the votes. But it is obvious that for whatever reason, people on the other side of the aisle do not want this farm bill passed this year.

I have said before we could finish this farm bill. We could have finished it today. If we had had cloture, we could have finished this thing today. This morning I talked on the phone to Chairman COMBEST from the other side. I said: If we finish this bill, can we go to conference?

He said: Sure, we will go to it right away.

So they are willing in a bipartisan way. The Republican leader of the Agriculture Committee on the House side said to me this morning: If you pass the bill, we are ready to go to conference today, tonight, tomorrow and begin to work this thing out.

I am disappointed and saddened, not for me but for our farm families, especially in my State of Iowa and all over this country, who are being held hostage for whatever reason I can't discern.

Mr. DORGAN. I wonder if the Senator from Iowa will yield for a question.

Mr. HARKIN. I yield for a question without losing my right to the floor.

Mr. DORGAN. Mr. President, I share the disappointment of the Senator from Iowa that we were not able to invoke cloture today for the second time. My belief is that we have a couple of major amendments remaining to be offered. In fact, the authors of one of them are both in the Chamber, Senators ROBERTS and COCHRAN. There is an alternative amendment to the commodities title which I understand they will offer. I hope at some point to offer an amendment that does some targeting, and my hope is that we can make some progress and move ahead.

I still don't understand what the filibuster is about. My hope is that if we have major issues, let's move ahead with the issues, offer amendments, and have debates on the amendments.

It is the case, is it not, that Senators ROBERTS and COCHRAN simply have a different idea with respect to how the commodity title ought to be applied and so they are intending to offer an amendment? I ask the Senator from Iowa if he has some notion of when that amendment would come; has he consulted with the authors of that major amendment? If so, what does that consultation disclose to us about when that amendment would be offered?

Mr. HARKIN. I am sorry. I was conversing with a member of the Senate Agriculture Committee. I missed the question.

Mr. DORGAN. I was asking the Senator from Iowa if he has been able to consult with the authors of the other major amendment on the commodities title about when that might be offered. My hope is we could just proceed with the amendments, dispose of the amendments, at which point I hope we will reach the end of the consideration of this bill and be able to report out the bill.

Has the Senator consulted with the major authors of that amendment, and what might we expect from that consultation?

Mr. COCHRAN. Mr. President, if the Senator would yield without losing his right to the floor, I will respond.

Mr. HARKIN. I am glad to yield without losing my right to the floor.

The PRESIDING OFFICER. Without objection, the Senator from Mississippi.

Mr. COCHRAN. Mr. President, we have indicated to the manager of the bill that we would be prepared to offer the amendment now and have a time agreement on the Cochran-Roberts amendment. I have suggested 2 hours evenly divided so that both sides will have ample opportunity to talk about the amendment. We have already talked about this amendment Friday morning. Senator ROBERTS and I were here to discuss the amendment and talked about an hour and a half at that time.

That is what I would suggest we do, and that would get us moving along. This would be a major alternative to the committee-passed bill, and we think that that would be one way to start moving toward final disposition of this legislation.

Mr. DORGAN. If the Senator from Iowa will yield further, might I say that is a very hopeful sign. It is certainly up to the chairman of the committee to decide whether that time agreement is sufficient. Certainly, it sounds reasonable to me. After that, we would be able to dispose of one of the major amendments and move through the bill and perhaps late today or tomorrow we would be able to complete consideration of the farm bill. That is the most hopeful sign I have heard for some long while.

As I indicated, the authors of this legislation have been deeply involved in farm legislation for many years. They just have a different approach on the commodities title. The best way to resolve that is to have the discussion and vote and see where it comes out. I encourage the Senator from Iowa to proceed along the lines suggested.

Mr. HARKIN. I say to the Senator, that is encouraging news. We will get to that. I see the Senator from Arizona is on the floor and has offered an amendment. I would like to ask him, if I could, without losing my right to the floor for right now, is the Senator wishing to debate the amendment that he laid down last week?

Mr. MCCAIN. That is correct, without losing your right to the floor. I will be glad to enter into a reasonable time agreement, including a half hour equally divided.

Mr. HARKIN. Mr. President, I ask unanimous consent that the pending amendment be laid aside; that the Senator from Arizona be recognized to debate his amendment that is pending; that the time be limited to a half an hour evenly divided, at the end of which either a motion to table or an up-or-down vote would be in order.

Mr. REID. Reserving the right to object, we just received a call from one Senator, and we have to find out how much time that Senator wants to speak in opposition to this amendment. We could do that real quickly. We can't do it right now.

Mr. MCCAIN. May I ask the Senator to yield for a question?

Mr. HARKIN. Yes.

Mr. MCCAIN. Would it be agreeable to start the debate? I will be glad to

agree to any time limit that is agreeable to the other side on this amendment—5 minutes, half an hour, whatever is agreeable to the Senator from Iowa.

Mr. HARKIN. I am willing, obviously, as the Senator knows, to enter into this time agreement. We seem to have an objection over here. I see the Senator from Arkansas.

Mr. HUTCHINSON. There are Senators who have expressed interest in this amendment and who wanted to speak. I will object to any time agreement until we are able to check with those Senators to see how much time they require.

Mr. COCHRAN. Why don't we start debate on the McCain amendment, as the Senator suggested? He will agree to any time agreement. It is just a matter of how many people want to talk in opposition to it. And we can get unanimous consent that following disposition of the McCain amendment we proceed to consideration of the Cochran-Roberts amendment, with 2 hours of debate evenly divided.

Mr. HARKIN. Mr. President, the problem is if we start the McCain amendment and people start filibustering, we will have another filibuster going here. The Senator from Arizona has been forthright.

Mr. MCCAIN. If the Senator will yield for another question, if it appears to be a filibuster, there is nothing I can do about that. We are going to move forward with the bill.

Mr. HARKIN. The Senator from Arizona is a gentleman. I appreciate that. I wonder if we can then agree—I will yield the floor and the Senator from Arizona will be recognized. I will ask unanimous consent that on the disposition of the McCain amendment, the Senator from Mississippi be recognized to offer his amendment; that there be a time agreement on the amendment of the Senator from Mississippi, with 2 hours evenly divided.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Reserving the right to object, will the Senator repeat the request?

Mr. HARKIN. I ask unanimous consent that when I yield the floor, the Senator from Arizona be recognized to speak on his amendment; that on the disposition of the amendment of the Senator from Arizona, the Senator from Mississippi, Mr. COCHRAN, be recognized to offer his amendment; that there be 2 hours for debate on the Cochran amendment, evenly divided, and at the end of that time, there be a vote on or in relation to the Cochran amendment, without further amendment to the Cochran amendment.

The PRESIDING OFFICER. Is there objection?

Mr. DORGAN. Reserving the right to object, I would not expect a second degree, but I think it would be important to see the amendment that Senators ROBERTS and COCHRAN intend to file. I would not expect a second degree to be offered.

Mr. HARKIN. I assume the amendment is the same as was filed on Friday; is that right?

Mr. COCHRAN. Yes. In response to the Senator, the amendment is at the desk, and it has been there. It is the one we discussed Friday. There were no changes since that time, to my knowledge.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, I call for the regular order with respect to the McCain amendment.

AMENDMENT NO. 2603

The PRESIDING OFFICER. The McCain amendment No. 2603 is now the pending question.

Mr. MCCAIN. Mr. President, this is kind of an interesting situation that we are facing. It is instructive of a lot of things that are happening around here in the Senate and in the country. Even though it is only about catfish—the lowly catfish—it has a lot of implications. There are implications for trade and our relations with Vietnam. It has implications as to how we do business in the Senate. It has a lot of interesting implications, including the rise of protectionism in the United States of America, how a certain special interest with enough lobbying money and enough special interest money and campaign contributions can get most anything done.

During consideration of the Senate version of the Agriculture appropriations bill for fiscal year 2002, it was late at night and I voiced concern about the managers' decision to clear a package of 35 amendments just before the final passage of the bill. I said: Has anyone seen these amendments? It was late in the evening. There was dead silence in the Senate. It was late in the evening so, unfortunately, I agreed for this so-called managers' amendment to be passed by voice vote, remembering that managers' amendments are technical in nature; they are to clean up paperwork or clerical errors.

Well, in this package of 35 amendments, 15 were earmarked to members of the Appropriations Committee—several million dollars. I have forgotten exactly how much. And this is a so-called catfish amendment. My good friend from Mississippi will say the issue was discussed before. If it was, why didn't we have a vote on it? Why didn't we have the amendment up and have a vote on it as we do regular amendments? The reason is because the Senator from Massachusetts, the Senator from Texas, I, and many others—and I believe we are going to find that a majority of the Senate—would have rejected such a thing.

As it turns out, I had good reason to be concerned. Included was an amendment banning the FDA from using any funds to process imports of fish or fish products labeled as catfish, unless the fish have a certain Latin family name. In fact, of the 2,500 species of catfish on Earth, this amendment allows the FDA to process only a certain type raised in North America—specifically, those that grow in six Southern States. The program's effect is to restrict all catfish imports into our country by requiring they be labeled as something other than catfish, an underhanded way for catfish producers to shut out the competition. With a clever trick of Latin phraseology and without even a ceremonial nod to the vast body of trade laws and practices we rigorously observe, this damaging amendment, slipped into the managers' package and ultimately signed into law as part of an appropriations bill—an appropriations bill—literally bans Federal officials from processing any and all catfish imports labeled as they are—catfish.

It is going to be ludicrous around here and entertaining because we are going to talk about what is and what is not a catfish. Over there, we may see one with an American flag on it, which would be an interesting species. When is a catfish other than a catfish.

On this chart is a giant catfish with a name I can't pronounce. Here is a yellowtail catfish. I didn't do well in Latin. Here is another one, a basa catfish—yes, the culprit. Here is the channel catfish. They are all catfish. There are 2,500 of them. I don't have pictures of all of them. Now there is only going to be one recognized as a catfish in America, which are those which are raised in America—born and raised in America. These are interesting pictures. We will have a lot of pictures back and forth. I think we will see more pictures of catfish than any time in the history of the Senate of the United States of America.

As you can see, these are common catfish characteristics: Single dorsal fin and adipose fin, strong spines in the dorsal and pectoral fins, whisker-like sensory barbels on the upper and lower jaws, all part of the order of Siluriformes. We are going to only call catfish the kind that are raised in the southeastern part of the United States.

Proponents of this ban used the insidious technique of granting ownership of the term ''catfish'' to only North American catfish growers—as if Southern agribusinesses have exclusive rights to the name of a fish that is farmed around the world, from Brazil to Thailand. According to the FDA and the American Fisheries Society, the Pangasius species of catfish imported from Vietnam and other countries are ''freshwater catfishes of Africa and southern Asia.'' In addition, current FDA regulations prohibit these products from being labeled simply as ''catfish''. Under existing regulations, a qualifier such as ''basa,'' or ''striped'' must accompany the term ''catfish'' so that consumers are able to make an informed choice about what they are eating.

These fish were indeed catfish, until Congress, with little review and no debate, determined them not to be. No other animal or plant name has been defined in statute this way.

All other acceptable market names for fish are determined by the FDA in cooperation with the National Marine Fisheries Service after review of scientific literature and market practices.

What are the effects of this import restriction? As with any protectionist measure, blocking trade and relying only on domestic production will increase the price of catfish for the many Americans who enjoy eating it. One in three seafood restaurants in America serves catfish, attesting to its popularity.

This trade ban will raise the prices wholesalers and retail customers pay for catfish, and Americans who eat catfish will feel that price increase—a price increase imposed purely to line the pockets of Southern agribusinesses and their lobbyists who have conducted a scurrilous campaign against foreign catfish for the most parochial reasons.

The ban on catfish imports has other grave implications. It patently violates our solemn trade agreement with Vietnam, the very same trade agreement the Senate ratified by a vote of 88 to 12 only 2 months ago. The ink was not dry on that agreement when the catfish lobby and its congressional allies slipped the catfish amendment into a must-pass appropriations bill.

A lot of things come over the Internet these days. This is one called the Nelson Report. The title of it is the ''Catfish War.'' It talks about an obscure amendment to the agricultural bill that puts the U.S. in violation of the Vietnam BTA barely days after it goes into effect, and it is not just a bilateral problem. The labeling requirement goes to the heart of the U.S. fight with European use of GMO protectionism. It has already forced the USTR to back off from supporting Peruvian sardines.

No. 1, don't get us wrong: We here at Nelson Report World Headquarters flat out love fresh Arkansas catfish. Serve it all the time at our house, with Paul Prudhomme's spicy seasoning. Tasty and nutritious. So nothing in the Report which follows should be interpreted as bad mouthing, you should pardon the expression, catfish from the good old U.S. of A.

—and we will confess going along with the crowd, every time Sen. Blanche Lincoln of Arkansas launched into one of her lectures on the inequities of lower priced Vietnamese catfish coming into the U.S. All of us at the press table, and back in the high priced lobby gallery, were too smart for our britches. So we missed the FY '02 Agriculture Appropriations amendment, now signed into law, requiring that only U.S.-grown catfish of a certain biological genus can actually be called catfish.

That's right: U.S. law now says you can be ugly, you can have whiskers, you can feed on unspeakable things off the bottom of whatever bit of god's creation you happen to be swimming around in, but if you ain't in the same genus as your Arkansas cousins, you ain't a catfish. Or, rather, you can't be called a catfish. That's now the law of the U.S., to be enforced by the Federal Food and Drug Administration.

—so what, you may ask? Ask your spousal unit, or friends, who does the grocery shopping. Except maybe in Little Rock, catfish isn't marketed by brand name. You look for a package that says ''catfish.'' That's it. So now, if a catfish from Vietnam, or Thailand, or some of the places in Africa that export catfish happens to be in your supermarket, you may never find out, since they've got to be called something else.

The amendment Senator GRAMM and I offered will repeal this import restriction on catfish. The amendment would define catfish according to existing FDA procedures that follow scientific standards and market practices. Not only is restrictive catfish language offensive in principle to our free trade policies, our recent overwhelming ratification of the bilateral trade agreement and our relationship with Vietnam, it also flagrantly disregards the facts about the catfish trade.

I would like to rebut this campaign of misinformation by setting straight these facts as reported by agricultural officials at our Embassy in Vietnam who have investigated the Vietnamese catfish industry in depth. The U.S. Embassy in Vietnam summarizes the situation in this way. This is the exact language from our Embassy in Vietnam:

Based on embassy discussions with Vietnamese government and industry officials and a review of recent reports by U.S.-based experts, the embassy does not believe there is evidence to support claims that Vietnamese catfish exports to the United States are subsidized, unhealthy, undermining, or having an ''injurious'' impact on the catfish market in the U.S.

Our Embassy goes on to state:

In the case of catfish, the embassy has found little or no evidence that the U.S. industry or health of the consuming public is facing a threat from Vietnam's emerging catfish export industry. . . . Nor does there appear to be substance to claims that catfish raised in Vietnam are less healthy than [those raised in] other countries.

The U.S. Embassy reported the following:

Subsidies: American officials indicate that the Vietnamese Government provides no direct subsidies to its catfish industry.

Health and safety standards: The Embassy is unable to identify any evidence to support claims that Vietnamese catfish are of questionable quality and may pose health risks. FDA officials have visited Vietnam and have confirmed quality standards there. U.S. importers of Vietnamese catfish are required to certify that their imports comply with FDA requirements and FDA inspectors certify these imports meet American standards.

A normal increase in imports: The Embassy finds no evidence to suggest that Vietnam is purposely directing catfish exports to the United States to establish a market there.

Labeling: The Vietnamese reached an agreement with the FDA on a labeling scheme to differentiate Vietnamese catfish from U.S. catfish in U.S. retail markets. As our Embassy reports, the primary objective should be to provide Americans consumers with informed choices, not diminish choice by restricting imports.

The facts are clear. The midnight amendment passed without a vote is based not on any concern for the health and well-being of the American consumer. The restriction on catfish imports slipped into the Agriculture appropriations bill serves only the interests of the catfish producers in six Southern States that profit by restricting the choice of the American consumer by banning the competition.

The catfish lobby's advertising campaign on behalf of its protectionist agenda has few facts to rely on to support its case, so it stands on scurrilous fear-mongering to make its claim that catfish raised in good old Mississippi mud are the only fish with whiskers safe to eat. One of these negative advertisements which ran in the national trade weekly ''Supermarket News'' tells us in shrill tones:

Never trust a catfish with a foreign accent.

This ad characterizes Vietnamese catfish as dirty and goes on to say:

They've grown up flapping around in Third World rivers and dining on whatever they can get their fins on. . . . Those other guys probably couldn't spell U.S. even if they tried.

How enlightened. I believe a far more accurate assessment is provided in the Far Eastern Economic Review in its feature article on this issue:

For a bunch of profit-starved fisherfolk, the U.S. catfish lobby had deep enough pockets to wage a highly xenophobic advertising campaign against their Vietnamese competitors.

Unfortunately, this protectionist campaign against catfish imports has global repercussions. Peru has brought a case against the European Union in the World Trade Organization because the Europeans have claimed exclusive rights to the word ''sardine'' for trade purposes. The Europeans would define sardines to be sardines only if they are caught in European waters, thereby threatening the sardine fisheries in the Western Hemisphere. Prior to passage of the catfish-labeling language in the Agriculture appropriations bill, the U.S. Trade Representative had committed to file a brief supporting Peru's position before the WTO that such a restrictive definition unfairly protected European fishermen at the expense of sardine fishermen in the Western Hemisphere. As the Peruvians, a large number of American fishermen would suffer the effects of an implicit European import ban on the sardines that are their livelihood.

Yet as a direct consequence of the passage of the restrictive catfish-labeling language in the Agriculture appropriations bill, the USTR has withdrawn its brief supporting the Peruvian position in the sardine case against the European Union because the catfish amendment written into law makes the United States guilty of the same type of protectionist labeling scheme for which we have brought suit against the Europeans in the WTO.

Mr. President, I obviously do have a lot more to say. I know the opponents

of this amendment have a lot to say as well. I would take heed, however, to the admonishments of the managers of the bill, the Senator from Iowa, the Senator from Mississippi, and I would be glad to enter into a time agreement so we can dispense with this amendment as quickly as possible.

I do not know how both Senators from Arkansas feel, but I would propose a half hour—Mr. President, I ask unanimous consent to engage in a colloquy with the Senators from Arkansas.

The PRESIDING OFFICER (Mr. JOHNSON). Without objection, it is so ordered.

Mr. MCCAIN. I ask the Senator from Arkansas, is he prepared to have a time agreement?

Mr. HUTCHINSON. I say at this time I am not prepared to enter into a time agreement. There are a number of Senators, and I don't know how long they need to speak. An original agreement was full and open debate. This is a good time for full and open debate, and it is not in the best interests to enter into a time agreement.

Mr. MCCAIN. I thank the Senator from Arkansas. I know he would probably not want to filibuster this bill. I think he agrees we would want to have an up-or-down vote as he described. We are prepared to only use another 20 minutes on this side. I hope the Senators from Arkansas can find out who wants to speak and for how long so we can establish a time agreement. We need to move on with the important Cochran and Roberts amendment to the farm bill.

Mrs. LINCOLN. Will the Senator yield?

Mr. MCCAIN. I am happy to yield.

Mrs. LINCOLN. Speaking for myself, I agree with the Senator that we can probably get through debate rapidly. I think the Senator from Mississippi, and maybe Senator HUTCHINSON, and there may be a few other Senators who want to speak, but I don't foresee it taking a good deal of time, and we could conclude our comments rapidly.

Mr. MCCAIN. I thank the Senator from Arkansas for her courtesy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. HUTCHINSON. I am delighted to engage in this debate. As my colleagues listen to the facts concerning the Vietnam basa and the impact on the domestic catfish industry, they will see things in a different light. I voted for the Vietnamese Free Trade Agreement. I believe in free trade. I believe in fair trade. I also believe in accurate labeling and that the American people ought to know what they are buying.

We heard the term ''catfish lobby'' used frequently last week and today. It has an ominous ring to it. I am not sure what the catfish lobby is. I know this: I have thousands of people who are employed in the catfish industry in Arkansas. I was in Lake Village, AR, on Saturday. Chicot County is one of the poorest counties in Arkansas—one of the poorest counties in the United States, as a matter of fact. We had 70 or 80 catfish growers who were present on Saturday. I didn't see agribusiness. I didn't see wealthy landholders. I saw a group of small business men and women struggling to survive in an industry that has been one of the bright spots in one of the poorest spots in the United States in the last decade.

One of the farmers came up and said: I want to give you my books for the last 5 years—and handed me spread sheets. When they talk about us being wealthy catfish growers, I will show my books. He had a net profit last year of $8,000. This is a part of the country where the median household income is $19,000, about half of what it is in the State of Arizona.

I take exception when we talk about the catfish lobby as if it were a powerful, wealthy, devious, insidious group. This amendment cripples and potentially destroys the aquaculture industry in the State of Arkansas. This industry has been in distress over the last year because of the influx of Vietnamese fish mislabeled as catfish. The Vietnamese basa is not catfish.

On November 28, 2001, President Bush signed into law what was a great victory for our Nation's catfish farmers, a provision that simply said the Vietnamese basa would not be labeled ''catfish.'' It is a different species; it is a different order; it is a different fish.

This language attached to the Agriculture appropriations bill has also been included in the farm bill that passed the House of Representatives. Put in the bill was language that would limit the use of the common name ''catfish'' for the Vietnamese basa. Importers have hijacked the common name of catfish and applied it to a species of fish that is not closely related or similar to what we commonly consider catfish.

The domestic catfish industry has spent millions and millions and millions of dollars to try to educate the American people as to the nutritional value and the health and safety conditions in which farm-grown catfish are raised. All of that investment the domestic channel catfish industry has made has been hijacked by importers who see a quick way to profits.

The language in the appropriations bill corrected this mislabeling of fish and misleading of American consumers. This limitation will give our domestic catfish producers a reprieve from unfair competition and mislabeling. I share Senator MCCAIN's belief that competition is good when open and a competitive market benefits our Nation's economy and consumers. However, misleading consumers and mislabeling a product is wrong. To allow it to continue at the expense of an entire industry is unthinkable.

The States of Arkansas, Mississippi, Alabama, and Louisiana produce 95 percent of the Nation's catfish. If you look at the broad area of aquaculture, 58 percent of fish grown in the United States are catfish. This is a huge aspect of fisheries in general in the United States, and 95 percent of those are grown in these four Southern States. These catfish are grain fed, they are farm raised catfish, produced under strict health and environmental regulations.

Arkansas rates second in the amount of catfish produced nationally, but it is an industry that has grown and has thrived in one of the poorest areas of this country, the Mississippi Delta, an area that has sometimes been referred to as the Appalachia of the 1990s. When I say that Chicot County and Desha County are two of the poorest counties in Arkansas, it is true they are two of the poorest counties in the Nation.

Despite the work ethic and strong spirit, economic opportunities have been few and far between. The aquaculture industry has been a shining success story for this region of the country. I made a number of visits to southeast Arkansas and to the Mississippi Delta and to our aquaculture regions of the State. I have been to the processing plants. I have seen them and talked to those who are employed in the catfish processing plants. I have gone to the ponds. I have seen the pristine conditions in which the fish are raised.

This past Saturday, I saw the pain and distress and concerns reflected in the faces of these catfish growers who have built an industry and seen hope and are now seeing that hope ripped away from them. It is estimated that as high as 25 percent of the catfish growers in Arkansas could go bankrupt within the next year. This is not some obscure debate about free trade; it is people's livelihoods, people's lives.

At a time when there is a lot of attention being paid to an economic stimulus package for the Nation, I suggest to my colleagues this is one of the poorest regions of our Nation. Just think of the economic damage that can be done with this kind of amendment.

Some of my colleagues are making accusations that this legislation is in violation of trade practices, saying this legislation is unfair.

What is unfair is that our catfish farmers are being subjected to competing with an inferior product that simply adopts the name of a successful product and gains acceptance. What is unfair is these fish are being pawned off as catfish to unsuspecting American consumers at a time when the fears of unemployment and the reality of an economic downturn in the wake of the September 11 attacks are weighing heavily on the minds of Americans. It is not acceptable for us to sit back and watch as an industry which employs thousands is allowed to be crushed by inferior imports because of the glitch in our regulatory system.

Vietnamese exports are being confused by the American public as being

catfish due to labeling that allows them to be called basa catfish. These Vietnam basa are being imported at record levels.

The chart to my right demonstrates what has happened. As late as 1997, imports of Vietnam basa were almost nonexistent. Yet if you look at 1998 and 1999, and particularly this year, they have grown exponentially. In June of this year, 648,000 pounds were imported into the United States. Over the last several months, imports have averaged 382,000 pounds per month.

To put this in perspective, in all of 1997 there were only 500,000—one-half million—pounds of Vietnam basa imported into the United States. However, it is predicted that 15 million to 20 million pounds could be imported next year.

The Vietnamese penetration in this market in the last year has more than tripled. Market penetration has risen from 7 percent to 23 percent of the total market. As a result of that incredibly fast increase of penetration into the American market from 7 percent to 23 percent, American catfish growers have seen their prices decrease 15 percent just in the last few months in 2001 alone.

For those who argue this is the result of a competitive market, let me offer a few facts.

When the fish were labeled and marketed as Vietnamese basa, when they imported it and put ''Vietnam basa'' on it, or they just put ''basa'' on it, sales in this country were limited, almost nonexistent. Some importers were so creative that they tried to label basa as white grouper, still with very little success. It was only when these importers discovered that labeling it as catfish added a lot of appeal that sales began to skyrocket and imports began to skyrocket. Try this, and it didn't work. Try this, and it didn't work. And try catfish, because of the great investment this domestic industry made, and sales took off.

Although the FDA issued an order on September 19, stating that the correct labeling of Vietnamese basa be a high priority, the FDA is allowing these fish to retain the label of ''catfish'' in the title.

Whether it is budget constraints or lack of personnel, it is obvious that inspections have been lacking in the past and the inclusion of the term catfish in the title only serves to promote confusion.

Prior to this ruling there were numerous instances where the packaging of these fish was blatantly misleading and even illegal.

This illustration shows how Vietnamese companies and rogue U.S. importers are trying to confuse the American public.

Names such as ''Cajun Delight,'' ''Delta Fresh,'' and ''Farm Select,'' lead consumers to believe the product is something that it is not.

''Catfish'' in large letters, ''Delta Fresh''—no one would suspect it is from the Mekong Delta.

The total impact of the catfish industry on the U.S. economy is estimated to exceed $4 billion annually. It has gone up dramatically. Approximately 12,000 people are employed by the industry.

When you talk about the catfish lobby and say it in such sinister terms, please think about the 12,000 people—thousands of them—in the delta of Arkansas, the poorest part of this Nation, who are employed in this industry. That is the catfish lobby.

It is estimated that 25 percent of my catfish farmers in Arkansas will be forced out of business if this problem is not corrected.

Catfish farmers of this country have invested millions of dollars educating the American public about the nutritional attributes of catfish. Through their efforts, American consumers have an expectation of what a catfish is and how it is raised.

They have an expectation that what they purchase is indeed a catfish.

Here you will see an official list of both scientific names and market or common names from the Food and Drug Administration. Almost all of these fish can contain the word catfish in their names under current FDA rules.

All of these fish in this one order can use the term ''catfish'' under current FDA rulings. It is the same order, if you look at the channel catfish. The basa are here at the bottom. In fact, you will find that while they are of the same order as Senator MCCAIN rightly pointed out, they are of a different family and a different species; that is, channel catfish and the basa—totally different species. Even more importantly, when we look at trade issues, they are a totally different family.

This is a very important distinction to realize. Most people just look and see the word ''catfish'' and they don't pay any attention to the package. They are currently allowed to use that term.

In fact, you will notice, if you look a little farther down on the chart, the Atlantic salmon and the lake trout are of the same family or more closely related to the channel catfish than the basa. Ask those who are from the States where Atlantic salmon is an important fishery product whether they would appreciate lake trout being allowed under FDA rules to be labeled ''Atlantic salmon.'' Those two fish are more closely related than the channel catfish is to the basa. You can see that the Atlantic salmon and the lake trout are of the same family while channel catfish is of a different family entirely.

Most people are not able to make those distinctions and are being misled when they see that word ''catfish'' put on the package.

When the average Arkansan hears the word ''catfish,'' the idea of a typical channel catfish come to mind. When they sit down at a restaurant and order a plate of fried catfish, that same channel catfish is what they expect to be eating.

One cannot blame the restauranteur who is offered ''catfish'' for a dollar less a pound for buying it. However, in many cases they do not realize that what they are buying is not really channel catfish.

It is obvious that this confusion has been exploited and will continue to be exploited unless something is done to correct the obvious oversight that is jeopardizing American jobs.

Further, American catfish farmers raise their catfish in pristine and closely controlled environments. The fish are fed pellets consisting of grains composed of soybeans, corn, and cotton seed. These facilities are required to meet strict Federal and State regulations.

In fact, this upper picture is a very accurate reflection both of U.S. farm-raised catfish—what it looks like—and the conditions in which it is grown. I was there this Saturday. I have flown over our catfish ponds in delta Arkansas time and time again. They are clean, they are pristine and well regulated, and they are inspected.

I understand the Vietnamese basa fish are raised in far different conditions. In the Mekong Delta, one of the most polluted watersheds in the world, basa are often exposed to many foul and unhealthy elements, sometimes even feeding off raw sewage. In fact, because an importer signs a statement saying he guarantees it was raised in conditions comparable to the United States and meets health and safety requirements of the United States is little assurance to the American consumers.

There is, I believe, a pretty good indication of the comparison, and most assuredly a comparison of the two different fish that are involved. One is Vietnamese basa, a different species, and a different family from United States farm-raised catfish, channel catfish.

I understand that my colleague from Arizona has a strong desire to promote competitive markets and encourage trade but markets must be honest and trade must be fair.

I again emphasize that these are people's livelihoods. Congress acted properly limiting the use of the common name ''catfish.'' This action was warranted because exporters in Vietnam and importers in the United States have used the term ''catfish'' improperly and unfairly to make inroads into an established market.

This provision does not exclude Vietnamese basa from being imported. Let me emphasize that it does not violate any trade agreements.

There can be as many Vietnam basa fish imported into the United States as they can sell if it is properly labeled Vietnamese basa. My objective under the provisions that were included in the Agriculture appropriations bill was to ensure that labeling is accurate and truthful.

That language ends the practice of purposely misleading consumers at the expense of an industry in one of the poorest parts of the Nation.

Some people may argue that the restriction of the use of the name ''catfish'' to members of the family Ictalurídāe runs counter to past international seafood trade policy, and may hinder our progress of increasing trade. In fact, that is the very argument that has been made.

Two examples of attempted nomenclature restrictions used to support this argument are name restrictions for scallops proposed by the French Government and one for sardines proposed by the EU. Both of these efforts have been strongly opposed by American producers. We do not dispute that; in the cases of the scallops and the sardines, these nomenclature restrictions are unfair.

However, both of these examples—and I suspect the Senator from Texas will talk about these examples and try to make it identical to the issue of catfish; and, in fact, it is not at all—are based on groups of animals that are much more closely related taxonomically than are basa and channel catfish. Channel catfish and the Vietnamese basa are classified in different taxonomic families—Ictaluridae for channel catfish and Pangasidae for basa. As is shown on this chart, the families are entirely different for the channel catfish and the Vietnamese basa.

This is a very distant relationship, analogous to the difference between giraffes and cattle, which differ at the level of family within the mammal grouping. However, the scallop issue involves members of a single molluscan family, the Pectenidae. That is, the molluscs at issue in the French case differ only at the genus or species level.

The European Union sardine issue likewise involves members of a single family of fish, the Clupeidae. Again, the fish species allowed by the United Nations Food and Agriculture Organization's Codex Alimentarius standard to be sold under the common name ''sardine'' differ only at the genus—that is shown here on the chart—and species level, not at the family level.

The Vietnamese basa and the American channel catfish are in different families. They are only in the same order—Siluriformes—which has more than 2,200 different species in it. This order is characterized by the presence, as Senator MCCAIN has said, of barbels or whiskers. Some will say: If it has whiskers, then it is a catfish. I heard my colleague make that statement. So should all of these fish be allowed to be sold as catfish—these 2,000 different species? Do you think it is all right with consumers to sell them nurse shark labeled as catfish? They have the barbels or the whiskers. They have the pictures here to show that. Do you not think that would be a little bit deceptive for the nurse shark to be labeled as catfish?

Now think about if that nurse shark were raised in salt water under health inspection conditions that only require the producer to sign a piece of paper that states that health standards are being upheld.

Now imagine that because of the way this nurse shark is raised—it is cheaper, significantly cheaper. What if that nurse shark, raised in salt water under questionable health conditions, was allowed to be sold as catfish? Is that fair trade? That is exactly analogous of what is being done today when Vietnamese basa is being labeled as catfish. It is not fair trade.

Now imagine that they tried to sell it as nurse shark and couldn't develop a market—understandably—but suddenly, when they labeled it as catfish, they saw their market grow by not 100 percent, not 400 percent, but 700 percent. Because they took the nurse shark and labeled it as catfish, wouldn't that be considered deceptive and considered unfair? The answer is obvious.

This is exactly the case that our catfish farmers in Arkansas, Mississippi, Louisiana, and Alabama are facing. And it is not fair.

Black drum fish have whiskers. That should not be labeled as catfish. Sturgeon have whiskers and barbels. It should not be labeled as catfish. The blind fish, the blind cave fish uses whiskers or barbels to feel its way around, but no one would suggest they should be marketed as catfish.

That is why we introduced S. 1494 on October 3, 2001. Many of us, including my colleague from Arkansas, Senator LINCOLN, came to this Chamber and described the situation in great detail at that time. Nothing was hidden. We had an open and full debate. Afterwards, we worked to include this needed legislation in a number of bills, finally being successful in getting it into the Agriculture appropriations bill.

I remind my colleagues, again, as they will hear of the wealthy catfish growers, they will hear of agribusiness. They will hear of the catfish lobby. Two counties in Arkansas that grow the most catfish are Chicot County and Desha County.

In Chicot County, 33.8 percent of the residents live in poverty—33.8 percent. The median household income in Chicot County is $19,604. That is the average household income.

In Desha County, 27.5 percent of the residents live in poverty, with the median household income being $23,361.

By contrast, in the State of Arizona, 15 percent of the residents live in poverty. That is one-half the poverty rate of Chicot County. And the median household income in Arizona is $34,751—$15,000 per family more than Chicot County.

I would not suggest that we should try to hurt, destroy, undermine, or undercut industries in the State of Arizona because they are prospering more than these two poor counties in the delta of Arkansas. But I assure you, I am going to stand in this Senate Chamber and fight for the thousands of people who are employed in this industry and the one ray of light in that delta economy.

When they talk about large agribusinesses and wealthy catfish growers, it should be remembered that 70 percent of the catfish growers in the United States qualify under the Small Business Administration as small businesses. And many of that 70 percent are fighting for their survival.

So, Mr. President, and my colleagues, I ask we keep very much in mind that this is not a free trade issue. This is a fair trade issue. It is a truth-in-labeling issue. It is calling Vietnamese basa what they are—basa—and allowing that term ''catfish,'' which has been part of an important educational and nutritional campaign in this country, to not be kidnapped by those importers that seek to make a quick buck.

I ask my colleagues to vote down the McCain-Gramm amendment.

The PRESIDING OFFICER. The Senator from Arkansas.

Mrs. LINCOLN. Mr. President, I thank my colleague from Arkansas for being in this Chamber and so eloquently describing the issue with which we are dealing, particularly in our home State of Arkansas, particularly in the area of the Mississippi Delta region of Arkansas that has been so hard hit by the unfairness of the influx of trade from the Vietnamese basa fish.

I thank the Senator from Arizona for his continued leadership and his work in keeping us focused on making sure we are on the straight and narrow and that we are doing business in the Senate in the way that business should be handled. He is always there working diligently in that regard.

Today I rise to respectfully oppose the amendment that Senator MCCAIN has offered on catfish and, again, thanking him for his leadership and doing many things in keeping us straight in the Senate. But I respectfully disagree with him on this one.

Our distinguished colleagues who support this amendment argue that this issue is about free trade. They argue this amendment is about preserving the integrity and the spirit of our trade agreements, in particular, the bilateral agreement with Vietnam this body approved earlier this fall. And they are right on both of these points, but not for the reasons they describe.

This issue does touch on free trade and on the integrity of our agreements. It touches on the fairness of trade and on the trust that we ask our citizens in this country to put into our trade agreements.

For global market liberalization to succeed, it must be built on a strong foundation of rules. This rules-based market system must be transparent and fair. It must be reliable and it must encourage market confidence.

That is one reason we worked so hard to negotiate our trade agreements within the auspices of a stable, multilateral institution such as the WTO. If

we do not work within a reliable, predictable rules-based system, then people lose faith in the promise of free trade and the free trade agenda is undermined. I do not think anyone in this body with the state of the economy wants to undermine the opportunities that free trade brings to this great Nation.

Many of our farmers have lost faith in our promises of free trade because they sense that their trading partners are not playing by the same rules. The House barely approved TPA last week in large part because rural Members and their constituents have lost faith in free trade. Our catfish farmers are now having to confront this issue of fairness and trust. They are having to confront imports of a wholly different kind of fish that is brought into this country but that is labeled as catfish.

Let's remember what it is we are talking about when we talk about catfish. As a young girl, I learned how to shoot using target driftwood on the Mississippi River. I also learned how to enjoy the outdoors and fishing by catching some big catfish in many of our lakes and streams in Arkansas, the thrill of being able to be a part of the environment and something that is a part of our heritage in Arkansas and in the Mississippi Delta region.

Some of us have in mind a specific kind of fish, the catfish that we grew up catching and eating. If we look at the chart, which has been shown to you by my colleague from Arkansas, which was prepared by the National Warmwater Aquaculture Center in Stoneville, MI, we see, as my colleague pointed out, what catfish consumers in this country think of as classified taxonomically under the family known as Ictaluridae.

It is a week before Christmas, a time when we should all be focused on family and getting home to our families so we can celebrate this Christmas. Let's look at this family column of what we are talking about. Look at the Ictaluridae area of the family column, more specifically known by its genus species as the channel catfish, which is what we are talking about today. In contrast, the basa fish that is being imported and labeled as ''catfish'' is classified under the family name here known as Pangasiidae. So not only are the channel catfish and the basa fish not members of the same genus species, they are not even members of the same family. They are only members of the same taxonomic order.

To get an idea of what this means or of how different these fish are, let's look at classifications of other items that we buy and consume. I mentioned this in my comments when we did bring up this amendment on the floor and talked about the bill we had introduced.

An Atlantic salmon and a lake trout, as my colleague mentioned, are members of the same family. So they are closer relatives than are the channel fish, catfish, and the basa fish. I suppose if we are prepared to say that basa would be sold under the label of ''catfish,'' then lake trout can be masqueraded as Atlantic salmon. I imagine many of my colleagues in this body would disagree with that.

Here is another one: A cow and a yak are members of the same family; once again, closer relatives than the channel catfish and the basa. So if we are prepared to say that the basa can be sold under the label of ''catfish,'' then we are more justified in saying that yak meat can be labeled and sold as New York strip steak. Or how about a camel or a giraffe? Both are members of the same order as a cow so just as close as the channel catfish and the basa fish. I suppose our opponents believe that an importer ought to be able to label a camel or a giraffe as beef and deceive the consumers into thinking they are buying filet mignon. Of course, it would be absurd to let a business deceive a consumer in such an egregious manner. To do so is nothing more than outrageous deception.

Do not let the other side fool you by suggestions that all fish are the same. It is not true, not any more than saying all four-legged mammals can be sold as beef.

These basa fish are brought into this country, packaged to mimic American brand names, even to mimic U.S. brand emblems for catfish, then labeled and sold to consumers as catfish in a blatant attempt to deceive the consumer into thinking he or she was buying a certain kind of catfish. That catfish they think they are buying is the North American channel catfish, not a basa fish.

This issue really hits home in Arkansas. As was mentioned by my colleague, we are talking about the Mississippi River Delta region of Arkansas where I grew up, one of the poorest regions in the Nation, one of the areas where our catfish farmers have contributed significantly to the economic viability of our Mississippi Delta counties, an area which has already been hit hard by the downturn in the rural economy which occurred over 4 years ago or better.

At a time when terribly low prices of other crops have been sending more and more farmers into bankruptcy, our catfish farmers have been able to scratch out a living by carving out a new market in this stable economy. These are farmers who in years past have left row cropping, who have found an environmentally efficient way to take their lands, their productive lands, and put them into aquaculture, thereby not only looking at the environmental impact statement they can make, the economic impact they can make, because they will hire more individuals and put more individuals to work, but also carving out a niche in the economy that needed to be filled.

So many of these farmers and workers once worked in production of other crops. As we have seen, the market for those crops has gone in the tank. There wasn't a very proud commercial market in catfish to speak of, but these farmers and these workers, after finding it nearly impossible to make a living in other crops, saw an opportunity to develop a market and build an industry. That is exactly what they have done over the last 15 to 20 years. They have built from scratch this market for aquaculture. So many of these communities, these farmers, their families and related industries invested millions and millions of dollars into building a catfish industry and into developing a catfish market. It has taken years, but they have done it. They are still doing it.

But now, just as they are seeing the fruits of their years of labor and investment, just as they are finding a light at the end of the rural economic tunnel, they find themselves facing a new and even more devious form of unfair trading practice. The people importing these Vietnamese fish see a growing market of which they can take advantage. It is irrelevant to them that what they are selling is not really catfish.

Why are they doing it? Because the catfish market in America is growing. Americans like catfish. As the Senator from Arizona mentioned, it is wholesome and healthy. It is safe. But as in any other crop in this Nation, as we continue to demand of our producers in this great Nation that they produce the safest—environmentally safest and product safest—economical product, we must be willing to stand by them, whether it is in an incredibly good farm bill, which the chairman has produced, or whether it is in trading practices to ensure that we stand by our producers.

American-raised catfish is farm raised and grain fed, grown in specially built ponds, cared for in closely regulated and closely scrutinized environments that ensure the safest supply of the cleanest fish a consumer could purchase.

Some basa fish are grown in cages in the Mekong River in conditions that are far below the standards which our catfish farmers must meet. Do consumers know that? Are they aware of the product they are getting? It is an unfair irony that our catfish farmers, many of whom left other agricultural pursuits, find themselves once again in the headlights of an onslaught of unfair trade from another country.

It is not true, as Senator MCCAIN has suggested, that these are simply wealthy agribusiness corporations with deep pockets. These are farmers and workers and families who have built their lives around a productive aquaculture business, who have been scraping out of the land and the mud of the Mississippi Delta a living in an area that has been so traditionally downtrodden.

In fact, 70 percent of the catfish processing workforce consists of single mothers in their first jobs. These are single working mothers, many of whom

are coming off the welfare rolls in one of the poorest regions in the country. One of the farmers from Arkansas whom I know, a gentleman named Randy Evans, is a Vietnam veteran himself who has sunk his life savings into his catfish farm. Another year like the last one, he tells me, and he will be out of business. His story is a common one.

Another farmer, Philip Jones, also from Arkansas, decided to quit farming in other crops 4 years ago because it was too tough to make a living and decided to throw his and his wife's savings into the catfish business. Now, as Randy Evans, they face losing all of their savings and going out of business if the next year is like the last.

To hear the other side describe, the troubles these farmers are facing couldn't possibly have anything to do with increasing sales of basa as catfish. They will try to point out that basa imports represent only 4 percent of the catfish market. But that's only if you look at the entire catfish market. What they don't tell you is that basa imports are primarily in the frozen filet market, which is the most profitable market within the catfish business. And within the frozen filet market, basa imports have tripled—tripled—each of the last couple of years—from 7 million pounds to 20 million pounds annually.

Looking at that trend line, it is easy to understand how imports of these misleadingly labeled basa fish will very soon have a devastating effect on the catfish industry; that is, unless something is done to bring some fairness to the marketplace.

My colleagues and I felt that this problem could best be resolved by addressing the unfair trading practice where it occurs—at the labeling stage. That is exactly what the language included in the Agriculture appropriations bill does, which was signed into law by President Bush on November 28, just 3 weeks ago. It simply prohibits the labeling of any fish as ''catfish'' that is in fact not an actual member of the catfish family ''Ictalariidae.''

We are not trying to stop other countries from growing catfish and selling it into this country. We simply want to make sure that if they say they are selling catfish—then that is what they are really doing. It does not violate the ''national treatment'' rules in our trade agreements, nor should it violate our bilateral agreement with Vietnam, as some may argue. That is because the language included in the Agriculture appropriations law applies to anybody who tries to mislabel fish as ''catfish,'' whether that mislabeled fish has been grown in Asia or in Arkansas.

I have heard some people mention a case involving sardines and the European Union. In that case, the EU is trying to limit the label of ''sardines'' to a specific genus species that is harvested in the Mediterranean. That case is different from ours for three reasons.

First of all, the European action violates an applicable international standard that is binding on the EU under the Technical Barriers to Trade Agreement. There is no applicable international standard that applies to catfish. So one of the main objections to the EU sardines case is not even relevant to our case.

Second, the EU action would change the way sardines imports had already been handled. So the EU action represented an about-face of sorts against the way the sardines importing industry had been doing business. This is different from our case because these basa imports have only recently begun to deluge our market. So there is no existing way we have dealt with the catfish labeling issue. We are establishing that manner right now.

Third, as I mentioned earlier, the EU action would limit the label of sardines to within the specific genus species that is harvested in the Mediterranean. So sardines that are within the same taxonomic family as the European species could not use the sardines label. This is different from our case because we're talking about fish that is not even a member of the same taxonomic family.

And do not let others sell you on the argument that we would violate the ''national treatment'' and most-favored-nation provisions of our trade agreements. Our language focuses only on the types of fish, not on the place of origin, so it would apply equally whether the fish is grown in Asia or in the Mississippi Delta.

If our trading partners want to raise catfish of the ''Ictaluridae'' family overseas and import it into this country under the label of ''catfish,'' then they can do that. Our language does not seek to stop them. It only requires them to deal with the consumer honestly. It only prohibits them from deceiving the consumer.

This is about truth and fairness and that is what the language included in the Agriculture appropriations law accomplishes. So our colleagues on the other side of this issue are right when they say this is about preserving the integrity of our trade agreements.

What is at stake is whether we will honor the spirit of a rules-based global trading system that relies on transparency and fairness. Will we encourage our farmers and workers to trust increased trade? If so, then vote against this amendment.

I, once again, would like to go to and reconfirm that this is not an issue of campaign finance reform. This is an issue of jobs—jobs in an area of our country that has traditionally suffered unbelievable poverty and unemployment. These are about hard-working families, in an area of our country that, again, has been downtrodden for years. It is about encouraging diversity in an industry, particularly agriculture, where we have seen our agricultural producers in this great Nation who have been farming away the equity in their farms that their fathers and grandfathers and great-grandfathers built up before them because we haven't provided them the kind of agriculture policy that could sustain them in business. It is providing the diversity that when row crops can't provide that stability, they can diversify into aquaculture, into an area where they can employ more people and preserve the environment, and they can make an effort at building a part of the economy that needs to be built in this great Nation.

I thank the Senator from Arizona again for his leadership and for always coming forward to try to set us straight. I respectfully disagree with him. I ask my colleagues to join me in supporting the people of the Mississippi Delta, the farmers of this Nation who have been willing to diversify and to seize a marketplace that needed to be seized, and to give them fairness so that once again the American farmer, the American producer, can have faith in the integrity of the free trade that this Nation stands behind on their behalf.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, surely God must be smiling that we are here on December 18th talking about catfish. I would like to try to address all these issues that have been raised as quickly as I can and get to the bottom line of what this issue is about.

Let me first say I take a back seat to no man or woman on the issue of catfish. I have eaten as many or more catfish than anyone in the Senate. In fact, as a boy growing up on the Chattahoochee River, I can remember buying catfish from people along River Road who had up a sign: ''Our catfish slept in the Chattahoochee river last night.''

I think it is an incredible commentary on how poorly we understand trade that we have heard an endless debate today about what the income level of catfish producers is while nobody has mentioned catfish consumers. Is there anybody here who would be willing to wager whether the average catfish consumer in America is substantially poorer than the average catfish producer? Nobody would make that wager. Nobody thinks there is any question about it.

The amazing thing about the debate on trade is that nobody cares about the consumer. The consumer is absolutely irrelevant in the trade debate. The trade debate is basically about single-entry bookkeeping. Nobody looks at all the agricultural products that the Vietnamese buy from America. Nobody looks at all the jobs that creates. Nobody looks at the fact that every American dollar that goes to Vietnam, or any other country, for that matter, comes back to America in purchases. We are focused on single-entry bookkeeping, and in this sort of naive world of the Senate trade debate, the end of all activities is exports. Imports seem to be terrible things.

If that is true, I wonder why my colleagues go to the grocery store. They

talk about free trade. But when is the last time Kroger or Safeway bought anything from you? They have never bought anything from me. I have never sold anything to a grocery store. I am engaged in absolutely one-way unfair trade with the grocery store. The groceries sell things to me but they do not buy things from me. If I listen to the logic of this debate, we should be putting up barriers to people getting in the grocery store because of unfair trade.

Maybe I have been following these debates for too long, but I thought the end of all economic activity was consumption. Does no one care about what impact this provision will have on consumers? Does anybody doubt that limiting competition in the sale of catfish will hurt poor people? It will, and it will hurt them everywhere—not just in Arkansas, not just in Texas, but everywhere.

I also do not understand the point about people in Arizona being richer than people in Arkansas. On that logic, why don't we simply have amendments to redistribute wealth? I do not think any of that is relevant.

My point is that no one can dispute that the average consumer of catfish is poorer than the average producer of catfish. So if we are here choosing up sides based on income, we would all be against the provision that limits competition in catfish. But obviously, that is not what we are about.

Let me try to address some of the issues that have been raised. First of all, many comments have been made today that I do not think comport with existing regulations and laws. I have here a September 27 directive by Phillip Spiller, who is director of the Seafood Center for Food Safety and Applied Nutrition, about labeling of Vietnamese catfish. I will ask that it be printed in the RECORD when I get through speaking. He lists about 30 commercial catfish labels, none of which is just plain catfish. You can label it basa catfish. You can label it bocourti catfish. You can label it short barbel catfish. You can label it sutchi catfish. You can label it striped catfish. But you certainly cannot label it plain catfish. So the idea that we have no way to indicate whether or not catfish is U.S. catfish just does not comport with the regulations in place today.

In looking into this issue, and trying to find a neutral source, we pulled up www.fishbase.org, which is a taxonomic database on the Internet that serves as a reference for fisheries scientists. Rather than going to an old dusty library and pulling out a reference book and blowing the dust off it, you now can call up this information from a database on the Internet. And up pops various kinds of catfish.

It is interesting to me that our colleagues are so adamant that the catfish grown in Vietnam is not catfish. That will come as a surprise to the scientists who compiled the taxonomic database at fishbase, because sure enough, right there on the database—and I challenge my colleagues to look it up—is this basa catfish. So apparently the scientists are confused. They may call this a basa catfish, and they may have a picture that goes with it that sure looks like a catfish to me. But we, of course, have in-depth knowledge of the catfish and the catfish family and its scientific names.

I went to great trouble to actually get a photograph of this nefarious catfish. Just the growth of this catfish puts people out of work, and spreads hunger and disaster across the globe. Here is a picture of a very young one. If you put that before any child in America over the age of 3 and asked, what is that fish, what would they say? Mama, it's a catfish.

I have a blowup of this picture. See those whiskers? Do you think that is a crab or a bass or a salmon? It is a catfish. Not only does it look like a catfish, but it acts like a catfish. And the people who make a living in fisheries science call it a catfish.

Why do we want to call it anything other than a catfish? We want to call it something other than a catfish because of protectionism. I have never run into a man or woman serving in public office who said: I am a protectionist. Nobody says that. They are always for free trade, but they are never for free trade in anything that in any way affects anybody they represent. It never ceases to amaze me. I do not know what free trade they favor other than something their state does not produce. But that is not the way trade works.

Let me address the many other issues raised. One argument we hear is that this Vietnamese catfish is an inferior import. If it is inferior, why do restaurants buy it in such overwhelming volume? Do they not want people to come back to their restaurant? Are they not interested in customer loyalty? And if it is inferior, why has no one presented us with taste test results? I do not know that such a test has ever been done. Do you know why I do not think it has been done? Because people would not be able to tell the difference. There obviously is a difference between a mud cat and a channel cat. I prefer the channel cat. If you tried to serve mud cat in a restaurant, you would not have many repeat customers.

Restaurants are serving basa catfish because it is good catfish, people like it, and it is cheaper. You might say that there is something wrong with it being cheaper. What is trade about except seeing products become cheaper? Why would we trade with anybody for any item unless we could buy it cheaper from them than we could produce it for ourselves? That is what trade is about. That is where we gain from trade. But all that gets lost in this debate.

What about a nutrition study? Does Vietnamese catfish have the same nutritional value as U.S. catfish? Is it nutritionally inferior? When consumed by the human species are its digestive qualities different? I suspect not, because certainly the proponents of preventing this catfish from being called a catfish would have done these studies if they thought there were any possibility of generating data in their favor.

On the argument regarding a surge in imports, it all depends on where you start. It is true that between 1997 and 2000, there was a big surge in catfish imports, from .9 million pounds to 8.2 million pounds. But if you go back to 1986, the level of imports then was 8.2 million pounds. So the level of imports has not changed, at least as measured in million-pound increments, since 1986. It may have declined in 1997, but in terms of imports, we are not appreciably different today than we were in 1986. This data is data from the State Department. It is unclassified and available for everyone to look at, and I ask my colleagues to look at it.

In terms of dirty conditions, where is the evidence? The State Department was asked to go out and look at how the Vietnamese catfish were grown, and they have come back and tell us that the conditions are highly sanitary. It is interesting that at this very moment, the Chinese are beginning to produce channel cat from American strains. There is no evidence to suggest that the Vietnamese could not ultimately produce channel cat. What would the argument be then?

It seems to me all of the arguments we are hearing today come down to an argument against trade. The question turns on what is in a name.

Imagine for a moment that Alaskan king crab were required to be labeled as ''giant sea spiders.'' Just imagine that I am in France and I don't want these Alaskan king crab brought into France because they are good, relatively inexpensive, and superior to the crab we have in France. The Alaskan king crab is a different subspecies. As everyone who has ever seen a blue crab and an Alaskan king crab knows, one is a No. 1 jimmy, the very top one you can get, at about 6 inches across. Then there are various gradations in the Maryland blue crab.

Mr. MCCAIN. Will the Senator yield? Shouldn't we change the name of one of those?

Mr. GRAMM. My point.

Mr. MCCAIN. They don't look as much alike as the catfish shown in the pictures, yet we will make sure that the term ''catfish'' is removed. I don't see why either the dungeness or the blue, one of those, should clearly not be called ''crab.''

Mr. GRAMM. The point is, what is the purpose of a name? The purpose of a name is to convey information. A blue crab, a dungeness crab, a king crab—all are labeled as crab because, while they look very different and are very different sizes, they basically are similar creatures and a very high quality food source. Why would you call

them anything but the same thing unless the objective was to try to reduce or remove one of the products from the market?

Now, we produce Alaskan king crab. It is a superior product. I don't know whether people that produce it are rich or poor. I know anybody who has enough income to afford Alaskan king crab likes to eat it. I do. But if I were in France and I were in the crab business and I didn't want to compete against Alaskan king crab, what would I do? I would say this is not a crab. I would say that our French crab is a superior product and this Alaskan king crab is an inferior product that is being foisted off on French consumers by French chefs.

What about the Florida stone crab that is so expensive and that people like so much? Now, I will say, and I speak with some authority, poor people do not eat stone crabs because it is expensive. It is very expensive. And it is very, very good. If I am in France, I have this crummy little crab they grow in France. It is good, but it does not compare to the Florida stone crab or the Maryland blue crab—I sing its virtues—or the Alaskan king crab. I don't know whether God didn't love them as much as he loves us, but he gave us this great variety of crabs. If I am a French crab grower—a ''water man'' as they call it on the eastern shore of Maryland—I might start a campaign because I don't want to compete against these crabs by going to a French parliamentarian.

Do you think that parliamentarian would stand up and say: Although the American crab are better and cheaper, we don't want them in France because we think consumers in France are not paying enough for crab. We want to literally steal the crab right out of their mouths. We want to rip them off.

Do you think you would stand up and say that, even in the French parliament? I think not. You know what I think the parliamentarian would say? He would get a picture of a glorious French crab and he would say: Monsieur, this is a crab. And then he would talk about the French water men who go out in the North Sea, with the winds blowing, where it is cold and risky. He would have a picture of a water man who fell and broke his leg during a storm, and with tears in his eyes, he would say: Are we going to take bread out of their mouths? Are we going to let Americans continue to send these inferior crabs into France? And then they would take down the picture of the French crab, with its scientific name, and he would put up a picture of the Alaskan king crab, and he would say: Can anyone say that is a crab?

Then he would put up a table showing a family tree of the crab. He would show the crummy little French crab at the top, and the Florida stone crab and the Alaskan king crab, way down here. He might even argue that genetically, the Alaskan king crab is closer to being a lobster than to being a crab. I don't know. I have not looked at the crab family tree.

Then he would say: We cannot allow these Americans to call this thing a crab. So he might suggest to the French parliament: Let us call it some scientific name that would scare consumers to death, like a giant sea spider.

Now you go into a grocery store in France, and you see these Alaskan king crab—superior to any crab grown in France, and cheaper to boot—and it is labeled in French ''giant sea spider.'' Why would it be called a giant sea spider instead of a crab? Because the French crab grower does not want people to buy it.

That sums up what this debate is about. How can you sell catfish when you can't call it catfish? If the suggestion were to require that the catfish be labeled ''Vietnamese catfish,'' I would vote for it. I don't think that is a good idea nor one that would benefit me. I don't get all these arguments about it being unpatriotic to buy some product from another country at the same time that we want them to buy things from us. I don't understand it. I think that view is a road to poverty. I think that that view is what politicians have done to their people for thousands of years.

The new thinking, the new revolution is trade. But what this is about—with the best of intentions—is the fact that we have competition in catfish. It has gotten cheaper. The consumer has benefitted, real income has risen, and nutrition levels are up because catfish now is cheaper.

What we are debating now is an effort to take what the Internet reference database used by the scientists call a ''catfish'' and say they don't know what they are talking about because it is not a catfish. Just like the French might say the Alaskan king crab is not a crab. Instead we will force the Vietnamese catfish farmers to market their catfish under a name that nobody knows. Who knows what ''basa'' is?

Let us say that I am a low-income person. I am looking at every penny. I am working. I have gotten off welfare. I am going to the grocery store to buy a product: catfish. So I go to the catfish counter, and I see catfish. It looks kind of high in price. Then I see basa over here. It looks like catfish, but I don't know if it is catfish.

Is forcing sellers to call a product by a name that has nothing to do with our common knowledge of the product an insurmountable obstacle to trade? I believe that it is. I believe that any trade panel impaneled anywhere in the world would rule that this practice is an unfair trade practice. If scientists say it is a catfish, why don't we say it is a catfish? Why would we say it is not a catfish? If there were no significant imports of Vietnamese catfish, would we be in a debate about whether this is catfish?

If this were a gathering of ichthyologists—the name for people who study fish—would we be debating whether this catfish is a catfish? No, we would not be debating it. We are debating it because people want protection. I understand why they want it. I am not saying some people may not be hurt without the protection, without destroying the ability of a competitor to compete.

But my point is this: We are the greatest exporting nation in the world. Protectionist efforts are being directed at us all over the world. Similar debates are occurring in every parliament and every congress on Earth. In fact, right now there are efforts in the European Community to change our ability to market U.S. sardines. And the French have tried to label foreign scallops as not being scallops. I can't pronounce the French name for scallops. Why are they doing that? Is not a scallop a scallop? Quite frankly, even though the French scallops are smaller, they are superior to ocean scallops. Why are they doing that in France?

Mr. MCCAIN. Mr. President, is the Senator aware that the suit was brought against France for exactly that—mislabeling scallops? The United States is one of them. WTO ultimately ruled against the French and changed the regulation, as they will rule against this. But it would take years to do it.

Mr. GRAMM. Why do the French want to say a scallop is not a scallop? Because they wanted to cheat French consumers. They wanted to make French consumers consume their domestically produced scallops rather than being able to buy scallops from around the whole world.

Why is concern focused only on the people who produce things and not the people who consume things? How extraordinarily different that world view is. Quite frankly, when I look to the future, it frightens me that at the very time when we are seeing developing countries start to open up trade, developed countries are restricting trade. We are the greatest trading country in the world, with the largest export and the largest import base of any country on the planet. Yet somehow something is said to be wrong.

I am reminded of Pericles, who gave the funeral oration each year in Athens to honor those who had died during the Peloponnesian War. Other than the Gettysburg Address, probably the most famous speech ever given was Pericles's funeral oration. It is very interesting that of all the things Pericles could have chosen to show the greatness about Athens, he picked out trade, and specifically, imports. He didn't pick out exports, although he could have said that if you go all over the world you will find products from Athens. But he didn't say that. He said: ''Because of the greatness of our city, the fruits of the whole earth flow in upon us, so that we enjoy the goods of other countries as freely as of our own.'' To Pericles, that fact represented the greatness of Athens.

But yet, in America, the greatest, richest, freest country in history, we are debating a proposal that a catfish is not a catfish because catfish are too cheap and we want to restrict competition by forcing people who produce catfish in Vietnam to call it something other than catfish. Quite frankly I think that is a problem.

Let me make a couple of other points.

What is a red snapper? I thought I knew what a red snapper from the gulf was. I am sure the Presiding Officer, if I asked him to draw a picture of a red snapper, would draw the same picture of a red snapper: a red fish that is kind of flat. But if you asked Senator STEVENS or Senator MURKOWSKI to draw a red snapper, they would draw a very different fish because, in fact, the red snapper of the gulf coast is a very different product from the red snapper of Alaska. Should we pass a law that says you can call one a red snapper but not the other? Would that make any sense?

I have already talked about crab, and the example of the French parliamentarian. Can you imagine the great passion he could muster in making his argument—an argument that quite frankly, would be a better case than we have here? The difference between the Alaskan king crab and the crummy little French crab is far starker than the difference between these two catfish.

All over the world today, this very same debate is going on about what is crab and what is not crab, what are scallops and what are not scallops, or what are sardines and what are not sardines. Does this debate serve any purpose other than to cheat people, to limit trade, and to produce declining living standards?

Finally, let me say that this effort won't end with seafood. Is pima cotton the same thing as short-strand cotton? Is the cotton produced in Arizona and West Texas the same cotton that is produced in Georgia and central Texas? Is Egyptian cotton the same as U.S. cotton? Could we not find ourselves in a similar debate over, literally, buying sheets?

I have a son who is getting married on the 19th of January. I have become an expert on bedding. When you want to give someone the nicest sheets, you get sheets made of pima cotton or Egyptian cotton, because that is long-strand cotton. And you look for a large number of threads per square inch.

If the United States Senate changes by legislation what catfish is for the purpose of trade—even though scientists classify catfish differently—is it hard to imagine that we might actually see a proposal that says Egyptian cotton is not cotton? Is that out of anybody's imagination? It is not out of my imagination. We could literally have a situation where a superior product—long-strand cotton—could not be sold because it was not allowed to be called cotton and consumers were not able to know what it was.

I understand cotton. I must be like every other Member of Congress in that I have been given thousands of T-shirts every year. If it is not 100-percent cotton, I give it away. First I give it to my staff. If they don't want it, I send it off to somebody who is collecting clothes. It is not that I would take it if it said ''Free Love'' or something like that on it. But I want 100-percent cotton.

What if, for political reasons, we started saying that some kinds of cotton are not cotton? The only reason someone would want to do that would be to impede trade. The purpose of this effort to prevent the use of the name ''catfish''—the name used by fisheries scientists—for imported catfish is to impede trade.

Catfish, at the end of the day, is important to our trading partners in Vietnam. We could cheat them. And we could cheat catfish consumers, who probably would never know it. The millions of people who eat catfish have no idea that we are debating this today.

I am guessing that some catfish producers are looking over my shoulder and sending letters back to Texarkana or the Golden Triangle—where people grow catfish—asking whether PHIL GRAMM cares about catfish producers. Yet nobody is looking over my shoulder asking whether I care about the catfish consumer.

This is how bad law is made. Even though nobody other than a few catfish producers is ever going to know how senators vote, I urge my colleagues to vote with Senator MCCAIN because this is an important issue. If we start changing names to impede trade, who is more vulnerable to this kind of cheating than the United States of America? If we can do this to Vietnamese catfish, it can be done to every agricultural product that we produce.

In fact, it is being done to our beef exports today in Europe using phony science. The scientific community says growth hormones have no impact. Yet the Europeans, for protectionist reasons, have reached the conclusion they do. It is limiting American cattle growers and it is cheating Europeans out of a superior diet.

The problem with cheating in little ways in trade is that it undercuts our credibility when we tell other nations to treat people fairly and to respect free trade.

I want to make one final argument. I know people flinch when I say it, but it needs to be said. I personally do not believe that the Vietnamese or the Chinese or anybody else will put us out of the catfish industry. But God did not guarantee that people have a right to be in the catfish business. I did not get to play in the NBA or the NFL. I did not get to act in movies. Nobody guaranteed me those rights. If other people can produce a catfish product that is better and cheaper than our catfish, what is wrong with letting consumers buy that catfish and letting us engage in the production of products that we do better?

One final point, and then I will end my statement. Trade creates progress and increases living standards. Take textiles. For years, political representatives of the South tried to protect textiles—a low-wage industry that in the old days provided very poor working conditions and very poor benefits. By the way, Americans pay twice as much for their clothing as they would pay if we had free trade in textiles. Our textile policy literally steals money out of the pockets of working men and women in America, and cheats them every day through protectionism in textiles.

Now any job is a godsend to anybody who wants to work. But Senator MCCAIN and I recently were in South Carolina together campaigning at a BMW plant. I was struck by the fact that the old textile plants had gone broke anyway, and the same people who had worked in the textile mills now were working at BMW at three times the wages and with substantially better working conditions.

I urge my colleagues: Let's not get into the business of saying that a catfish is not a catfish for a quick benefit today, because in 100 or 1,000 or 10,000 other ways the same game can be practiced on us. And we are far more vulnerable than the poor Vietnamese because they do not produce and sell many things. We produce and sell things all over the world. And when we start this kind of business, it encourages others to do the same against us. Certainly then the impact would become significant enough that people would pay attention.

So I thank Senator MCCAIN. His objection to this proposal is in part because the proposal is unfair, and in part because of the way the proposal was enacted. But as trivial as this issue may seem now, at 4:35 on the 18th of December, when we should long ago have gone to our homes and made merry with our families—as trivial as it sounds at the moment, saying that a catfish is not a catfish for political reasons is dangerous business. It may benefit a few producers—although not the consumers, who nobody cares about—in a couple of States today, but it could hurt every State in the Union and every consumer in the world tomorrow. That is why Senator MCCAIN is right on this issue.

I yield the floor.

Mr. LOTT. Mr. President, I understand that Senator MCCAIN is offering an amendment to the farm bill which would strike a key provision of the fiscal year 2002 Agriculture Appropriations Conference Report. Earlier this year, the House and Senate sent to the President an Agriculture Appropriations report which contained language banning the commercial and legal use of the word ''catfish'' by importers and restaurants for the Vietnamese basafish. I rise to support our earlier conference agreement, and I voice my opposition to the McCain amendment to the farm bill. As many of you know, the domestic catfish industry is very important to my home State of Mississippi. Commercially-raised North

American catfish farms and processing facilities bring jobs and benefits to many people living in the communities of the Mississippi Delta, one of the poorest regions in America. I fear that the McCain amendment will undo much of the hard work by private companies and government officials to bring economic development to this region.

I have heard from catfish producers and processors in Mississippi, Alabama, Arkansas, and Louisiana regarding the unfair marketing of the Vietnamese basafish as a ''catfish'' in stores and markets across the entire country. I agree with their arguments that by permitting this Vietnamese fish to be imported and marketed as a ''catfish'' the Food and Drug Administration, FDA, is allowing customers to be misinformed and defrauded. Domestic catfish industry officials rightfully fear they will lose revenue and that their businesses and workers' livelihoods will be endangered.

The scientific fact is that the basafish is not closely related to the North American channel catfish and thus should be commercially and legally identified as a separate variety of fish so that American consumers are fully informed as to what they are buying.

The Vietnamese basafish and the North American channel catfish are as genetically-related to one another as a cow and a pig. All we want is for the FDA to provide the same scientifically-based commercial distinction between these two items as they give between beef and pork. We want sound science to define what is a catfish and what is not. I ask unanimous consent that a copy of the attached taxonomic chart be printed in the RECORD following my statement to reinforce the above argument.

Now, some will argue that the fiscal year 2002 Agriculture Appropriations report discourages free trade. I disagree with such an assessment. It is not our intention to ban the importation of the Vietnamese basafish into the United States through this legislation. The fiscal year 2002 Agriculture Appropriations report will only require the FDA to recognize what science does, that this fish is not a ''catfish.''

I believe that the Agriculture Appropriations report actually encourages fair trade between America and emerging markets like Vietnam. Throughout this past year, my constituent catfish producers and processors have expressed their willingness and ability to compete head-to-head with consumers against the Vietnamese basafish for the frozen filet market demand, provided that Federal and State regulators direct importers and restaurants to honestly and correctly market the Vietnamese basafish as a Vietnamese basafish and not as a ''catfish''. Under a regulatory system based on sound science my constituents are confident that the North American channel catfish will easily outsell the Vietnamese basafish in the United States.

I encourage my colleagues to vote for fair trade, sound science, and informed consumers by opposing the McCain amendment.

Mr. MCCAIN. Mr. President, I wish to draw my colleagues' attention to an action Congress recently took, but which they most likely know nothing about, a severe restriction on all catfish imports into the United States. Much more is at stake here than trade in strange-looking fish with whiskers. In fact, this import barrier has grave implications for the U.S.-Vietnam Bilateral Trade Agreement, for our trade relations with a host of nations, and for American consumers and fishermen. America's commitment to free trade, and the prosperity we enjoy as a result of open trade policies, have been put at risk by a small group of Members of Congress on behalf of the catfish industry in their States, without debate or a vote in the Congress. Consequently, Senators GRAMM, KERRY, and I are offering an amendment to the farm bill to elevate the national interest over these parochial interests by stripping this narrow-minded import restriction from the books and ensuring that we define ''catfish'' for trade purposes in a way that reflects sound science, not the politics of protectionism.

During consideration of the Senate version of the Agriculture Appropriations bill for fiscal year 2002, I voiced deep concern about the managers' decision to ''clear'' a package of 35 amendments just before final passage of the bill. The vast majority of Senators had received no information about the content of these amendments and had had no chance to review them.

As it turns out, I had good reason to be concerned. Included in the managers' package was an innocuous-sounding amendment banning the Food and Drug Administration from using any funds to process imports of fish or fish products labeled as ''catfish'' unless the fish have a certain Latin family name. In fact, of the 2,500 species of catfish on Earth, this amendment allows the FDA to process only a certain type raised in North America, and specifically those that grow in six southern States. The practical effect is to restrict all catfish imports into our country by requiring that they be labeled as something other than catfish, an underhanded way for U.S. catfish producers to shut out the competition. With a clever trick of Latin phraseology and without even a ceremonial nod to the vast body of trade laws and practices we rigorously observe, this damaging amendment, slipped into the managers' package and ultimately signed into law as part of the Agriculture Appropriations bill, literally bans Federal officials from processing any and all catfish imports labeled as what they are, catfish.

Proponents of this ban used the insidious technique of granting ownership of the term ''catfish'' to only North American catfish growers, as if southern agribusinesses have exclusive rights to the name of a fish that is farmed around the world, from Brazil to Thailand. According to the Food and Drug Administration and the American Fisheries Society, the Pangasius species of catfish imported from Vietnam and other countries are ''freshwater catfishes of Africa and southern Asia.'' In addition, current FDA regulations prohibit these products from being labeled simply as ''catfish.'' Under existing regulations, a qualifier such as ''basa'' or ''striped'' must accompany the term ''catfish'' so that consumers are able to make an informed choice about what they're eating.

These fish were indeed catfish until Congress, with little review and no debate, determined them not to be. No other animal or plant name has been defined in statute this way. All other acceptable market names for fish are determined by the FDA, in cooperation with the National Marine Fisheries Service, after a review of scientific literature and market practices.

What are the effects of this import restriction? As with any protectionist measure, blocking trade and relying on only domestic production will increase the price of catfish for the many Americans who enjoy eating it. One in three seafood restaurants in America serves catfish, attesting to its popularity. This trade ban will raise the prices wholesalers and their retail customers pay for catfish, and Americans who eat catfish will feel that price increase, a price increase imposed purely to line the pockets of Southern agribusinesses and their lobbyists, who have conducted a scurrilous campaign against foreign catfish for the most parochial reasons.

The ban on catfish imports has other grave implications. It patently violates our solemn trade agreement with Vietnam, the very same trade agreement the Senate ratified by a vote of 88–12 only two months ago. The ink was not yet dry on that agreement when the catfish lobby and their Congressional allies slipped their midnight amendment into a must-pass appropriations bill.

Over the last 10 years, our Nation has engaged in a gradual process of normalizing diplomatic and trade relations with Vietnam. Our engagement has yielded results: the prosperity and daily freedoms of the Vietnamese people have increased as Vietnam has opened to the world. The engine of this change has been the rapid economic growth brought about by an end to the closed economy under which the Vietnamese people stagnated during the 1980s. Many Americans, including many veterans, who have visited Vietnam have been struck by these changes, and the potential for capitalism in Vietnam to advance our interest in freedom and democracy there. We have a long way to go, but we are planting the seeds of progress through our engagement with the Vietnamese, as reflected most recently in ratification of the bilateral trade agreement

by both the United States Senate and the Vietnamese National Assembly. Indeed, the trade agreement only took effect this week.

This trade agreement is the pinnacle of the normalization process between our countries. It completes the efforts of four American presidents to establish normal relations between the United States and Vietnam. It is the institutional anchor of our relationship with Vietnam, the 14th-largest nation on Earth, and one with which we share a number of important interests.

Yet in the wake of such historic progress, and after preaching for years to the Vietnamese about the need to get government out of the business of micromanaging the economy, we have sadly implicated ourselves in the very sin our trade policy claims to reject. The amendment slipped into the Agriculture Appropriations bill openly violates the national treatment provisions of our trade agreement with Vietnam, in a troubling example of the very parochialism we have urged the Vietnamese government to abandon by ratifying the agreement.

The amendment Senator GRAMM and I are offering today would repeal this import restriction on catfish. Our amendment would define ''catfish'' according to existing FDA procedures that follow scientific standards and market practices.

Not only is the restrictive catfish language offensive in principle to our free trade policies, our recent overwhelming ratification of the Bilateral Trade Agreement, and our relationship with Vietnam; it also flagrantly disregards the facts about the catfish trade. I'd like to rebut this campaign of misinformation by setting straight these facts, as reported by agricultural officials at our embassy in Hanoi who have investigated the Vietnamese catfish industry in depth.

The U.S. Embassy in Vietnam summarizes the situation in this way: ''Based on embassy discussions with Vietnamese government and industry officials and a review of recent reports by U.S.-based experts, the embassy does not believe there is evidence to support claims that Vietnamese catfish exports to the United States are subsidized, unhealthy, undermining, or having an 'injurious' impact on the catfish market in the U.S.'' Our embassy goes on to state: ''In the case of catfish, the embassy has found little or no evidence that the U.S. industry or health of the consuming public is facing a threat from Vietnam's emerging catfish export industry. . . .Nor does there appear to be substance to claims that catfish raised in Vietnam are less healthy than [those raised in] other countries.'' The U.S. embassy reports the following: Subsidies: American officials indicate that the Vietnamese government provides no direct subsidies to its catfish industry; Health and Safety Standards: The embassy is unable to identify any evidence to support claims that Vietnamese catfish are of questionable quality and may pose health risks. FDA officials have visited Vietnam and have confirmed quality standards there. U.S. importers of Vietnamese catfish are required to certify that their imports comply with FDA requirements, and FDA inspections certify that these imports meet American standards; A normal increase in imports: The embassy finds no evidence to suggest that Vietnam is purposely directing catfish exports to the United States to establish market share; and Labeling: The Vietnamese reached an agreement with the FDA on a labeling scheme to differentiate Vietnamese catfish from American catfish in U.S. retail markets. As our embassy reports, the primary objective should be to provide American consumers with informed choices, not diminish the choice by restricting imports.

The facts are clear, the midnight amendment passed without a vote is based not on any concern for the health and well-being of the American consumer. The restriction on catfish imports slipped into the Agriculture Appropriations bill serves only the interests of the catfish producers in six southern States who profit by restricting the choice of the American consumer by banning the competition.

The catfish lobby's advertising campaign on behalf of its protectionist agenda has few facts to rely on to support its case, so it stands on scurrilous fear-mongering to make its claim that catfish raised in good old Mississippi mud are the only fish with whiskers safe to eat. One of these negative advertisements, which ran in the national trade weekly Supermarket News, tells us in shrill tones, ''Never trust a catfish with a foreign accent!'' This ad characterizes Vietnamese catfish as dirty and goes on to say, ''They've grown up flapping around in Third World rivers and dining on whatever they can get their fins on. . . .Those other guys probably couldn't spell U.S. even if they tried.'' How enlightened.

I believe a far more accurate assessment is provided in the Far Eastern Economic Review, in its feature article on this issue: ''For a bunch of profit-starved fisherfolk, the U.S. catfish lobby had deep enough pockets to wage a highly xenophobic advertising campaign against their Vietnamese competitors.''

Unfortunately, this protectionist campaign against catfish imports has global repercussions. Peru has brought a case against the European Union in the World Trade Organization because the Europeans have claimed exclusive rights to the use of the word ''sardine'' for trade purposes. The Europeans would define sardines to be sardines only if they are caught off European waters, thereby threatening the sardine fisheries in the Western Hemisphere. Prior to passage of the catfish-labeling language in the Agriculture Appropriations bill, the United States Trade Representative had committed to file a brief supporting Peru's position before the WTO that such a restrictive definition unfairly protected European fishermen at the expense of sardine fishermen in the Western Hemisphere. Like the Peruvians, a large number of American fishermen would suffer the effects of an implicit European import ban on the sardines that are their livelihood.

Yet as a direct consequence of the passage of the restrictive catfish-labeling language in the Agriculture Appropriations bill, USTR has withdrawn its brief supporting the Peruvian position in the sardine case against the European Union because the catfish amendment written into law makes the United States guilty of the same type of protectionist labeling scheme for which we have brought suit against the Europeans in the WTO. The WTO has previously ruled against such manipulation of trade definitions which, if allowed to stand in this case, could be used as a precedent to close off foreign markets to a number of U.S. products. I doubt the sponsors of the restrictive catfish language in the Agriculture Appropriations bill happily contemplate the potential of the Pandora's Box they have opened.

This blanket restriction on catfish imports, passed without debate and without a vote on its merits, has no place in our laws. I urge my colleagues to join us in striking it from the books and allowing science, not politics, to define what a catfish is by supporting our amendment.

Mr. KERRY. Mr. President, I rise as a cosponsor of Senator McCain's amendment. This amendment would repeal a provision in the recently enacted Agriculture Appropriations bill that prohibits for the current fiscal year, the FDA from using any funds to process imports of fish or fish products labeled as ''catfish'' unless the fish have a certain scientific family name that is only found in North America. The House-passed version of the Farm bill contains a similar provision that would make the ban on imports permanent. The amendment we are offering seeks to reverse this position as well.

A number of scientific classification organizations have identified over 30 distinct families of catfish world-wide and over 2,500 different species within these families. Quite frankly, the classification of species is a subject that I think is best left with the scientific community and the experts at the National Marine Fisheries Service and the Food and Drug Administration. I understand the concerns of the American catfish industry, however these kinds of trade wars only lead to our trading partners enacting similar protectionist measures against U.S. food producers.

For example, the European Union has passed a provision that prohibits the use of the word sardine for anything other than the European species of sardine. The Office of the U.S. Trade Representative was arguing to the World

Trade Organization that the EU's new import policy restricting the labeling of sardines was unfair. After all, North American herring are a part of the sardine family, just like Vietnamese basa is part of the catfish family. Once the Agriculture Conference Report became law however, with its one year ban on imported catfish, everything stopped. American fishermen and processors in the Northeast have the Peruvian and Canadian governments to thank for stepping in to file a complaint with the WTO; otherwise American fishermen and processors have little hope of ever entering into the EU export market.

Back in 1993 the French government attempted a similar provision for scallops. Only European caught scallops could be sold as ''Noix de Coquille Saint-Jacques'', which reduced the market value of imported scallops by 25 percent. The U.S. and a number of other nations protested to the WTO and overturned the decision.

The U.S.-Vietnam bilateral trade agreement, which came into force this week, requires that each country give ''national treatment'' to the products of the other country when those products share a likeness with domestic products. By denying American importers the right to bring in Vietnamese catfish under the name ''catfish'', the provision enacted in the Agricultural Appropriations Conference report, and the language in the House-passed farm bill, violate the trade agreement by denying the same treatment to Vietnamese catfish as we give to American raised catfish.

The U.S.-Vietnam trade agreement is a vehicle for opening the Vietnamese economy to American goods and services. It is the precursor to a WTO agreement. For the United States to violate the letter and the spirit of that agreement by restricting the importation of Vietnamese catfish will undermine the process of implementation of that agreement before it has even begun.

I wish to remind my colleagues that Brazil, Thailand, and Guyana are all members of the WTO and all three countries also export catfish to the U.S. This provision would deny them access to our markets as well, and I would not be surprised if they successfully protest this matter to the WTO should we choose not to repeal this provision.

I understand the desire of my colleagues in the Senate and the House to try to help their domestic catfish farmers who have hit on hard times. I believe one of the ways to do this is to make it clear to the American consumer where the fish that they are purchasing comes from. Existing FDA and Customers regulations require country of origin labeling on catfish that is imported by U.S. companies. In fact, one of those importers in my home State of Massachusetts has shown me the label on his catfish. It leaves no doubt about the origin of the fish. However, I believe we should go a step further to include country of origin labeling for fish products at the consumer level as well. Consumers have a right to know where their food comes from.

I urge my colleagues to support this amendment.

Ms. SNOWE. Mr. President, I am very concerned about the precedent of arbitrarily determining the acceptable market name of any fish. We have never before set into statute a market name for any animal or plant. In the case of fish, the Food and Drug Administration works with the National Marine Fisheries Service to review the available scientific literature and common market practices. They will then provide the fishing industry with guidance on acceptable names for their catch. This is to ensure that the consumers are getting what they expect.

We have seen other countries draw arbitrary lines in the sand. In 1995, the French tried to say that only the local French scallop could be called by their common name, ''coquilles St. Jacques.'' The result was that scallop fishermen in the United States who export their catch to France were essentially blocked from the market. You simply can't create a new name for a scallop and have consumers recognize what it is.

Peru and Chile challenged the French restriction at the WTO. The United States filed briefs in support of that challenge. The WTO ruled that the French restriction had no scientific basis and could not stand.

Unfortunately, that was not the end of this trend of discriminatory naming practices. Right now, the European Union has a restriction in place that prevents U.S. sardine fishermen from both the east and west coasts from selling their catch using any form of the word ''sardine.'' Fishermen in my home State are even prevented from clearly identifying their product as not being from the EU and selling their fish as ''Maine sardines'' as they had in the past.

This restriction is also being appealed at the WTO by Peru. The U.S. Trade Representative had been working with the U.S. sardine fishermen to file a brief in support of this challenge. As a result of the language included into the Fiscal Year 2002 Agriculture Appropriations bill, however, the USTR determined that filing such a brief would be contrary to statute. As a result, the U.S. sardine fishermen have to rely on the Peruvian Government to prove the scientific merits of the case and regain their market access.

We must put a stop to this trend of arbitrary and discriminatory fisheries naming practices. In 2000, the United States exported over $10 billion worth of edible and non-edible fish and shellfish. This was a $900 million increase over 1999. Access to foreign markets is absolutely critical to our fishermen, and these naming practices only serve to undercut their efforts. Therefore, I urge my colleagues to join with me in supporting the amendment before us.

Mr. SESSIONS. Mr. President, I rise today in opposition to an amendment which would repeal a provision in current law restricting the use of the term ''catfish.''

The FY 2002 Agriculture appropriations conference report, recently signed into law, restricts the use of the term catfish to the family of fish that is present in North America.

Unfortunately, there has been a campaign of misinformation about what this provision does, and I want to take this opportunity to set the record straight.

First, the provision in the agriculture appropriations bill does NOT stop the importation of Vietnamese fish into the U.S. That would be a violation of the recently approved Vietnam trade agreement.

Rather, this provision only requires the fish to be called what they really are—they are ''basa'' fish and not catfish.

We learned in biology class about the classification of living things. We classify living organisms from kingdom on down to species.

Specifically, the subcategories are: Kingdom, Phylum, Class, Order, Family, Genus, Species.

Vietnamese ''basa'' fish are not the same species as North American channel catfish. They are not of the same genus either. They aren't even in the same family of fish.

These two fish are only in the same order.

Well guess what. Humans are in the same order—primates—as gorillas and lemurs.

We don't say that lemurs and humans are close enough to call them the same thing.

What about other animals? Pigs and cows are in the same order.

If an importer was shipping pork into the U.S. and passing it off to consumers as beef, we would rightly be outraged.

Some in the Senate may say that the taxonomy of fish is different. So let's take a look at an example of my point using trout and salmon.

Atlantic salmon and lake trout are closer to each other than basa fish and North American channel catfish.

They are in the same family of fish, yet we do not say that salmon and trout should both be called salmon.

It is a similar story here: the closest a Vietnamese basa fish is to a North American channel catfish is that they are in the same order. There are over 2,200 species in this order of fish.

The opponents of this provision say that because both fish have whiskers, they both must be catfish.

Do we call all animals with stripes zebras? Do we call all animals with spots leopards? Of course we don't. Similarly, because the fish has whiskers does not mean that it is a catfish.

The whiskers on fish are called barbels, and a number of species have them, including the black drum, some sturgeon, the goat fish, the blind fish, and the nurse shark.

By restricting the use of the word catfish to those species that actually ARE catfish, we can reduce widespread consumer confusion. Substituting species is extremely misleading to consumers.

These ''basa'' fish are being shipped into the United States labeled as catfish. These labels claim that the frozen fish filets are cajun catfish or imply that they are from the Mississippi Delta.

In fact, they are from the Mekong Delta in South Vietnam.

As a result, American consumers believe that they are purchasing and eating U.S. farm-raised catfish when in fact they are eating Vietnamese ''basa.''

The Vietnamese fish sold as catfish continue to be found to be fraudulently marketed under names that the Food and Drug Administration has determined to be fictitious.

These names are used to misrepresent imports as U.S. farm-raised fish. The provision that we have previously passed will reduce this consumer confusion.

Since 1997, the import volume of frozen fish fillets from Vietnam that are imported and sold as ''catfish'' has increased at incredibly high rates.

The volume has risen from less than 500,000 pounds to over 7 million pounds per year in the previous 3 years.

The trend has continued this year—the Vietnamese penetration into the U.S. catfish filet market alone has tripled in the last year from about 7 percent of the market to 23 percent.

The law of the United States and most countries seek to protect consumers by preventing one species of fish to be marketed under the preexisting established market name of another species.

When the Vietnamese fish in question first started to be marketed significantly in the U.S., importers sought and received approval of the name ''basa'' from the FDA.

However, some importers of the lower priced Vietnamese fish sold that fish as ''catfish'' to customers.

The name ''catfish'' was already established in the U.S. market for the North American species.

FDA has the legal responsibility to prevent ''economic adulteration'' of food products in the U.S. market.

FDA has described ''species substitution'' in seafood as an example of ''economic adulteration.''

FDA in recent years, however, has not taken an active role in enforcing these laws, and efforts made by the American farm-raised catfish industry to obtain enforcement went largely ignored.

To make matters worse, the FDA in August of 2000, at the request of import interests, authorized the Vietnamese fish to be marketed under the name ''basa catfish.''

My colleague from Arizona has mentioned on the Senate floor that this provision was done to protect the interests of ''rich'' agribusinesses in Alabama, Mississippi, Arkansas and Louisiana.

I invite him to come visit the Alabama Black Belt, one of the poorest areas in the United States, and see these operations for himself.

It is clear to me that this effort to go back and strike appropriations language is an effort being made on behalf of rich importers who are substituting this Vietnamese fish for channel catfish.

In spite of full knowledge of the legality of substituting one fish species for another, importers are making more and more money passing off basa fish as channel catfish.

U.S. catfish producers and processors have spent years creating a successful market for their fish.

The Vietnamese and importers are taking advantage of this established market by substituting the basa fish for catfish.

The provision in the agriculture appropriations bill makes it clear to importers that the practice of species substitution is unlawful. This is no change in substantive law.

Nothing in the legislation imposes any restriction on the importation of Vietnamese fish of any kind. Nor does it prevent Vietnam or importers from establishing a market for Vietnamese fish.

I encourage them to expand their market. Just don't substitute it for something that it is not.

U.S. catfish farm production, which occurs mainly in Alabama, Mississippi, Arkansas, and Louisiana, accounts for 68 percent of the pounds of fish sold and 50 percent of the total value of all U.S. aquaculture, or fish farming, production. The areas where catfish production is greatest are in the Blackbelt of Alabama and the Mississippi Delta.

These are some of the poorest areas of the United States, with double-digit unemployment rates. With depressed prices for almost all other agricultural commodities, catfish production is critical to the U.S. economy, and particularly to the economy of the South.

U.S. catfish farming is one of the few successful industries in these areas of the South, and the farmers, processors, and the regions are suffering tremendously because of this dramatic surge in imports.

If the Vietnamese were raising North American channel catfish of good quality and importing them into the U.S., I would have no problem. That is fair trade.

Fair trade is not importing ''basa'' fish, labeling them as catfish, thereby taking advantage of an already established market, and passing them off to American consumers as American catfish.

The Vietnamese and the importers need to play by the rules.

The provision in the agriculture appropriations bill simply clarifies existing guidelines and sends a message that substituting these two species is fraud.

A vote in favor of the McCain amendment is a vote in favor of fraud, consumer confusion and species substitution. Therefore, I urge my colleagues to vote against the McCain amendment.

The PRESIDING OFFICER (Mr. MILLER). The Senator from Iowa.

Mr. HARKIN. Mr. President, I feel constrained to say a couple things about what my friend from Texas has said. I wrote this down when he said it because I thought it was a pretty astounding statement. He said the end result of all economic activity is consumption. Think about that: The end result of all economic activity is consumption.

Whether that is true or not, and if I were to go ahead and assert that it was true, I do not think there is anything inconsistent with saying people ought to know what they are consuming. But I would even go further than that and say, from a learned former professor of economics, I still find that an astounding statement; that the end result of all economic activity is consumption. If that is the case, let's bring back slavery. Hey, the cheapest thing for the consumers is to have free labor. Why not? Let's do away with all environmental laws that protect the environment. Why not? If the end result is consumption, then forget about all that nonsense. Worker safety laws? Forget about all that nonsense, if the end result is simply consumption.

I really think what this amendment is about, and others that are like it, is really more about transparency in markets, I say to my friend from Texas, who is an economist, transparency in markets, truth in labeling, transparency, and information to the consumer.

If a country wanted to all of a sudden say that the horse meat they eat is beef, could they sell it in this country as beef if that is what they call it? It is red meat. They are in the same family of animals as cattle. They just call it beef. Why can't they sell it in this county? Truth in labeling, letting the consumer know what they are consuming, that is what it is all about.

We have had a long discussion on this. I would like to bring this to a close. I am going to ask unanimous consent that the Senator from Arkansas get 5 minutes, the Senator from Mississippi wants 1 minute, and then for wrapup the Senator from Arizona will be recognized for 1 minute, after which time I would be recognized for a motion to table. I ask unanimous consent that be the order.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

The Senator from Arkansas.

Mr. HUTCHINSON. Mr. President, in my 5 minutes, I just want to say to the Senator from Texas, I wish I could have been in his economics class. I would have said ''amen'' to everything he said except his initial supposition.

His initial supposition was that we are trying to change the name of catfish. His initial supposition was there is no difference between a channel catfish and a basa catfish, that they are all catfish so just sell them as catfish. After all, we do not want to change, we don't want to get the truth. His basic supposition was wrong. And following everything after that initial supposition, you come to the wrong conclusion.

He said: Nobody cares about the consumer. What is best for the consumer? Why isn't somebody asking about the consumer?

Let me just this one time associate myself with the Senator from Iowa. I am concerned about the consumer. I am concerned about what the consumer is going to consume, what he is going to eat. Doesn't he have a right to know whether he is getting Vietnamese basa or he is getting channel catfish? He ought to have the right to know that when he goes in that restaurant, that when they are selling it as channel catfish that it is, in fact, channel catfish.

The Senator from Texas, in great eloquence and great entertainment, said what we want is protection. I don't want protection. I want honesty.

I want truth. I want fairness. At some point a name has to mean something. We pointed out—this is not me; this isn't something I dreamed up; this is science—the reality is that a channel catfish and a basa are not members of the same species. They are not members of the same scientific family. The truth is, the fact is, Atlantic salmon and a lake trout are more closely related than a channel catfish and basa.

I don't want protection. I want truth. I want the consumer to know what he or she is consuming. That is all in the world this provision was in the Agriculture appropriations bill this year. It doesn't need to be rescinded. It needs to be sustained in this vote.

The Senator from Texas asked, what is the purpose of a name? The purpose of a name is to identify. If, in fact, basa was the same as channel catfish, then I would say I am totally wrong; the catfish growers in the delta are totally wrong. But they are not the same. They are not the same fish. That should be reflected in what is labeled and what the American consumer knows he is getting.

I ask my colleagues not to help poor people in the delta—that obviously doesn't move some—I ask my colleagues to demand that our trade be fair and that the American consumer be told the truth. It is, in fact, about transparency. I ask my colleagues to reject this amendment.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I compliment the distinguished Senator from Arkansas for his very persuasive arguments on this issue today. He is absolutely right. There is not any effort being made to be unfair or to act inappropriately toward any legitimate importing concern selling fish or any other product in the United States.

What is important is that the consumers in the United States have the information so they know what they are buying. I have seen logos and advertisements stamped on these fish cartons that say ''cajun catfish.'' Immediately one assumes that it is from south Louisiana. That is a distinctive name. It means something to the consumer in the southern part of the United States. That fish is basa fish from Vietnam. It does not say so on the package.

Another package said ''delta catfish.'' You immediately assume you are talking about the Mississippi Delta from where 50 percent of the aquaculture in the United States comes. But, no, that is the Mekong Delta that is being referred to in that package. It is misleading. It is unfair. It is unfair to those who have spent $50 million over time to develop a market for Lower Mississippi River Valley pond-raised catfish. That is how much has been invested over a period of years.

Now it has become a food of choice for many Americans. They go into the supermarket and now they buy what they see is delta catfish. But it is not what they think it is. That is unfair to them. That is what this amendment seeks to correct. It simply says the Food and Drug Administration ought to ensure that these fish are labeled so consumers know what they are.

We have it from the National Warmwater Aquaculture Center that this basa fish is not of the same family. It is not of the same species as is the delta pond-raised catfish.

The PRESIDING OFFICER. The Senator has used his 1 minute.

The Senator from Arizona.

Mr. MCCAIN. Mr. President, I think we ought to do something right away about dungeness crab and blue crabs. This is a remarkable argument we have been having. This is about several issues. This is why it is important.

One, it is about process. In this place there are three kinds of Senators: Republican Senators, Democrat Senators, and appropriators. This was done on an appropriations bill. This is a major policy change that affects the lives of thousands and thousands of people. It was done on an appropriations bill.

Two, it was inserted in a managers' amendment, in a managers' amendment which none of us saw because I asked this body if anybody knew what was in the managers' amendment. Not one person said they knew, including the managers of the bill themselves.

Three, this is all about protectionism and free trade. If we do it here, we will do it on something else, and we will do it on something else, and we will do it on something else, whether it be crabs or whether it be scallops or whether it be cattle or whatever it be in the name of protectionism and jobs.

I am a little bit offended when we talk about poor people. I will take you where the poorest people in America live. That is on our Indian reservations in the State of Arizona. Let's not talk about poor people. Those poor people who live on these Indian reservations would like to eat catfish. They don't want it priced out of the market because we put some phony name on it.

There is a lot to do with this amendment besides the name of a catfish. I hope my colleagues will restore a normal process where we have an open and honest debate on major policies such as this rather than being stuck in a managers' amendment. I hope we will recognize that protectionism is not good for America. This is another manifestation of it.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, under the unanimous consent, I move to table the amendment offered by the Senator from Arizona, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) is necessarily absent.

Mr. NICKLES. I announce that the Senator from Alaska (Mr. MURKOWSKI), the Senator from North Carolina (Mr. HELMS), the Senator from Mississippi (Mr. LOTT), and the Senator from Kansas (Mr. BROWNBACK) are necessarily absent.

I further announce that if present and voting the Senator from North Carolina (Mr. HELMS) would vote ''yea.''

The PRESIDING OFFICER. (Mr. CORZINE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 68, nays 27, as follows:

[Rollcall Vote No. 373 Leg.]

YEAS—68

Allen	Dorgan	Mikulski
Baucus	Durbin	Miller
Bayh	Edwards	Nelson (NE)
Bingaman	Enzi	Nickles
Bond	Feingold	Reed
Boxer	Frist	Reid
Breaux	Grassley	Roberts
Bunning	Harkin	Rockefeller
Burns	Hatch	Santorum
Byrd	Hollings	Sarbanes
Campbell	Hutchinson	Sessions
Carnahan	Hutchison	Shelby
Cleland	Inhofe	Smith (NH)
Clinton	Inouye	Specter
Cochran	Jeffords	Stabenow
Conrad	Johnson	Stevens
Corzine	Kohl	Thomas
Craig	Landrieu	Thurmond
Crapo	Leahy	Torricelli
Daschle	Levin	Warner
Dayton	Lieberman	Wellstone
DeWine	Lincoln	Wyden
Domenici	McConnell	

NAYS—27

Allard	Cantwell	Collins
Bennett	Carper	Dodd
Biden	Chafee	Ensign

Feinstein	Kennedy	Nelson (FL)
Fitzgerald	Kerry	Schumer
Graham	Kyl	Smith (OR)
Gramm	Lugar	Snowe
Gregg	McCain	Thompson
Hagel	Murray	Voinovich

NOT VOTING—5

Akaka	Helms	Murkowski
Brownback	Lott	

Mr. HARKIN. I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. LANDRIEU. Mr. President, I thank both of the Senators from Arkansas and the Senators from Mississippi. Senator BREAUX and I join with them in sponsoring this provision in the Agriculture appropriations bill. I thank my colleagues for wisely defeating this amendment.

Allow me to take a few moments to say that for Louisiana this is a very important industry. Catfish farmers in Catahoula Parish, Franklin Parish, and other parishes throughout our Mississippi Delta have spent years and a lot of money, as the Senator from Mississippi knows, in developing these farms and investing their hard-earned dollars in marketing this product to a nation that was somewhat reluctant some years ago to accept this. Now catfish is commonplace in restaurants across the country.

Speaking for a State that represents the greatest restaurants in this Nation, let me say it is not only the farmers who benefit, but also our restaurants and our consumers. I thank the Senate for their wise tabling of the McCain amendment. I am for free trade but fair trade, and tabling this amendment was a step in that direction.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, parliamentary inquiry for the information of all Senators: Am I correct the next order of business under the unanimous consent agreement is the Cochran-Roberts amendment, 2 hours evenly divided?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. I thank the Chair.

AMENDMENT NO. 2671 TO AMENDMENT NO. 2471

Mr. COCHRAN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN], for himself and Mr. ROBERTS proposes an amendment numbered 2671 to amendment No. 2471.

Mr. COCHRAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted and Proposed'')

Mr. COCHRAN. Mr. President, because the distinguished Senator from Iowa is involved in a very important discussion on the economic stimulus bill, as a high ranking member of the Senate Finance Committee, he is supposed to be in a meeting discussing that right now. He is interested in this legislation, and I yield such time as he may consume to comment on the Cochran-Roberts amendment.

Mr. GRASSLEY. Mr. President, I thank the distinguished Senator for yielding me time. I will address one specific issue of the bill, which is the farmer savings account, and then I would like to speak to the trade-distorting aspects of the farm bill legislation that is before us, which the Cochran-Roberts amendment takes into consideration and alleviates a lot of problems that other farm proposals before us have.

I will start with the farmer savings account. I want to make clear the farmer savings account is not an idea that comes only from America. Other countries, not exactly as in this bill, have come up with the idea of farmer savings accounts to help sustain family farmers from two standpoints: One, in a way that is not trade distorting and violative of the trading agreements; and, two, to continue support for the family farmer in a way that is not trade distorting.

Few occupations face more uncertainties than agriculture. Each spring, farmers across the nation put their seed in the ground and pray for sufficient rain and heat. A single storm during the growing season can wipe out an entire year's work and place farmers in dire financial distress. Each fall, farmers go to the fields to harvest their crops, the value of which is completely subject to volatile and unpredictable commodity markets.

As a result of these factors, farmers experience frequent cyclical downturns in income which can make it difficult to continue their operations from one year to the next. Farmers need the ability to offset these cyclical downturns by deferring income from more prosperous years to use during the lean years.

The farmer savings accounts provision in the Roberts-Cochran title would allow a producer to establish a farm counter-cyclical savings account in the name of the producer in a bank or financial institution that has been approved by the Ag Secretary. The Secretary would provide a matching contribution that is equal to the amount deposited by the producer into the account, up to a maximum of 2 percent of the average adjusted gross revenue of the producer.

A producer could withdraw the account funds from the account if the estimated net income for a year from the agricultural enterprises of the producer is less than the adjusted gross revenue of the producer.

It is important to keep in mind that unlike other counter-cyclical programs before the Senate, this counter-cyclical approach is not dependent on commodity prices, farm production, or farm income. Therefore, this approach is ''green-box,'' or fully compliant with our international trade obligations. It would not subject our farmers to the possibility of retaliation by our trading partners.

Moreover, this amendment benefits producers of non-program commodities that would otherwise be ineligible for assistance under our federal farm support programs. Producers of livestock, fruits, and vegetables are often overlooked by our federal farm programs. This amendment would give these producers the same counter-cyclical self-help program that it gives producers of program commodities.

In recent years, I have strongly advocated the creation of FARRM accounts to allow farmers to deposit funds in an account and defer income taxes for 5 years. Of course, this legislation would have to be considered within the context of the Finance Committee.

The provision we are considering would ensure that matching contributions equal to the amount deposited by the family farmer, up to a maximum of 2 percent of the average adjusted gross revenue of the producer, would be placed in special savings accounts.

I have been an advocate of this idea for a very long time. In fact, this is similar to the provision I introduced in my own commodity title working draft earlier this fall. This type of proposal will provide farmers an incentive to save money when they have the money to save. With this type of program, farmers can begin to fashion their own countercyclical protection.

Now, this program sometimes is belittled with the fact that farmers are not making enough money to put away anything in savings. Let's not try to set a pattern and assume something for 2.5 million farmers, because 2.5 million farmers are not one to the other the same; they each have different circumstances. We can provide an environment where the farmer can make a determination for himself. This bill does that.

In addition, if we are successful in advancing this concept through the Senate, I will push hard to protect these funds from up-front taxable consequences by modifying the bipartsan farm accounts legislation I have already introduced in the Senate.

In conclusion, I urge my Senate colleagues to support the Roberts-Cochran amendment. This amendment will give all farmers the much-needed opportunity to help themselves through less prosperous years. And it meets this need without risking a violation of our international trade agreements.

Now, when it comes to the trade issues, I don't think there has been enough discussion either in the other body or this body on the impact of various proposals on our trade agreements with the concern about whether or not they violate trade agreements so we can be retaliated against. The Cochran-Roberts proposal takes that into consideration.

Our family farmers are highly dependent on exports. For instance, in a given year, the United States exports about one-quarter to one-third of the farm products it produces, either as agricultural commodities or in a value-added form. For the past 25 years, the U.S. has exported far more agricultural goods than it has imported.

One of the principal benefits of the Uruguay Round negotiations, perhaps the most important benefit for U.S. agriculture, was the improved condition of market access. For the first time, all agricultural tariffs were ''bound,'' and agricultural tariffs were reduced by 36 percent on average over a 6-year period.

In addition, the U.S. made a binding commitment not to exceed its amber box spending limitation. Because we take our legally binding commitments seriously, and because we want our trading partners to do the same, we have never violated those commitments. Were we to do so, the United States and its trading partners would likely be subjected to harmful trade retaliation.

What would retaliation mean for our family farmers?

If a WTO complaint were brought against the United States for exceeding its domestic support commitments, it is possible that many countries could become complainants in the case and allege injury to their farmers and their economy.

If the U.S. were found in violation of our trade obligations, we would be expected to change our current farm program, midstream. If we were not able to, the complaining countries would receive authorization to retaliate by raising duties on U.S. goods.

The likely first target of any retaliation would be U.S. agricultural exports, because countries fashion their retaliation lists to pressure the non-complaint country to change its practices. The products chosen for retaliation are those that are the most successful exports.

For example, U.S. exports of animal feed products and components could be targeted. This could affect corn, soybeans, wheat, beef, pork, or any of our agricultural exports. However, a country would not be limited to agricultural goods only; if it did not import significant amounts of U.S. agricultural goods, a successful complaining party could also target industrial products.

Tariff retaliation against U.S. agricultural products would back products into the U.S. market placing ever greater downward pressure on domestic price. U.S. farm domestic prices would weaken even further, and this could cause the price of U.S. farm programs to rise dramatically.

This would particularly be true in basic farm commodities such as wheat, corn, and soybeans where a large portion of the U.S. crop is exported. But if the programs that supported the commodity price were the same programs that were violating our trade commitments, we would not be allowed to provide our family farmers any support, at least above that limit.

If our farmers experience a bad year and our farm programs pay out large amounts in no-trade compliant payments, we would be forced to freeze or alter our farm assistance payments. Simply put, the type of program the Senate Agriculture Committee approved would fail family farmers when their need is the greatest.

Also, tariff retaliation against U.S. industrial goods due to excessive ''amber-box'' ag spending could create a substantial political backlash against U.S. farm programs. U.S. exporters of non-agricultural products who might suddenly be caught in the crossfire of retaliation would demand that their government officials correct the problem so that they can regain their hard-earned access to foreign exports.

U.S. credibility would be undercut if it were determined that the United States was not living up to its current commitments. It's very realistic that the Democratic farm bill we are considering would cause U.S. farmers to become increasingly dependent upon government payments that could vanish at a time when the economic situation is worsening and the federal budget surplus is disappearing.

A decision by the United States to exceed its WTO domestic subsidy commitments would undermine the current Uruguay Round arrangement and make it much harder for the United States to achieve a workable multilateral agreement in the new WTO trade negotiations. This could be extremely important to farmers if the budget surplus evaporates and Congress is unable, or unwilling, in more difficult economic times to continue to fund farm programs at recent levels.

It is very important the farm bill we pass be one that advances our trade agenda and does not hinder it. The farm bill needs to help family farmers, not limit their potential marketplace. Family farmers in Iowa and across the United States need profitability, and there is no profitability check from the Federal Government. The profitability comes from the marketplace. The Government cannot provide profitability, only that marketplace can. I think the Cochran-Roberts legislation has taken us to a point where we can be WTO compliant, help our farmers, and move ahead.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. I thank the distinguished Senator from Iowa for his comments. His leadership in the areas of trade and agriculture have been very helpful in the Senate over the years as we have been called upon to legislate in this subject area. I am grateful to him for his complements to this legislation as they relate to our obligations in the World Trade Organization and likewise in the importance and support from the Government for those engaged in production agriculture.

This legislation attempts to preserve the best of current farm law, improve programs that have proven to work in the areas of conservation and income protection.

The Marketing Loan Program, which has been a centerpiece of our agricultural programs in the last two farm bills, is carried forward in this legislation. We have a predictable level of income support that is not coupled to planting decisions by farmers. This leaves them with the freedom to make planting decisions not based on what the Government will pay them for doing or not doing but on the basis of what they think is best for their farm and their individual circumstances. Their freedom in this farm bill to make those planting decisions will be very popular with farmers and for those who will depend on this legislation in the years ahead.

That is one of the distinguishing characteristics between the Cochran-Roberts approach and the committee bill that is pending before the Senate. The committee bill depends upon high loan rates guaranteed to distort the market to encourage overproduction. That is not going to be the result under the Cochran-Roberts amendment.

The Cochran-Roberts amendment provides, as the Senator from Iowa points out, for a new way to encourage farmers to save. It provides a matching formula for the Government to come in and help encourage the savings by farmers, much as a 401–K program does for others engaged in business in our country. Farmers will be able to use their funds to deal with the counter-cyclical price distortion if prices go down as they customarily do. There are good years and bad years. We all know that. This will offer an opportunity to hedge against those bad years.

There is a substantial emphasis in this legislation on conservation. Two billion dollars in additional funding is authorized in this amendment for conservation programs and to provide technical assistance to farmers to help them make decisions that are consistent with good management practices to protect soil and water resources.

There are also reauthorization provisions for the Conservation Reserve Program, the Wetlands Reserve Program, the Wildlife Habitat Incentives Program, all of which have helped assure that those gradual and marginal lands are not farmed. The encouragement of benefits from the Government for making decisions not to plant on marginal lands will be carried forward and expanded in this legislation.

I am hopeful that the Senate will look with favor at the difference between this bill and the committee bill in the area of rural development. The rural development title of the committee bill mandates that certain levels of spending be made on a lot of new programs that are authorized and funded in this legislation.

Our approach is to authorize a wide range of rural development programs, rural water and sewer system programs, other infrastructure programs, and housing programs that will help those who live in small towns and rural communities enjoy the full benefits that those who live in more urban areas would enjoy. It costs more in many of these areas to provide those kinds of services. So the Federal Government is authorized to provide funding to help ensure that the quality of life for those in rural America is enhanced. But the programs are not mandated at certain high levels.

The program managers in the Department of Agriculture and Department of Agriculture officials are given more latitude. The Congress is given more flexibility in appropriating each year the levels of funding that should be made available to those specific programs, rather than mandating certain high levels. This gives us budget flexibility. We know we are entering an era now where we are going to be hard pressed to stay within our budgets. This is important in this area of legislation as well.

We are not on a certain path towards deficit spending, but I am afraid if we follow the course that is outlined in the committee bill, that will be the result.

There are others who want to speak on this legislation. We have a time limitation of 1 hour per side.

Let me at this point say that the distinguished Senator from Kansas, who is the cosponsor of this amendment, is due in large part the credit for coming up with the strategy for this amendment and a lot of the content for this amendment. He was chairman of the Agriculture Committee in the House of Representatives before he came to the Senate. He has long been a leader in agriculture in America. I respect his judgment. It has been a pleasure working with him in crafting this amendment.

I yield such time as he may consume to the distinguished Senator from Kansas, Mr. ROBERTS.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. ROBERTS. Mr. President, I thank the distinguished Senator, a good friend whom I think every farmer understands. Every farmer and rancher understands that it has been Senator THAD COCHRAN who has provided the investment in American agriculture so as to keep our heads above water and invest in the man and woman whose job it is to feed America and a very troubled and hungry world. I thank him for his contribution.

As Senator COCHRAN said, we want to preserve the best in the current farm bill—much criticized, I understand, but basically build on that. My concern in regard to the Daschle-Harkin bill is that changing the Daschle-Harkin bill really takes us back to the past. I am talking about agricultural program policy that was built several decades ago. I used to support those bills. But I don't think it really fits the modern reality that faces agriculture today. I think it will lead us right back to calls for additional emergency assistance which we have tried to avoid.

With all due respect, I do not think the proposal that is before us today is strictly bipartisan in the true sense of the word. When I say that, I understand we all have partisan differences. I understand we all have serious intent. I am not challenging anybody's intent or questioning anybody's intent.

But especially on the commodity and conservation titles—and as the distinguished Senator pointed out on the rural development title—it has been a one-way street. I guess you could call it bipartisan. As a matter of fact, someone on the other side indicated the Republican position on this bill has been one of stalling. I don't think that is the case. I think we had very important amendments. I think we have a very strong difference of opinion as to where our farm program policy ought to go. But I guess you could call this bill bipartisan except for the front loading of the funding. We have $73 billion over a 10-year period. This farm bill is 5 years. Based on budget, it is already outdated. As a matter of fact, the administration says it is not the money, it is the policy we worry about.

But if you look at the underlying bill, the Daschle-Harkin bill, it is front loaded to the tune of about $46 billion. That only leaves $28 million in regard to any future bill or any baseline we would use in the future.

That is something on which there is a strong difference of opinion. If you want to say that is partisan, I suppose you can. I think that is a significant difference of opinion. I guess you could call it bipartisan, except that the underlying bill is opposed by the administration and by the President.

I suppose then you could say, well, yes, the President, the Secretary of Agriculture, the Trade Ambassador, don't think it is a good idea for all the reasons the distinguished Senator from Iowa has pointed out, but I wouldn't say it is exactly bipartisan in that regard.

Then, of course, you could say it is bipartisan except for the WTO problems down the road. The Senator from Iowa did point this out: What if we reach a WTO agreement—that is a mighty big if; I know we are going to have a difficult time doing that—and all of a sudden in this bill that ''amber box''—and all that is is a box that all of a sudden is flashing ''amber'' as fast as it can—indicates you are over the limit in regard to the WTO cap. Then you have to come back in, and you could be fined. You could be in the business of trade retaliation. You could even, conceivably, have the Secretary of Agriculture come back and ask farmers and ranchers to give back some of the investment they have already received. I don't think we want that. So it is bipartisan except for, of course, that little minor disagreement.

Then it could be bipartisan except for the farm savings account. We have the farm savings account in our bill. The Daschle bill does not have that. I am not saying they would not have it or they are not acceptable to some portion of it, but that is not bipartisan either.

It is not bipartisan in regard to the situation of going back to loan rates and target prices as the investment by which we are going to protect our farmers as opposed to direct payments. We have a strong difference of opinion. So that really isn't a bipartisan situation either.

It certainly isn't bipartisan in regard to how we use crop insurance. Crop insurance reform: It took us 18 months—us, meaning Senator Bob Kerrey, the former Senator from Nebraska, myself, Senator COCHRAN, Senator BURNS, and others—to forge together and put together crop insurance reform.

Where does the Daschle bill, and also the Harkin bill, get the money to increase loan rates? From crop insurance. That is not very bipartisan. We had a strong difference of opinion.

It would be very bipartisan if in fact it were not for the really strong difference of opinion in regard to State water rights. That is the bill that was introduced by Senator REID. It has Senator CRAPO of Idaho and others from the West very worried about it. So it isn't very bipartisan in that regard either.

Then we have mandatory conservation programs. And then we have this statement that we could go to conference a lot more quickly if in fact we would just pass the Daschle bill.

My colleagues, the differences between the bill that is referred to as Daschle-Harkin and the House bill are enormous. You are not going to get that done until next year anyway. On the contrary, in the Cochran-Roberts approach I think we could probably go to conference and settle it out in a day or two. We could get that done.

So when people say it is partisan or bipartisan, or there are strong differences of opinion, or people are stalling, I think a little clarification certainly is in order.

Let me just say I have touched on some of the specifics I had in my prepared remarks. I am not going to go over the process. If anybody wants to talk about process and what we deem as a better way to approach the process of this bill, they can go back to the statements Senator COCHRAN and I made last Friday.

But let me say, again, that I believe the commodity title in the bill would really take us back to the past. Our producers will receive higher payments through higher loan rates—if they have a crop to harvest. If they have no crop to harvest, they receive no loan deficiency payments.

The bill also includes a ''technical correction'' to the bill that addresses a $15.5 billion scoring problem in the dairy title of the committee-passed

bill. That is quite a technical correction. Again, that is a strong difference of opinion.

If you are going to return to target prices, I would say to my colleagues, that only results in payments to the producers if the price for that crop year is below the target price. And it has happened time and time again when a State up in the Dakotas, or a State such as Kansas, in high-risk agriculture will lose a crop, and the price rises above the target price, and then, when the farmer needs the payments the worst, then is when he does not get it, either from the target price or the loan rate. That is something we tried to fix in 1996 with our direct payment program. And that is basically the feature of our bill.

I talked a little bit about the front-loading of the bill, which I think leaves us in a very precarious situation in the years of the coming deficits if in fact that takes place.

Senator COCHRAN also pointed out that the underlying bill, the Daschle bill, front-loads spending for the popular programs, including EQIP, the Wetlands Reserve Program, WHIP, and the Farmland Protection Program.

I think we could make a pretty good case, I say to Senator COCHRAN, that our bill is better in regard to the environment and conservation than the underlying bill. So we are basically mortgaging future farm bills simply to buy off votes on this one. I do not think that is good policy, and it is not good for the future of our farmers.

We think we have the better approach. We take a very commonsense approach to conservation. It puts funding into those popular programs I just mentioned. It ramps up the funding so we have a significant baseline as we head into the next farm bill. I think the Senator from Mississippi indicated $2 billion in that regard. That is a big investment. We don't go ''Back to the Future.'' We don't raise loan rates or return to the target prices of the past. Instead, we increase the direct payment—listen up, all farmers, ranchers, and their lenders—we increase the direct payment levels back to near their 1997 levels while adding a payment for soybeans and minor oilseeds.

This does create a guaranteed payment that the producers and their bankers can count on, even in years of crop losses when they need it the most. They do not have that guarantee in the committee-passed bill.

Again, I would like to reflect on what the Senator from Iowa said. It is WTO legal. It will not really shoot our negotiators in the foot in these international trade negotiations. He is directly on point in warning what could happen on down the road.

Our bill is supported by President Bush and Secretary of Agriculture Ann Veneman. So you are past that, and I think, obviously, you get to conference a lot quicker.

Let me say that to the Kansas farmer and, for that matter, to the Mississippi farmer or the Montana farmer, or any of our colleagues who are privileged to represent agriculture and they say: Wait a minute, if you are stalling a bill, and you are going to hold up this bill, and you are not going to get progress, and you are not going to get the money invested—that the administration has said, over and over again, it is not the money, it is the policy, so the investment in agriculture will be there—if somebody comes to me and says, PAT, let's pass the farm bill, I would love to pass the farm bill in an odd-numbered year as opposed to an even-numbered year because it does get to be a tad political. But if I said: Now, wait a minute, Mr. Kansas farmer, what if that bill that you want to move, or that others on the other side want to move, contained $46 billion up front and left no money for future farm bills, would you support that? They would probably say: No, PAT, I don't think that is a very good idea.

What if I said: Do you want to go back to loan rates? They might say: Well, I am not too sure. We never figured out whether that was income protection or market clearing. I don't know.

We need that debate. We are having that debate.

Actually, we are not having that debate. Nobody spoke to that. How are you going to pay for that? We are going to take it out of your crop insurance reform we had only last year. I don't think they will buy that and say: PAT, I don't want that kind of bill.

Then if I said: Well, Mr. Farmer in Kansas, if this bill is supported by the President and the Secretary of Agriculture, and we could conference it more quickly with the House, would you prefer this than the other? Is that stalling? They would say: No, PAT, I don't think so.

What if I said: Is it consistent with the WTO negotiations? They would look at me and say: PAT, do you think we are going to get that done? I would say: We haven't yet, but we are going to keep trying.

Lord knows, it is a difficult process. But if the bill that we passed already has more money, so that the ''amber box'' is flashing so you can't even see past it, they are going to say: Well, PAT, I don't think we want that bill either.

If they say, we are going to maintain the integrity of the crop insurance program in our better substitute, I think most farmers would say yes.

Then there is an analysis by the Food and Agriculture Policy Research Institute that says the Cochran-Roberts proposal will result in higher market prices for farmers in the program crops than the committee-passed bill. It says it right there. In Kansas, every Kansas farmer will understand we are losing $1.3 billion over the life of the bill if we go with the committee bill as opposed to our substitute.

I could go on, but I think I have used up enough time and have made the points I tried to make. I do not want to go back to the old, failed policies of the past.

As the distinguished Senator from Mississippi has indicated, let's preserve the best, and let's improve it.

I say to the Senator from Mississippi, I think you control the time, sir. So I yield back to you.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator for his comments and his leadership on this issue.

We have some time left.

Does the senior Senator from Montana wish to speak at this time or will we reserve the time?

Mr. BURNS. Whenever you all run out of gas.

Mr. COCHRAN. We have not run out of gas.

Mr. ROBERTS. Will the Senator yield so I can make a unanimous consent request at this point?

Mr. COCHRAN. I am happy to yield to the Senator for that purpose.

Mr. ROBERTS. Mr. President, I neglected to ask unanimous consent that Senator GORDON SMITH be added as a cosponsor of the amendment offered by Senator MCCAIN in regard to catfish. We want to make sure the catfish cosponsors are, indeed, added.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTS. I thank the Senator.

Mr. COCHRAN. I reserve the remainder of our time on this side.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I have listened to the discussion. The chairman of our committee is now chairing a conference committee on one of the appropriations subcommittees. He will be back in the Chamber in a few moments. Let me consume some time to respond to a couple of the arguments.

First of all, my colleagues ably described their proposal. Their proposal is different than the proposal brought to the Chamber by the Senate Agriculture Committee. I have listened to a substantial amount of discussion about the amber box. I suspect it is probably confusing to people listening to this debate about family farming to hear about the amber box. I heard someone say perhaps if we took the wrong turn here or made the wrong decision, we would shoot our trade negotiators in the foot. With all due respect, our trade negotiators have shot themselves in the foot. In fact, they took aim before they did it which really compounds the felony.

This amber box is not of great interest to me. I understand it is part of our current trade regime. The amber box exists. So does unfair trade with stuffed molasses, so does unfair trade with potato flakes, with Canadian wheat, so does unfair trade with T-bone steaks to Tokyo. I could go on forever. While that amber box up there is shining amber for somebody, all I see are trade negotiators who negotiate bad trade deals for American farmers.

Let me talk about boxes, not amber boxes. Let me talk about the box that the American farmers are in. That is the only box I really care about. Here is the box the American farmer is in. The American farmer is farming under a farm program whose presumption was to transition them out of a farm program, give them 7 years of fixed and declining payments at the end of which there would be no farm program. The whole point was to transition to the marketplace. That all sounded good because wheat was $5 or so a bushel back then. Just like people thought that the budget surplus was going to last forever, everybody thought—I did not—that the price of wheat would be $5. So let's give 7 years of fixed payments, farmers can put it in the bank, draw interest and be able to transition into a market economy.

Almost immediately the market collapsed. The price of grain just collapsed. So then this farm program of fixed and declining payments didn't look good at all. Each year at the end of the year we had to pass an emergency bill to make up the difference for a farm program that didn't work.

So this is the box the farmers have been put in: They are trying to do business, selling a product whose price has collapsed. That is a box. They are trying to do business and ship their product over railroads that are monopolies in most cases. That is a box. They are trying to do business when they buy chemicals from chemical companies that are getting bigger. These companies are exacting the prices they want to exact. That is a box. When our farmers sell their grain into the grain trade, they face concentrations in virtually every area of economic activity. That is a box. Everywhere the farmer looks they are put in a box. It is not the amber box. It is just the box driving them flat broke.

Then they turned to see a farm program that at its roots was wrong. The farm program said: We won't relate at all to what is happening in the marketplace. If the grain prices are higher, we will give you a payment. Wheat is $5.50 a bushel. Under our plan, you get a payment. Farmers don't need a payment. If wheat is $5 or $5.50 a bushel, family farmers don't need help from the Federal Government. That was the bankruptcy of that idea in the first place. It didn't recognize the times when farmers did not need assistance.

We have had a real struggle to get this farm bill to the floor. We had the Secretary of Agriculture calling around to our colleagues saying: Don't do this; you shouldn't write a farm bill now. The current farm bill is just dandy. Wait until next year.

We had colleagues say: The current farm bill is working just fine. Give it time. We shouldn't write a new farm bill this year.

It was a long struggle. We have overcome that. We are on the floor. We have a farm bill. Now we have a filibuster. We have had two cloture votes, and we have not been able to break the filibuster. Eventually we will. Debating the Cochran-Roberts amendment is an important step forward, because this is the major amendment to the commodities title.

I hope perhaps when we get past this we will be able to move through the rest of the amendments and get this bill completed. That is our goal. The idea in the Cochran-Roberts amendment with respect to the commodities title is a bad idea, but I am not trying to be pejorative about what they are doing. They have a different idea. I don't happen to think it works. I think it is almost identical to Freedom to Farm. The Freedom to Farm idea was fixed payments, not withstanding what is happening in the marketplace. We know that didn't work. We can do it again, but we know that won't work.

So the question is, Do we want to revisit what we have done for the last 7 years with a few pieces of chrome added here and there, maybe a hood ornament here and there, but essentially the same basic philosophy? Or do we want countercyclical price protection so when times are tough, family farmers understand there is a bridge over these price valleys?

That seems to me to be the right approach. That is the approach in the underlying bill offered by the Senate Agriculture Committee.

The entire purpose of a farm program should be nothing more than helping this country maintain a network of family farms producing America's food. If it is not for that purpose, then let's just not have a farm program. Let's get rid of USDA. We don't need it. It was started under Abe Lincoln with nine employees over 140 years ago. We just don't need it if the purpose isn't to try to maintain a network of family farmers and ranchers who produce America's food supply.

Why is there some special attention to those family producers? Because those family producers work under conditions that almost no one else in the country does. They don't know whether they are going to get a crop. They planted a seed. It may rain too much, or not enough. Insects might come and eat it up; they may not. It might hail; it might not. You might get crop disease; you might not. If you survive all of those ''mights'' and get to harvest time and get that crop, get it in the back of a two-ton truck, haul it to an elevator, what might happen to you, and almost certainly did happen to you every year under Freedom to Farm, is that elevator would say: On behalf of the grain trade, we must tell you your food has no value.

That is the problem. That is the problem we are trying to fix. During tough times, can we create a farm program that offers a helping hand. That is the bill that was brought from the Agriculture Committee. It is a good bill. It has a commodity title that is now the target of this substitute. My hope is that we will defeat the Cochran-Roberts amendment.

I have the greatest respect for both of the Senators who offered this amendment. We have worked together on a wide range of issues. They are terrific Senators. But this is a bad idea. This idea needs to be defeated so we can move on with the commodity title brought to the floor from the Agriculture Committee by Senators HARKIN and DASCHLE. I hope we do that soon.

I yield 10 minutes to Senator CONRAD.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CONRAD. I thank my colleague from North Dakota. I thank our colleagues, Senator ROBERTS and Senator COCHRAN, who are valuable members of the Senate Agriculture Committee and have a sincere dedication to agriculture. We have appreciated working together even when we have had disagreements, some of them strenuous disagreements on farm policy. There is no doubt in my mind about the genuine commitment of Senator ROBERTS and Senator COCHRAN to the rural parts of our country and to agriculture in America. Certainly their hearts are in the right place, and they are thoughtful and valuable members of the Senate Agriculture Committee.

With that said, we do have a profound disagreement with respect to this amendment. If you liked the Freedom to Farm policy, then this is the amendment for you. This is a Freedom to Farm policy warmed over. Freedom to Farm had a shelf life of about a year. We were promised under that policy permanently high farm prices. That is what we were told over and over. What we saw was something quite different. What we saw was a collapse of farm prices after that legislation was put in place. In fact, I have shown on the floor many times the chart that shows the prices that farmers pay going up continually and the prices that farmers receive dropping like a rock after Freedom to Farm was passed in 1996. The prices farmers receive have been straight down, like a one-way escalator going down, ever since Freedom to Farm passed.

We have had to pass four economic disaster assistance bills for agriculture since Freedom to Farm passed, four economic disaster bills costing over $25 billion because Freedom to Farm was a disaster itself. This amendment before us would continue that failed policy.

Senator ROBERTS keeps warning about a return to the failed policies of the past. How about the failed policies of the present?

(Mrs. CARNAHAN assumed the chair.)

Mr. CONRAD. Madam President, how about the failed policies of the Freedom to Farm bill, which has been such a disaster that each and every year for the last 4 years we have had to come to the Congress and pass an economic disaster assistance package for our farmers or see literally tens of thousands of them forced off the land.

Even the authors of the House-passed bill labeled Freedom to Farm a failure.

After 18 months of hearings, they concluded that one major change was needed in current policy. The change that the House agricultural leadership agreed upon was the addition of a countercyclical form of payments—payments that would increase if prices fell. That one feature sets the House bill apart from current policy. Yet the Cochran-Roberts bill and the Bush administration reject this fundamental feature. After 18 months of hearings, the House concluded there was one critical missing element. They put it in their bill. It is in the underlying bill, but it is not in this amendment. It is a countercyclical form of income support.

Compared to the committee-approved bill, this amendment is particularly unfriendly to the so-called minor crops—commodities such as sugar, barley, sunflowers, and canola, which are crops that are critically important in my home State—and not just in my home State but in dozens of other States as well.

For example, the Cochran-Roberts amendment fails to repeal the loan forfeiture penalty for sugar. If you are a cane or beet sugar producer, that one shortcoming will reduce the effective support rate of the sugar loan program and directly reduce the income of sugar producers.

I find it particularly puzzling that the administration has endorsed the Roberts-Cochran amendment. After months of urging that we delay the process until next year, after months of opposing the additional farm money set aside in the budget resolution, and after issuing a policy report that indicts current policy for transferring the majority of farm dollars to a minority of large farmers, the administration has apparently done a double flip and has now endorsed the amendment before us that is a testimony to the status quo. The very thing the administration has opposed they now endorse. I guess one could ask: Are you surprised?

Well, after the administration's performance in the farm bill discussion, nothing would surprise me anymore. First of all, they came out and said: Don't do a farm bill this year. Don't use the money in the budget resolution. Just wait, the money will be there next year. Then they came out and endorsed Senator LUGAR's approach. And then the next week they took back that endorsement. Then they called the farm group leaders to the White House and said: Call the members of the Agriculture Committee and tell them not to write a farm bill this year. The money will be there next year.

Well, anybody with an ounce of common sense could look at our fiscal condition and see what is abundantly clear to anybody who cares to look: The expenses of the Federal Government are going up with the war, the income is going down with economic conditions. That means every part of the budget is going to be squeezed. And we have a Secretary of Agriculture calling members of the committee telling them don't act this year, wait until next year, the money will be there.

How is the money going to be there? How is the money going to be there, Madam Secretary? How can that be?

The Cochran-Roberts amendment also maintains the status quo with regard to loan rates. It freezes them in place rather than increasing them as the committee bill does. The amendment continues direct payments to farmers regardless of whether prices are high or low. It doesn't matter, send checks.

Let me just look at the differences commodity by commodity—the difference in the effective support level between the committee bill and Cochran-Roberts. Let's start with wheat. That is No. 1 in my State. You can see on this chart that the loan rate in the committee version is $3 a bushel. Cochran-Roberts keeps it at the current level of $2.58. On payments, the committee bill has 44 cents a bushel; Cochran-Roberts, 51 cents. The effective support level of the committee bill, $3.44; $3.09 under Cochran-Roberts.

On barley, the committee bill, which is before us, has a loan rate of $2; Cochran-Roberts has a loan rate of $1.65. The payments are 18 cents a bushel in the committee bill, for a total support level of $2.18. Cochran-Roberts has a loan rate of $1.65 and payments of 21 cents, for a total support level of $1.86.

On corn, the committee bill has a loan rate of $2.08, with payments of 25 cents, for a total of $2.33. Cochran-Roberts has a loan rate of $1.89, payments of 26 cents, for a total of $2.15.

On soybeans, the committee bill has a loan rate of $5.20, coupled with payments of 52 cents, for an effective support level of $5.72. Cochran-Roberts has a loan rate of $4.92, payments of 36 cents, and an effective support level of $5.28.

On rice, the committee bill has a loan rate of $6.85, payments of $2.40, an effective support level of $9.25. Cochran-Roberts has a loan rate of $6.50, payments of $2.19, and an effective support level of $8.69.

Finally, cotton. The committee bill has a loan rate of $55, payments of $12.81, and a total effective support level of $67.81. Cochran-Roberts has a loan rate of $51.92, payments of $11.38, an effective support level of $63.30.

On each and every commodity, the advantage goes to the underlying committee bill—the same amount of money, but it has been done in a different way in the committee bill. It gives a higher level of support for each of these major commodities than the amendment before us.

Let me address one other element of Cochran-Roberts that I think is particularly deficient—the so-called farm accounts. There has been a lot of talk here about targeting of benefits of the farm bill to family-size farmers. But in this area, Cochran-Roberts has targeting in reverse. They are targeting to the best-off farmers, those who have the highest incomes; they are targeting to those who have the biggest profit margins because they have set up a circumstance of matching funds that requires a farmer to have $10,000 to set aside. In my State, a significant majority of farmers don't have $10,000 to set aside to qualify for the matching funds, or to fully qualify for the matching funds.

So what you have here is Robin Hood in reverse. They are going to take from those who have the most need and give to those who have the most resources. I don't think that is a policy that can be sustained. I don't think that policy can be supported.

Madam President, I add that the previous discussions on this proposal have had the program administered by the IRS that has the information on the money that people have to put in the program. To avoid a jurisdictional problem, they have decided to convert USDA into the IRS. They have decided to make the USDA all of a sudden administer tens of thousands, perhaps hundreds of thousands, of these accounts, but they do not have the information upon which to make the judgment of whether somebody qualifies for these accounts.

This is big government writ large. This is an invitation to a massive,, expansion of bureaucracy and a duplication of bureaucracy. These are the records that the IRS has, and all of a sudden we are going to duplicate these records at USDA. That is an administrative debacle that will cost taxpayers hundreds of millions of dollars.

How many tens of thousands of employees are they going to have to hire at USDA to administer these accounts? They do not have the information. They are going to have to gather the information. Can you imagine the potential for fraud? Talk about waste, fraud, and abuse. We will have everybody and their mother's uncle writing asking for their $10,000, and who is going to—I do not know how this ever got morphed into a program from IRS that has the information to administer such a program to one being run by USDA.

They have 100,000 employees at IRS. We are going to have to have 20,000 employees at USDA to run this program. We are going to have to hire 20,000 new Federal employees to run this program. Can you imagine the invitation to fraud when you say to any farmer out there if they put aside $10,000, they can get a matching amount from USDA and they do not have the information upon which to make these judgments? That alone ought to defeat this amendment because that is an invitation to a disaster. That is an invitation to an expansion of bureaucracy unlike one we have seen in the 15 years I have been in the Senate, and that is an invitation to waste and taxpayer abuse that I think in and of itself should defeat this amendment.

I end as I began. Although I have been tough and direct with respect to my criticisms of this amendment, I do have great respect and affection for the authors. Senator COCHRAN and Senator ROBERTS are very level-headed people who have done everything they can in the light of their philosophical leanings to support farmers across this Nation, and for that I respect them and I am grateful to them. But I very much hope this amendment, which I think is terribly flawed, will be rejected.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. ROBERTS. I thank the Chair. Madam President, I guess we are nice guys; it is just that the program is not worth anything.

I want to set the record straight with regard to the payments. The distinguished Senator is very fond of charts, but in this particular case his chart is wrong. In regard to the direct payment rate for 2002, wheat is 76 cents. I believe the Senator indicated it was 51 cents or something like that. For corn, it is 43; grain sorghum, 52; barley, 36; for oats about 3.5; 14.9 for cotton seed; 3.39 for rice; and soybeans, 60 cents. That is not reflected in those charts. The charts are simply not accurate. Coming close to the truth is coming pretty close but it still is not the truth. I think we better get our facts and figures straight with regard to the payments.

I also point out that if the market price gets above $3.43 in regard to wheat—I will use wheat because I am familiar with that—the farmer does not get a payment from the Daschle bill. In addition, their target prices do not come into effect until 2004.

They were talking about a bridge. That is a mighty long bridge. The bridge is washed out, the farmer cannot swim, and the farmer cannot get to the other side.

In regard to the $3 loan rate, that is just going to encourage market distortion, but if you are really going to use the loan rate in regard to income protection, why not raise it to $5 or $4? Take out all direct payments and just go with the loan rate. Many of the constituencies my friend represents would find that more in keeping.

Yes, I know that Freedom to Farm in terms of restoring decisionmaking power to the producer was not as successful in regard to market prices worldwide, but we never passed the component parts to Freedom to Farm. There was a world glut of farm product. We lost our markets—the Asian market and the South American market. The value of the dollar hindered it. We did not get Presidential trade authority. We tried twice. We exported about $61 billion in agricultural commodities back during the first years of Freedom to Farm. That is down now to around $50 billion. Subtract the difference and that is what we have had to do with the emergency funding.

Every commodity-producing country has gone through the same travail that our farmers are going through, but yet none of those farmers passed Freedom to Farm. For those on the other side of the aisle, Freedom to Farm is to blame for virtually everything that goes wrong in farm country; or if your alma mater loses a football game or if your daughter has a pimple on her nose, it is somehow the fault of Freedom to Farm with a chart to prove it.

With regard to the safety net, our safety net is a safety net; it is not a hammock as indicated by the majority.

I yield 10 minutes to the distinguished Senator from Montana for whatever purpose he may like.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Madam President, I thank my good friend from Kansas. I was interested in the remarks of my good friend from North Dakota. Yellowstone River separates us, so we are northern tier farmers. I want to bring up a couple points. I probably will not use my 10 minutes because I think the principal sponsors of this amendment have explained it very well.

I also want to correct another thing that we do not want to overlook. If farm programs that contain target prices were going to save the family farm, we have 50 years of that experiment to study and still we are losing farmers from the land. If they were going to work in the last 50 years, surely we would have gone through some economic cycles where we would have found something that was successful for agriculture. Nothing more is going on in agriculture that is not going on in other sections of our economy.

I have heard a lot of farmers say there is nothing wrong on the farm except the price. Our share of the consumer dollar that should go back to the farm is not getting back to the farm. We used to live on 10 cents, 15 cents, 20 cents of the consumer dollar getting back to the farm. Now we are living with around 8 cents or 9 cents. Therein lies the problem.

I supported and had a little to do with—not very much—putting together the Cochran-Roberts amendment. The real design in Freedom to Farm was to transfer the decisionmaking of what they want to do on their farms and ranches back to the farmer and the rancher and also give them the tools to minimize their risk.

We failed to do two or three of those items during the life of Freedom to Farm. We never did get reform on crop insurance, and there were several other elements in this whole era when that legislation was in effect.

Nobody has to say, when there are four major economists on the Pacific rim, it does not impact us who live in the Northwest because just about all of our production goes to the Pacific rim. When Thailand, Malaysia, Indonesia, the Philippines, and South Korea, all of those economies went in the tank at the same time, and the value of our dollar went up, it tells me that was an element that was out of the control of anybody.

What we finally did was reform crop insurance so it would work, so that the farmer and rancher could go out and protect his investment against those natural elements. We are in basically the third, fourth year of drought in our part of the world. Last year was the worst we have ever had.

To give an example, we had no snowpack and that impacts our irrigated farmers. To give another example, the Yellowstone River, which is the longest river in this Nation, is unmarred by dams. That river could probably be crossed east of Billings to Williston, ND, and one's knees would never get wet.

Mr. ROBERTS. Will the Senator yield for a question?

Mr. BURNS. Yes.

Mr. ROBERTS. Montana has been going through some mighty bad weather. I have been to Montana with the Senator and looked at the drought conditions. My question is: If one does not have a crop, under their bill, one does not get a loan rate. And if one does not have a crop when they need it, the most—they do not get a target price, and the target price for wheat is capped anyway at $3.45. So at the time the farmer needs it the most—and the Senator has been through that big time in his State. We do that in Kansas a lot, and I know they do it in the Dakotas year after year—this bill does not help them. There is no countercyclical payment. There is no help. There is no safety payment.

Mr. BURNS. The committee bill?

Mr. ROBERTS. Yes, the committee bill, the Daschle bill. So exactly the conditions the Senator is describing, under this bill, one would not have any help.

I know what happened. The Senator from Montana knows what happened. They would be back to the Senate asking for emergency help, which we would have to provide, because the man whose job it is to feed the country needs to be provided for.

I thank the Senator for yielding.

Mr. BURNS. I thank the Senator for his question. That was a point I was going to get to, but the Senator got to it a lot quicker and maybe explained it a lot better than I would.

Mr. ROBERTS. I thank the Senator.

Mr. BURNS. Building on what the Senator from Kansas said, plus the fact we protect the integrity and improve insurance again, we add some more dollars to it so the farmer can deal with the risk of losing a crop. On the point made by the Senator from Kansas, should nothing be cut, nothing is gotten from the committee bill. That was not a correct approach.

I am someone who wants to change the CRP, the Conservation Reserve Program, to make it work as it was set up to work. I have a couple of amendments on file now that I think would do that. Conservation reserve was to accomplish a couple of things. It was to set aside the undesirable land and the highly erodable land that should never

have been broken by the plow in the history of the land. It should have never been broken up, but it was because we had high prices and farmers had the freedom to plant from fence row to fence row. Of course, with the downturn of the economy, of foreign economies, and the high dollar, the timing could not have been worse.

Nonetheless, if I hear my farmers right, they still want the flexibility. They want to still make the decision and plant and sow for the market to make those decisions, especially new crops.

When we try to write a farm bill that pertains to all of America, in the northern tier of States our flexibility is limited to very few crops because of a short growing season. In some areas, we cannot grow winter wheat; we must grow spring wheat. So our decisions on what to plant are limited because of where we are and the kind of soil we have.

When we add up all the factors, small grain producers in the State of Montana will fair better under Cochran-Roberts—or Roberts-Cochran, whichever is preferred—than the committee bill. Plus the fact we also know what it is to lose a crop. We cut a lot of acres, by law. We cut a lot of one bushel to the acre crop this year. It is the worst I have ever seen.

Of course, we have all the elements that North Dakota has also. We could talk about normalization of farm chemicals, the labels on farm chemicals. We can talk about captive shippers. I have some report language I would like to offer later on, depending on whatever survives, to deal with normalization of those labels because we have great challenges in our free trade agreements.

Now the real risk is this: If the committee bill is not WTO compliant—one can argue about our trade agreements, our trade negotiations, and one might not like it, but basically we are tied to them by law. If we are not compliant, and we lose a WTO challenge, what do we do? The Secretary of Agriculture suspends the program until it is ironed out, and it could be suspended at a time when our agricultural producers need it most. That is risky, and I ask my colleagues to consider that.

I thank my good friend from Kansas, and I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, first I inquire of the Chair as to the amount of time remaining.

The PRESIDING OFFICER. The Senator from Michigan has 36½ minutes. The Senator from Kansas has 12 minutes.

Ms. STABENOW. Madam President, while I rise to oppose the Cochran-Roberts amendment, I want to congratulate my colleagues for their dedication as members of the Agriculture Committee. I have great respect for both Senator COCHRAN and Senator ROBERTS and realize they come to this from their respective States and how they view the needs of agriculture in our country. I come from the great State of Michigan. We have more diversity of crops than any other State, other than California. It is very heartening for me to have worked on a bill coming out of committee that for the first time addresses a number of crops and concerns of Michigan farmers that have not been addressed before.

Our farmers stock the kitchen tables of America and the world, as we know, but they have the right to put food on their own family's table as well. That is what we are debating, the best way to make that happen.

I was a member of the House Agriculture Committee for 4 years, and now I am honored to be on the Senate Agriculture Committee. Every year I have been in the Congress, we have had to pass an emergency supplemental because the Freedom to Farm Act was not enough to address the needs of American agriculture. I think now is the time to correct what was not working in the past farm bill.

In Michigan this year, we have had such an extensive drought that 82 of the 83 counties have been declared disaster areas.

We have seen 30 percent of our corn crop wiped out as a result of the drought. Everything from Christmas trees—and as a caveat, I indicate to my colleagues we are proud that the Capitol Christmas tree this year is from the Upper Peninsula in Michigan. We have had tough times for our Christmas tree farmers. Dry beans, potatoes, and hay all have been hurt by the drought. One farm official said there is no difference between what has happened to us and watching your house burn.

These are pretty dramatic times. Besides the drought, Fireblight has killed between 350,000 and 450,000 apple trees in Michigan at a cost of millions of dollars. It has just not been a good time for our farmers.

According to the Department of Agriculture, between 1992 and 1997 in Michigan we lost over 215,000 acres of productive farmland. As part of that loss, 500 family farms vanished and 2,400 full-time farmers literally left the fields.

We can do better than we have done for agriculture and the farmers of our country. I argue that the best approach is the bill before the Senate, as the committee reported it out, where every title we worked on in committee was reported out unanimously except the commodity title.

I will speak about the commodity title in a moment. For the first time, we address in the commodity title of the U.S. farm bill the issue of specialty crops through a commodity purchase. We have been able to put in place what I believe is a win-win situation: A commodity purchase every year of fresh fruits and vegetables for our School Lunch Program and for our other food programs. It is a win-win for our farmers. It supports our specialty crops, and it is a win-win for our children and for families and seniors who benefit by the nutritional programs.

Unfortunately, this substitute wipes out all the work that we did, putting together this commodity purchase program for the first time, with $780 million in commodity purchases for specialty crops. I very much want to see that continued in this legislation.

We know the bill that came out of committee is a four-pronged approach: Marketing loans, fixed payments, countercyclical payments, and conservation security payments. The Conservation Security Act, now, what everybody calls the innovative act of payments for all farmers on working lands, is another way we address specialty crops that have not been addressed before.

I was pleased as a Member of the House of Representatives to help fashion crop insurance to begin to move it in a direction to address specialty crops. But it has only been moving in a very small direction. The Conservation Security Act is a way to provide security again and focus on conservation and support for our specialty crops.

The farm program, unfortunately, under the Cochran-Roberts amendment does not include a countercyclical program that will help farmers in times of low prices. Without such a program, there is simply no way the program can provide an adequate safety net. That is what I believe ought to be the goal.

Under the substitute, when prices are high, farmers get large payments. In bad times, when prices are low, farmers will suffer, since there will not be a mechanism to respond to those conditions. That makes no sense to me. Fixed payments may seem attractive and bankers certainly want to know exactly what to expect each year, but we ought to be responding to the highs and lows of the marketplace and providing the help when it is needed. Fixed payments are not responsive to market conditions. They are not budget responsive. The taxpayers should save money when crop prices are higher. We should be paying less when they are higher and more when they are lower.

I believe the substitute is not balanced. It is weighted toward fixed payments. The loan rates are low and would be allowed to go even lower. The committee bill phases down fixed payments and phases in a countercyclical program that is market and budget sensitive.

Despite overwhelming calls for reforming Freedom to Farm, this substitute, in my opinion, is little more than a continuation of the existing program of marketing loans and fixed payments. In Michigan, this policy has left our farmers without income protection and necessitated over $30 billion of supplemental payments over the past few years. The substitute loan rates are low, as I indicated. The committee bill, on the other hand, sought to help farmers by making modest increases in the loan rates.

The other point I make is in the area of conservation. Conservation is the most significant problem with the amendment other than, in my mind, what is left out in terms of specialty crops which are so critical to Michigan. The committee bill includes the Conservation Security Program which is a new innovative program that provides payments to farmers who make the effort to practice good conservation on working farmlands. It has received growing enthusiasm. I hope that will be included in the final document.

The Cochran-Roberts amendment provides significantly less funding for conservation. Under the substitute, my own farmers in Michigan would receive $40 million less in conservation payments than under the committee bill.

I believe we have reported out a balanced bill that reflects the diversity of American agriculture and the diversity of Michigan agriculture. It addresses innovative new approaches in energy. It encourages a number of different new options and alternative energy sources that are not only good for farmers but are good for all Americans in terms of foreign energy dependence. It addresses conservation and nutrition and the commodity program in a way I think makes the most sense.

Despite my great respect for the authors of the amendment, and I do mean that sincerely, I rise to encourage my colleagues to support the bill reported from committee, to oppose the substitute, and to join in an approach that broadly supports agriculture and provides the safety net necessary for our farmers.

I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. I yield to the manager.

Mr. ROBERTS. I yield 5 minutes to the distinguished Senator from Virginia who has been an absolute champion of Virginia peanuts.

Mr. WARNER. I thank my dear friend and colleague. I have done my best over the 23 years I have been privileged to represent the Commonwealth of Virginia to look out for the interests of our peanut farmers. I remember so well Senator Howard Heflin of Alabama. I remember Senators from Georgia. We got together through the years and worked out a fair treatment of our peanut farmers.

The peanut program is such a small crop in the overall agricultural picture of the United States of America, but it is crucial to the economy of Virginia.

History will reflect in the marking up of these bills in committee that somehow the Virginia peanut grower did not fare as well as those in some other States. To correct this inequity, Senator HELMS and I sat down with our distinguished ranking member and we showed him what had occurred, largely through oversight. I believe this oversight occurred because Virginia's peanut farms are unique when compared with other peanut States. We have very small farms compared to other areas in the United States of America.

For family farmers, oftentimes peanuts are one of their principal sources of income, if not their only agricultural source of income. They take a lot of pride as their fathers and forefathers have taken for many, many years. Nevertheless, the committee bill—I say this with all respect to my good friend and chairman, Senator HARKIN, with whom I have worked with over these many years—somehow did not work out for Virginia.

After consulting—and Senator ALLEN joined me every step of the way on this—after consulting with Senators ROBERTS and COCHRAN, they agreed to incorporate the best provisions we could manage into this substitute amendment.

Consequently, we are ready to strongly support the Cochran-Roberts substitute because, for the time being, it gives us the best hope in Virginia to allow this industry to ride through this transition period of several years as the current quota program is phased out. But these individuals, unless they get a little bit of help, cannot survive through this transition. We have to help them.

I thank my good friends, both Senator COCHRAN and Senator ROBERTS, for helping.

We have achieved the following: For example, we will significantly raise the per ton target price. The current quota price per ton is $610. The House passed Farm Bill contains a target price of $480 and the Senate committee bill is currently $520. But under the Cochran-Roberts substitute we were able to raise the target price from $520 up to $550 which will enable our peanut growers to survive this period of transition. This will make a big difference to Virginia peanut farmers. It will enable them to simply survive.

This is not a big moneymaking business. While many people nationwide enjoy the specialty Virginia peanut, it is expensive to grow. These provisions will allow Virginians to continue to grow this peanut as they have for generations.

In addition to the increased target price, there are several technical provisions dealing with peanuts in Cochran-Roberts. For instance, producers will be allowed to re-assign their base for each of the 5 years of the farm bill. All edible peanuts will be inspected to maintain quality control. And the marketing associations will now be allowed to build their own warehouse facilities.

Each of these small incremental steps will enable this very small but crucial industry in Virginia and parts of North Carolina to survive.

I thank Senators COCHRAN, ROBERTS, HELMS, and others. I thank my colleague, Senator ALLEN, for helping me. I am hopeful that we can provide help to these farmers.

I see my good friend, the chairman of the committee. I remember very well when he joined the Senate and came to this committee.

All I am asking for is a little bit of help for these peanut farmers. All through the years—with Senator Heflin and others around here from the peanut States—we always got together. We didn't ask for much, only just enough to survive.

I hope the distinguished Chair will allow me to yield so the chairman may reply.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I thank my friend for yielding. I say to my friend from Virginia that the very issues he is talking about in peanuts is in the committee bill. He doesn't have to vote for Cochran-Roberts. The same provision is in our bill. It is the same thing for the peanut farmers of Virginia. We took care of that in our bill.

I know my friend from Virginia is also a strong conservationist. I know he believes in good conservation. I think my friend from Virginia, if he looks at the peanut program, will see what we do in our bill. They just copied the same thing that we already voted on unanimously, I think, in committee on the peanut provisions. That is in the bill.

I hope he will take a look at the other things that are in the amendment that Cochran-Roberts cut—such as conservation and some other things which they cut in the bill. I know my friend from Virginia is a strong conservationist. He is a good hunter. I know that. He believes in the right of hunters and sportsmen. That is what we have in our bill. Our bill is strongly supported by the sportsmen of America.

There is a lot of conservation that they took out. I wish the Senator would look at that.

Mr. WARNER. Mr. President, I thank the distinguished chairman. I remember Herman Talmadge. When I came to the Senate, he said: Young man. He didn't call me Senator. He said: Young man. You just stick with me and you will make it work.

So I hope your bill does reflect this higher $550 per ton and a few other things, including allowing the producers to be able to move their base.

I thank my friend, Senator ROBERTS.

Mr. HARKIN. Madam President, I will give him a couple more minutes.

Mr. WARNER. No. I am fine. I appreciate that courtesy. I thank the Chair for the indulgence.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. How much time remains on both sides?

The PRESIDING OFFICER. The Senator from Kansas has 6 minutes and the Senator from Iowa has 25 minutes.

Mr. ROBERTS. If I might, Senator CRAPO has asked for 5 minutes. I hope I might have a little time to sum up along with the distinguished chairman of the committee. It would take me hours to respond perhaps in some small way. That is why I asked the distinguished Senator from Iowa if he could

lend 5 minutes to the distinguished Senator from Wyoming who is a member of the committee.

Mr. HARKIN. I would be more than honored to give my friend from Wyoming 5 minutes off our time to speak against my own bill.

Mr. ROBERTS. Bless your heart, sir.

Mr. HARKIN. Thank you very much.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 5 minutes.

Mr. THOMAS. Thank you, Madam President. I thank the Senator from Iowa for sharing some of his time.

The Agriculture bill is a very complicated matter, of course. This is the first year I have served on the Agriculture Committee. I have been involved with agriculture all my life. In fact, of course, agriculture in different places means different things. But I am glad we are having this debate.

I hope we take enough time to really have a look at all the things that are involved in a farm bill. First, I think in many cases this bill has been pushed a little too quickly. I think it was pushed too hard by the committee. I have never been on a committee with a complicated bill such as this which was brought to the Members at midnight one night and expected to be voted on at 9:30 the next morning. We did that consistently through all the titles of this bill.

I have a sense that is what is happening. It is being pushed by our minority friends on the other side of the aisle with the political question. I think it is too important for that. It is something that is going to impact all of us a great deal over a good long time. I don't agree with the idea that if we don't get it done this week we will lose. I don't agree with that. I don't think that is the case at all.

I think if we had a chance to be here and deal with it in January and February, we would have the same opportunity, plus the advantage of knowing more about what we are doing and having a chance to go home and talk to our folks about how it works.

I continue to support a bill that moves more towards market-oriented policy, not one that is increasingly controlled by the Government, as has been the case over a period of time, but one that places more emphasis on all of agriculture as opposed to focusing on the so-called program crops as it has been in the past, one that recognizes the importance of our WTO obligations.

We have, of course, a great percentage of agricultural products that go into foreign trade. If we are not careful about how we do this, we may run into the so-called amber box and find problems. I think we want to recognize the value of keeping working lands in production and not setting aside land for production only to increase the production on that land.

In many cases, I believe the Harkin bill takes us in the wrong direction. It endorses higher rates. It encourages production of U.S. products that are already losing in the world market and which could even lose more. On the other hand, I think Cochran-Roberts is a really good option for us to consider.

The commodity title provides substantial support for crop producers. But it provides support in a non-market-distorting manner.

I think, as in most every issue—but maybe this one more than most—we ought to take a look at where we want agriculture to be 10 years from now, what directions we want agriculture to take. Do we want farmers to become more and more dependent on Government subsidies? Do we want all those decisions to be based on what the Federal Government is going to provide or, indeed, do we want to have a safety net so that we can keep family farmers in business, and help do that, but also that that production is reflected in the marketplace, and that those things that are marketable are the ones that are sold?

I think that is very important. That is what we try to do in the Cochran-Roberts amendment.

The payments are considered to be WTO ''green box'' payments, so that important foreign trade will be there without being impeded or challenged by other countries.

The Cochran-Roberts amendment allows producers who have never received Government assistance to obtain support through the farm savings account. Producers are able to be matched by Federal funds, but they are able to set aside for a rainy day. That is a market-oriented, private-property oriented type of approach.

The conservation title boosts programs that keep our working lands in production. It recognizes the value of keeping people on the land in operation versus land retirement. Keeping working lands in production benefits open space and wildlife. Those are aspects that are terribly important to my State where much of agriculture, of course, is livestock, with the idea of keeping open space. The EQIP program helps give technical help to conservation programs and financial assistance for improving environmental quality. I think those are so important.

It provides a bonus incentive for producers who have adopted long-term conservation programs. It creates a new program for the protection of Native grasslands. The loss of open space and crop land is a severe problem, particularly, I suppose, in the West.

There are some important distinctions between the Harkin bill and the Cochran-Roberts substitute.

The PRESIDING OFFICER. The Senator has used 5 minutes.

Mr. THOMAS. I hope my colleagues will give great consideration to the amendment and I urge my colleagues to support it.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Madam President, how much time do we have on our side?

The PRESIDING OFFICER. The Senator has 15 minutes.

Mr. HARKIN. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator has 18 minutes.

Mr. HARKIN. I have 18 minutes?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Madam President, I yield myself 10 minutes, and ask the Chair to remind me when my 10 minutes are up.

The PRESIDING OFFICER. The Chair will do so.

Mr. HARKIN. Madam President, I want the talk, literally, about five things that I think Senators should consider before they vote on the pending Cochran-Roberts amendment: direct payments, loan rates, the issue of WTO and our trade agreements, conservation, and then I want to mention a little bit about total spending in the bill itself.

There seems to be some confusion that somehow the Cochran-Roberts proposal is bigger in direct payments than what we have. But I would point to this chart which shows why looks can be deceiving.

Under the Cochran-Roberts amendment, for example, on soybeans—I just used one crop; it could be any of them—the payment rate on direct payments is 60 cents a bushel. Actually, it is 60.68 cents per bushel. Under our bill, it is 55 cents a bushel. So to the casual observer, looking at this, you would say: Well, of course, Cochran-Roberts is better; it gives more in direct payments than what you do, Harkin, in the committee bill.

But here is the catch. Under our bill, we pay for the whole base. We have 100 acres of soybeans. So we take 100 acres, and we just took an average of 38.25 bushels per acre, times 55 cents a bushel; that is a direct payment of $2,104 for that 100 acres of soybean base.

Under Cochran-Roberts, take the same 100 acres, and they use the old triple base back. That is a 15-percent reduction. Actually, that came in the 1990 budget reconciliation bill, if I am not mistaken. It was that triple base rule, and they put it in there. So now it is not paid on 100 acres, but it is paid on 85 acres.

They have the same 38.25 bushels an acre, just like we have—the same yield—and they pay on 85 acres. And then they only pay 78.4 percent of that. Where did that 78.4 percent come from? That is comparing the yield during the base period from 1981 to 1985 to the yield from 1998 to 2001. And it comes out to 78.4 percent.

So when you get through all the convoluted workings of the Cochran-Roberts amendment, the same 100 acres of soybeans that a farmer would raise next year, they would pay $1,547 for that 100 acres under Cochran-Roberts. We pay $2,104, even though our payment rate is 55 cents a bushel. Theirs is more than 60 cents a bushel. But we do it honestly, openly. Update your base

and update your yield: 100 acres times your yield, times 55 cents.

They say, oh, they are paying 60 cents a bushel, but it is on 85 acres—15 percent less than the 100 acres—times your yield, times 78.4 percent.

So I hope no one is going to be fooled that somehow Cochran-Roberts has more direct payments out there than we do. It is just not so. It may be higher, but it is on fewer acres, and it is on 78.4 percent of the yield of that field.

So, again, when it comes to direct payments, Cochran-Roberts is convoluted. They go back to all these old payment acres and outdated yields. But we actually pay more.

Next, I would like to cover loan rates. Under Cochran-Roberts, they continue current law, which establishes maximum loan rates and allows the Secretary to lower the loan rates according to a formula of 85 percent of the 5-year average price for grains and oilseeds. You drop high and low-price years. So we can look at this. This will be the loan rates shown right here on this chart.

Let's just take wheat. I know the Senator from Kansas likes wheat. It is a big crop in his area. It is a good crop for the country.

Under our bill, the loan rate for wheat, right now, is $3 per bushel. Now, Cochran and Roberts might tell you that really their loan rate is going to be $2—what is it?—$2.53.

Mr. ROBERTS. It is $2.58.

Mr. HARKIN. I am sorry. It is $2.58. That is what they are saying, $2.58 per bushel. But that is the highest they can go. It is not the lowest they can go. Under their loan rates, because they use this old formula, it can go down from $2.58 to $2.30. If we have a high stocks-to-use ratio, which we do right now in wheat, the Secretary has the authority to lower that another 10 percent, down to $2.07 a bushel. So, again, under Cochran-Roberts, the loan rate can go to $2.07 a bushel for wheat. Under our bill, it can go no lower than $3 a bushel.

On corn, it is the same thing. Under corn, Cochran-Roberts caps it at $1.89, as shown right here on the chart. We are at $2.08. They say: Hey, cap it at $1.89. That is all the higher it can go, but it can go a lot lower. It can go down to, I think, $1.56 a bushel, as shown on this chart right here.

So don't think that this is the Cochran-Roberts loan rate, as shown on this chart right here, not by a minute. It is down in here someplace, down around in here, as shown on this chart.

This is our loan rate: $2.08. The same is true of all the other grains—sorghum, barley, and oats.

So when it comes to loan rates, Cochran-Roberts, again, is trying to fool you. They are trying to say: Their loan rate is less than ours, but it is pretty high. That is not so. Because under the formula, it can be reduced down, and then the Secretary has the authority to reduce it even lower.

We do not give the Secretary that authority. We take that authority away from the Secretary. Our loan rates are honest. It is $3 for wheat. You cannot go a nickel lower than that. The Secretary does not have the authority to lower it.

On WTO, there have been some questions raised about WTO compliance, whether or not we are going to be okay on the WTO. Under WTO, we have what is called an amber box. This is product specific, what we spend on our crops. Under the WTO provisions, we are allowed to spend $19.1 billion a year. I understand some people over here have said that under the committee bill we might exceed that; then we will be not in compliance with WTO.

Well, we used CBO estimates to determine how much we might spend. Right now under the current levels of spending, we are spending about $11 billion. We are allowed 19.1, but we are spending about 11. Under 1731, using CBO estimates we will be spending about $13.6 billion. The maximum that we would spend under 1731 would be $16.6 billion, a far cry from $19.1 billion. Again, if we are allowed to spend $19.1 billion to support farm income and to support family farmers and get them a better price for their grains, why should we be down here at $11.1 billion? Why don't we get closer to $19.1 billion?

Again, even under the worst case scenario, using CBO estimates we are going to be almost $3 billion less than what we are allowed. Why should we handcuff ourselves? I ask—I hope my friend will respond—why do we have to be down here at such low levels? We might as well take advantage of what WTO has given us, $19.1 billion, and use as much as we can without exceeding this.

Under the WTO rules and under our bill, if it looks as though we ever are going to exceed this, the Secretary has the authority to cut payments. So there is an escape hatch. If the worst possible case scenario happened—worst case happened—it would have to be about like it was in 1985. If we had a year like 1985, we might get close to 19.1. But that was 16 years ago. We haven't had a year like that since, and I don't think it is likely we ever will. Again, under WTO we are in full compliance. That is a red herring.

The PRESIDING OFFICER (Mr. DURBIN). THE SENATOR HAS USED 10 MINUTES.

Mr. HARKIN. I yield myself another 5 minutes.

If anybody tells you we are going to violate WTO, that is nonsense; absolute, utter poppycock.

Then under the amber box, we also have nonproduct specific. This is what we spend on crop insurance and conservation, things such as that. Under this nonproduct specific, right now, I believe, again, we are allowed $10 billion. This is 5 percent. We are allowed 5 percent of the value of our total agricultural production that we can use here for things such as for countercyclical and for crop insurance, we are allowed to spend 5 percent. We are right now, I believe, at about $7 billion. Under 1731, we will be even lower than that. We will never even get close to that 5 percent, or $10 billion cap.

I also draw your attention to the green box. This is conservation, rural development. We are allowed to spend anything we want, anything without violating WTO. So what does Cochran-Roberts do? They take money out of this. They cut funding for conservation. They cut funding for rural development. They even cut some money out of research, when we have no limits on how much we can spend there. So don't let anybody fool you to think that somehow we are not compliant with WTO. We are.

The last thing I will discuss—and this is not specific—is to show what they were cutting in conservation. Under the wildlife incentives program, wildlife habitat, we put in $1.25 billion. They put in only $350 million. This is for 5 years. Under the farmland protection program, where we buy up farmland and keep it from going into urban development, we put in $1.75 billion. They only put in $432 million. The conservation security program, $387 million, we put in 5 years; they zeroed it out.

The Secretary of Agriculture earlier put out a book. It is called ''Food and Agriculture Policy, Taking Stock for the New Century.'' Here it is on page 10, conservation and the environment. They say, the principles for conservation: Sustained past environmental gains.

Then on page 81—if I remember this book right, on page 81 it says ''the new approach.'' They are talking about incentives for stewardship on working farmlands.

> The new approach is broader. It may be the best option for compensating farmers for the environmental amenities they provide as well as recognizing the past efforts of ''good actors'' who already practice enhanced stewardship. The Department of Agriculture and the administration have supported conservation on working lands, helping farmers who have been good stewards in the past.

That is what we do. We put the money in there, $387 million, just what the administration said they wanted. Cochran-Roberts zeroes it out. And guess what. I am told the administration supports Cochran-Roberts. They zero it out.

Something is not adding up here. Something is not adding up here on this because the administration now is saying they support Cochran-Roberts. I don't know if they do. Does the administration support your amendment?

Mr. ROBERTS. Yes, sir.

Mr. HARKIN. The administration is supporting the Cochran-Roberts amendment even though earlier this year they wanted money in a program like this to pay farmers on working lands. They zero it out. I guess this administration doesn't give a hoot about conservation. That is exactly it. They want to talk about it. They want to put it in a nice, fancy book. But they don't want to pay for it. They don't

want to pay farmers for being good conservationists. They want to support Cochran-Roberts.

This is why I talked about conservation, maintaining and paying farmers for what they are already doing.

This is the one chart on which I think even Mr. ROBERTS will agree with me. Last week we had an editorial in the newspaper saying this is a piggy farm bill, we are spending too much money. I mentioned this last Friday. I asked my staff to make up a chart.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. HARKIN. How much time do I have left?

The PRESIDING OFFICER. Three minutes remaining in total.

Mr. HARKIN. I will reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from Kansas is recognized.

Mr. ROBERTS. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 6 minutes.

Mr. ROBERTS. I thought I had 7 minutes. I can't squeeze 1 more minute out of—didn't we say 7 minutes before we got into the colloquy on Senator HARKIN's time, the distinguished Senator from Virginia who was extolling great virtue and compliments to the distinguished Senator on his time?

The PRESIDING OFFICER. The Chair would like to give wide latitude to the Senator from Kansas, but the Senator from Virginia exceeded his time.

Mr. ROBERTS. I thought the Senator from Iowa had yielded his time to hear all the accolades directed toward his personage.

The PRESIDING OFFICER. That part of the Senator's statement was charged to the Senator from Iowa.

Mr. ROBERTS. So then I have 7 minutes remaining?

The PRESIDING OFFICER. Six minutes, and not counting the time just used by the Senator from Kansas.

Mr. ROBERTS. I was just making an inquiry to the Chair about the timing.

The PRESIDING OFFICER. Understood. The Senator may proceed.

Mr. ROBERTS. I am delighted to yield to the Senator from Idaho who has been a champion for State water rights in an amendment introduced on the committee bill. There is an option there for the State to opt out. This is a very important issue to the entire West—for that matter, any State. I am delighted to yield 3 minutes to the leader with regard to this issue.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CAPO. Mr. President, I rise today in support of the amendment proposed by Senators COCHRAN and ROBERTS, not only because of the reasons that have been discussed already but because of important provisions contained in the underlying bill that are unnecessary.

We have already spent a tremendous amount of time in this Chamber debating the dairy provisions that were not removed from the legislation. For that reason alone, we ought to substitute the Cochran-Roberts provisions.

Moreover, as Senator ROBERTS has indicated, the underlying bill contains very dangerous provisions relating to water rights that represent a new intrusion of the Federal Government into the domain of State-controlled sovereignty over water rights. We will be debating that later if we are not successful at this point in substituting the Cochran-Roberts amendment. For those two reasons alone, we ought to substitute the Cochran-Roberts provisions for the amendments in the underlying legislation to prevent unfortunate and inappropriate farm policy from proceeding in the Senate farm bill.

I also congratulate Senator ROBERTS and Senator COCHRAN on their innovative farm countercyclical payments account. This farm savings account allows farmers to deposit money into an account and receive a match from the Federal Government. This assistance is nonmarket distorting and, importantly, available to all agricultural producers, including specialty crops and ranchers.

I also thank our Senators for not weakening the planting restrictions in their proposal. These, too, help specialty crop farmers in America. I realize our time is short, so I will cut short my remarks.

I will conclude on this point. Comment has been made that the Cochran-Roberts amendment is not sufficient in the area of conservation. I differ with that. I commend Senators ROBERTS and COCHRAN for the strong commitment in their provision to protect conservation. Our farm bill, as many people in America don't realize, is one of the strongest protections of the environment that we have and that we consider in Congress on a regular basis. The provisions in the Cochran-Roberts proposal are strong commitments to continuing and strengthening our conservation programs across this country.

Some of the charts show differences in numbers that look dramatic. But one must remember that there is a numbers game being played. The numbers used in the Cochran-Roberts proposal utilize the farm budget over a 10-year cycle, which is the way that our budget is established to appropriate it. The numbers utilized in the underlying bill squeeze all of that into 5 years and say nothing about what happens in the outlying 5 years, appearing that they are spending more money when, in reality, they are squeezing it into a front-loaded proposal. We have to compare apples and apples. When we do, we will see that the Cochran-Roberts proposal has strong protections for farmers and commodity dealers, and protections and improvements in our conservation programs, and it doesn't contain the unfortunate attacks on State water sovereignty and unfortunate dairy provisions that the underlying provision contains.

For those reasons, I strongly encourage the Senate to support the Cochran-Roberts proposal.

I yield back the remainder of my time.

Mr. BROWNBACK. Mr. President, I rise today for two purposes: first, to support the amendment from my friend and colleague from Kansas, and second to briefly discuss an important priority of mine, carbon sequestration.

Shortly, we will vote on the Cochran-Roberts amendment, which is in essence, a substitute farm bill, with the main difference lying in the commodity title. I urge my colleagues to support this amendment for a variety of reasons: this proposal helps farmers during hard times by retaining loan rates and increasing the fixed, decoupled payments that farmers now get, but in place of the target price programs, Cochran-Roberts adds a farm savings account. These savings accounts will be available to all producers to help with the risks of production and market risks. These savings accounts give farmers the tools they need to manage their finances and provides up to $1.2 billion in matching funds annually.

The Cochran-Roberts proposal provides market-oriented loan rates and promotes dependable policy. This proposal provides farmers a consistent, predictable income safety net and maintains flexibility in market-oriented planting.

The current Marketing Loan Program is continued for traditional program crops under this legislation. Overproduction is minimized by ensuring more market-oriented loan rates. In times of low prices farmers are protected through counter-cyclical income protection.

The reason these changes are so important is that we must guard against locking into place policies that guarantee overproduction and low prices while also providing adequate protection against market lows. This is a very difficult balance to achieve, but it is curious that the same opponents of freedom to farm, who chided the policy as guaranteeing overproduction, are now advocating policies which will do far more to increase overproduction because they distort the market forces that would otherwise instruct farmers to pull back.

I understand the desire to complete action on a farm bill before the end of this year, of the concern that there won't be as much money available in next year's farm bill. But I say to my colleagues, this bill is too important to rush through and do poorly merely for the sake of time.

I am pleased to join my colleague from Kansas, Mr. ROBERTS, in supporting this legislation. This is responsible farm legislation that will help the hard working farmers of my State. The President and Secretary Veneman have stated their support for this legislation and I encourage my colleagues in Senate to pass this responsible farm legislation.

Last week, this body adopted an amendment from Senator WYDEN and my self to establish a carbon trading pilot program through farmer owned cooperatives. This will allow our farmers an opportunity to explore the market realities of this promising process that reduces carbon dioxide, a greenhouse gas linked to climate change, while also improving water and soil quality. Co-ops will now be able to aggregate sequestered soil carbon into tons and market it to utilities and other industries eager to offset their emissions. This is all still an experimental idea, which is exactly why we need to pilot program to explore the numerous questions surrounding this issue. This pilot program will help us measure both the environmental gain and the economic potential for a carbon market farmers can participate in.

Although I have concerns about much of the existing farm bill, I applaud the leadership of Senator HARKIN and Senator LUGAR on the subject of conservation in this farm bill and specifically, the research and grant money for carbon sequestration contained in their bill. This is a critically important new market opportunity for farmers and the energy title of Senator HARKIN's bill moves us to great deal forward on a number of important fronts.

I am pleased that the Cochran-Roberts amendment recognizes this strength and keeps this title largely in tact.

In closing, I urge my colleague to vote for the Cochran-Roberts amendment.

Mr. ALLARD. Mr. President, I would like to speak on behalf of the farm bill legislation and, specifically, the substitute being offered by Senators COCHRAN and ROBERTS. This is important legislation. Farm policy is always important, not only to farmers but to America. This legislation is also important to the State of Colorado because farming is important to the State of Colorado.

As a member of the House Agriculture Committee I participated in the drafting of the current farm legislation and, as a member of the Senate Agricultural Committee, I participated in the drafting of the farm bill we are about to consider. The drafting of farm policy is an interesting procedure and I am happy that I have twice had the opportunity to be a part of it.

Many of the provisions in the Committee-passed version of the farm bill were bipartisan and have remained virtually the same in the Cochran-Roberts substitute. The provisions in the Nutrition, Rural Development, Credit, Energy, Research and Forestry titles have remained largely unchanged. There are, however, some provisions in Cochran-Roberts that I believe will be very helpful to our farmers.

This bill allows for the implementation of a farm savings account program. Farmers can, in good times, contribute their own funds, which can be matched dollar-for-dollar up to certain amounts, by the USDA. I think that this is a wonderful way to help our farmers help themselves. It is not unlike the Thrift Savings Plan that we offer our own staffers here in the Senate. By putting back their own money for harder years of improvements like new farm equipment farmers can begin to set themselves back on their own feet and decrease their reliance on the U.S. Government.

Cochran-Roberts also maintains the integrity of the crop insurance program reforms. Specifically this legislation provides farmers with essential risk management if there is a crop failure. And, according to an analysis by the Food and Agricultural Policy Research Institute the Cochran-Roberts bill will result in higher market prices for farmers than the committee-passed version. This is because the high loan rates in the committee-passed bill will provide incentives for over-production of crops. This, obviously, will result in lower market prices and increase the need for additional agricultural assistance. That is not what we want for America's farms.

Cochran-Roberts will also provide for reasonable conservation funding. Under this legislation, funding for conservation programs would increase. Let me give you a few examples. Funding for EQIP, the Environmental Quality Incentives Program, would ramp up to $1.65 billion by 2006. The conservation on Working Lands program is a new program that is included in EQIP and would receive funding in the amount of $100 million in 2002. This funding would increase to $300 million by 2006. EQIP is a program which I strongly support. The essence of this program came from legislation I introduced while in the House and serving on the House Agriculture Committee to provide money for cost share practices to reduce soil erosion and protect water quality. It is an important program that has tremendous environmental benefits in rural and urban areas. The acreage cap in the Wetlands Reserve Program would be increased so that up to 250,000 acres could be enrolled annually. Funding for the Wildlife Habitat Incentive Program would increase from $50 million in 2002 to $100 million in 2006.

I want to spend a little time on the Farmland Protection Program. When this program was established in the 1996 farm bill, funding was limited to $35 million over the life of the bill. Now, due to the immense popularity and success of the program we are funding at its highest level ever, $435 million over the course of the bill. The funding for the program ramps up from $65 million in fiscal year 02 to $100 million in fiscal year 06. This voluntary program provides funds to help purchase development rights to keep productive farmland in agricultural uses. In Colorado, the program has been successfully used to leverage additional State and private funding to help farmers and ranchers stay on the land. In addition, Farmland Protection Program would be clarified to provide that agricultural lands include ranch-lands and allows participation by non-profits and would require conservation plans for lands under easement.

Forty million dollars would also be provided for conservation on private grazing lands and the Natural Resources Conservation Service would be funded to provide coordinated technical, educational and other related assistance programs to conserve and enhance private grazing land resources, and related benefits, to all citizens of the United States.

In addition to providing increased funding to many conservation programs this legislation would establish a new program, the Grasslands Reserve program, that would aid in preserving native grasslands. Enrollment in this program would be 30-year, permanent easements and total enrollment would be capped at 2 million acres. Technical assistance and cost-sharing would be provided for the restoration of grasslands.

I would also like to point out that this bill sticks to the trade obligations that we have made. I believe it is very important that we provide responsible assistance to our farmers. However, I believe it is equally important that we adhere to the responsibilities that we have as a result of WTO agreements. In addition, this Farm Bill substitute comes in under the budget allocation of $73.5 billion that was agreed to in the budget resolution. While many think that we can buy our way out of hard times, as a member of the Budget Committee, I believe that it is very important that we stick to the numbers outlined for in the budget resolution.

Finally, equally important to getting a farm bill passed, is passing a farm bill that can be signed into law. Secretary Veneman and the administration are behind this bill. Secretary Veneman sent a letter indicating her strong support for this legislation and the White House has also expressed their support for the provisions contained in Cochran-Roberts.

Now I would like to talk to something that is very important to me. I think that it is very important we focus on in the farm bill is research. As a veterinarian, this is an area that I believe in strongly. In order for our nation to continue to have one of the most abundant and safest food supplies in the world we must continue funding our research priorities. Our world is one that has continued to become more integrated. We can no longer assume that because a disease does not occur naturally in our country we need not worry about it. We must also be aware of the potential impact of diseases that are not naturally occurring.

To this end, I worked to include several provisions in the research and forestry titles. The first allows for research and extension grants on infectious animal diseases. This will assist in developing programs for prevention and control methodologies for infectious animal diseases that impact

trade, including vesicular stomatitis, bovine tuberculosis, transmissible spongiform encephalopathy, brucellosis and E. coli 0157:H7 infection, which is the pathogenic form of E. coli infections. It also set aside laboratory tests for quicker detection of infected animals and the presence of diseases among herds; and prevention strategies, including vaccination programs.

The second research provision that I included in the Research Title establishes research and extension grants for beef cattle genetics evaluation research. It provides that the USDA shall give priority to proposals to establish and coordinate priorities for the genetic evaluation of domestic beef cattle. It consolidates research efforts in order to reduce duplication of efforts and maximize the return to the beef industry and streamlines the process between the development and adoption of new genetic evaluation methodologies by the industries. The research will also identify new traits and technologies for inclusion in genetic programs in order to reduce the cost of beef production and provide consumers with a healthy and affordable protein source.

The Forestry Title includes a provision which I sponsored to establish Forest Fire Research Centers. There is an increasing threat to fire in millions of acres of forestlands and rangelands throughout the United States. This threat is especially great in the interior States of the western United States, where the Forest Service estimates that 39,000,000 acres of National Forest System lands are at high risk of catastrophic wildfire.

Today's forestlands and rangelands are the consequences of land management practices that emphasized the control and prevention of fires, and such practices disrupted the occurrence of frequent low-intensity fires that had periodically removed flammable undergrowth. As a result of these management practices, forestlands and rangelands in the United States are no longer naturally functioning ecosystems, and drought cycles and the invasion of insects and disease have resulted in vast areas of dead or dying trees, overstocked stands and the invasion of undesirable species.

Population movement into wildland/urban interface areas exacerbate the fire danger, and the increasing number of larger, more intense fires pose grave hazards to human health, safety, property and infrastructure in these areas. In addition smoke from wildfires, which contain fine particulate matter and other hazardous pollutants, pose substantial health risks to people living in the wildland/urban interface.

The budgets and resources of local, State, and Federal entities supporting firefighting efforts have been stretched to their limits. In addition, diminishing Federal resources (including personnel) have limited the ability of Federal fire researchers to respond to management needs, and to utilize technological advancements for analyzing fire management costs.

This legislation will require the Secretary of Agriculture shall establish at least two forest fire research centers at institutions of higher education that have expertise in natural resource development and are located in close proximity to other Federal natural resource, forest management and land management agencies. The two forest fire research centers shall be located in—A. California, Idaho, Montana, Oregon, or Washington and B. Arizona, Colorado, New Mexico, Nevada, or Wyoming.

The purpose of the Research Center is to conduct integrative, interdisciplinary research into the ecological, socio-economic, and environmental impacts of fire control and use managing ecosystems and landscapes; and develop mechanisms to rapidly transfer new fire control and management technologies to fire and land managers.

Lastly, the Secretary of Agriculture, in consultation with the Secretary of Interior, shall establish an advisory committee composed of fire and land managers and fire researchers to determine the areas of emphasis and establish priorities for research projects conducted at forest fire research centers.

Again, I believe that research of all kinds is fundamental. Which is why I am pleased that the committee-passed legislation also contains several provisions that allow for the enhancement and expansion of research in the area of renewable energy. A number of grants were created to help increase the use of renewable resources. These grants will provide funds for biorefineries to convert biomass into fuel and assistance for rural electric co-ops to develop renewable energy sources to help serve their area's energy needs. These grants will also provide education and technical assistance to help farmers develop and market renewable energy resources and programs to educate the public about the benefits of biodiesel fuel use.

Before I close I want to talk again about the need for the inclusion of the language that would include fighting birds in the interstate shipment ban that exists in the Animal Welfare Act. I would like to point out that the need for this stems largely from the need to give individual states the ability to enforce their laws. When a state legislature passes a law they expect to be able to enforce it. But when a loophole in Federal law allows for that law to be ''ducked'' there is a problem. The current provisions in the interstate shipment section of the Animal Welfare Act provides just such a loophole. Because live birds are specifically excluded from inclusion in the interstate transport ban they are the only animal that can legally be taken across state lines for the purpose of fighting. There is absolutely no need for this exclusion. When a person is caught in a State where cockfighting is illegal they can simply claim that they are transporting the birds to one of the 3 States where cockfighting is legal. And, law enforcement has to let them go. There is no way for law enforcement officers to determine if they really are transporting the birds or if the cockfight will be held right down the road. States should not have to trip over Federal law in the pursuit of enforcing their own laws.

As I and many of my colleagues have previously stated, this is an important issue and I hope that we can do what makes the most sense, and will be best for, all of America's farmers.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. There are 2 minutes 13 seconds for the Senator from Kansas, and 2 minutes 39 seconds for the Senator from Iowa.

Mr. HARKIN. Mr. President, I will let the Senator from Kansas, my good friend, close. It is his amendment.

Senator ROBERTS is a great friend of mine. We have worked together for many years. We have a different philosophy and a different policy on agriculture. Senator ROBERTS believes very strongly in Freedom to Farm. I understand and respect that. Quite frankly, there were some good things I said earlier in committee that shocked him to death about Freedom to Farm. Planning flexibility, for example, we keep that in there.

But what I have heard from my farmers in Iowa, and all over this country, is that we need to modify Freedom to Farm. We don't need to throw it all out the window, but we need to modify it because what has been lacking is a decent income farm safety net. That is why we are here every year, year after year, with billions of dollars to help bail out farmers.

So what we have done in our bill is kept the best of the old Freedom to Farm, but we put in a good safety net. We have four legs to our chair, or stool, of support: Direct payments, good loan rates, conservation payments, and a countercyclical payment when prices are low. Cochran-Roberts has two legs; that is all. They have direct payments, and they have some modest lower loan rates, and that is all.

Our farmers are saying they need a better safety net. That is what we did. We modified Freedom to Farm. Farmers want more conservation. We have the money for conservation in that, which Cochran-Roberts takes out.

Energy: We put in a new title on energy. Our farmers are saying that is the market for the future. They say: We are going to make ethanol, soy diesel, and we will create biomass energy. That is going to be our market for the future.

Mr. President, they gut that program.

Rural development: Every farmer I have ever spoken to says: It doesn't do anything good if you save my farm and

our small towns go down the drain. We need better job opportunities in rural communities.

That is what we have in our bill. That is what Cochran-Roberts takes away. If all you want to do is continue what we have been doing for the past 5 years on Freedom to Farm, then you will want to support Cochran-Roberts. But if you want to modify Freedom to Farm, not throw it all out, but have a good safety net, good conservation programs, and energy programs so we will have more ethanol in the country and develop more soy diesel and other things, and if you want a strong rural development program that will provide for jobs and economic opportunity for off-farm income in rural America, that is in the committee bill.

That is why Cochran-Roberts should be defeated. We don't need to continue down the road just with Freedom to Farm as we have in the past 5 years. Let's modify it.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Kansas is recognized.

Mr. ROBERTS. Mr. President, there are several basic reasons I urge colleagues to support the Cochran-Roberts amendment.

No. 1, there has been a great deal of discussion about which bill serves small farmers versus big farmers—most especially from the Senator from North Dakota. Under Cochran-Roberts, the payment limitation is $165,000 total for direct payments for the farm accounts that are in the bill, and then also the loan deficiency payments.

Second, truth in budgeting: The committee bill spends $46 billion over the first 5 years, allotted over a 10-year part of the bill, only leaving $28 billion. We are robbing the future to pay for the current bill.

Then we have the issue of the guaranteed payments. Again, again, and again I say if the farmer loses a crop, he is not eligible for the loan rate at the target price. The target price is capped. It only goes to about $3.45. There is more protection under our bill. Under the WTO, let me quote from the Food and Agriculture Policy Research Institute:

> Given the structure of the changes, we calculate a 30 percent chance that the U.S. will exceed this limit in the 2000 marketing year.

And they also go ahead and say:

> The countercyclical program begins payments in the 2004 marketing year essentially replacing green box expenditures with amber box expenditures.

I think it is too dangerous a road to go down. The President and the administration support this amendment, and we can conference it more quickly with the House. This is not a stalling bill. This is an amendment to get this farm bill done.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The Senator from Iowa.

Mr. HARKIN. I assume all time has expired.

The PRESIDING OFFICER. Yes.

Mr. HARKIN. Mr. President, I move to table the Cochran-Roberts amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) is necessarily absent.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Mississippi (Mr. LOTT), and the Senator from Texas (Mr. GRAMM) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 55, nays 40, as follows:

[Rollcall Vote No. 374 Leg.]

YEAS—55

Baucus	Dorgan	Mikulski
Bayh	Durbin	Miller
Biden	Edwards	Murray
Bingaman	Feingold	Nelson (FL)
Boxer	Feinstein	Nelson (NE)
Breaux	Graham	Reed
Byrd	Harkin	Reid
Cantwell	Hollings	Rockefeller
Carnahan	Inouye	Sarbanes
Carper	Jeffords	Schumer
Chafee	Johnson	Smith (OR)
Cleland	Kennedy	Snowe
Clinton	Kerry	Specter
Collins	Kohl	Stabenow
Conrad	Landrieu	Torricelli
Corzine	Leahy	Wellstone
Daschle	Levin	Wyden
Dayton	Lieberman	
Dodd	Lincoln	

NAYS—40

Allard	Enzi	Nickles
Allen	Fitzgerald	Roberts
Bennett	Frist	Santorum
Bond	Grassley	Sessions
Brownback	Gregg	Shelby
Bunning	Hagel	Smith (NH)
Burns	Hatch	Stevens
Campbell	Hutchinson	Thomas
Cochran	Hutchison	Thompson
Craig	Inhofe	Thurmond
Crapo	Kyl	Voinovich
DeWine	Lugar	Warner
Domenici	McCain	
Ensign	McConnell	

NOT VOTING—5

Akaka	Helms	Murkowski
Gramm	Lott	

The motion was agreed to.

Mr. HARKIN. I move to reconsider the vote by which the motion was agreed to.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARKIN. Mr. President, we are making progress. We had a good debate on the Cochran-Roberts amendment. Two good friends and two very valuable members of the Agriculture Committee have had a good debate on this. It was the substantive vote on whether or not we were going to stick with the committee bill. There are other amendments that will be offered that might change things on the edges, but this was the substantive vote on whether or not we would go with the committee bill.

I hope now that we can begin to dispose of some amendments in a timely fashion. Right now, if I am not mistaken, one of the underlying amendments is the amendment offered by Senator SMITH, and there was a second degree offered by Senator TORRICELLI. I would like to move to table that amendment, but obviously they want to speak a little bit longer on it. I checked with them and Senator SMITH and Senator TORRICELLI and Senator DORGAN agreed on 3 minutes each on that.

I ask unanimous consent the author of the amendment, Senator SMITH, be allowed to speak for 3 minutes; following him, Senator TORRICELLI for 3 minutes, and Senator DORGAN for 3 minutes, and at the end of that time, all time end and I be recognized for a motion to table the underlying Smith amendment.

I call for the regular order.

AMENDMENT NO. 2596

The PRESIDING OFFICER. The Smith amendment numbered 2596 is now pending.

Mr. HARKIN. I ask unanimous consent that the Senator from New Hampshire be allowed to speak for 3 minutes, Senator TORRICELLI for 3 minutes, and Senator DORGAN for 3 minutes, and at the end of that time I be recognized to move to table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Hampshire is recognized for 3 minutes.

Mr. SMITH of New Hampshire. Mr. President, I thank my colleague, Senator TORRICELLI, for his cooperation in working together on two amendments which are slightly different but share the same goals. I am pleased to work with him.

Cuba is currently one of the nations listed by the State Department as a state sponsor of terrorism. They are in good company: Iraq, North Korea, Iran, Syria, Libya, and the Sudan.

Until the State Department removes Cuba from this list of state sponsors of terrorism, the U.S. Government should not permit the private financing of agricultural sales to prop up that regime. That is essentially what Senator TORRICELLI and I are talking about.

The administration is opposed to the language in the bill and Senator TORRICELLI and I modify that language. If the President certifies that Cuba has stopped sponsoring terrorism or that American fugitives who are hiding in Cuba who committed atrocious crimes—some of the crimes in the home State of Senator TORRICELLI from New Jersey—they ought to be returned.

That is the gist of the amendments. I remind my colleagues what President Bush said: Every nation in every region has a decision to make. Either you are

with us or you are with the terrorists. From this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime.

It seems to me reasonable that if there are murderers who Fidel Castro is hiding in Cuba, he could easily return them so they could be prosecuted in New Jersey or other States where they committed the terrible crimes. If Cuba is on the State Department list of terrorist nations, it seems reasonable they ought to be removed before we give them help. I rest my case.

I hope my colleagues will support the Torricelli-Smith amendment.

I yield the floor.

The PRESIDING OFFICER. Under the unanimous consent request, the Senator from New Jersey is recognized for 3 minutes.

Mr. TORRICELLI. I thank Senators SMITH, HELMS, ENSIGN, GRAHAM, and NELSON for being part of this effort.

The administration supports these amendments and opposes the provision in the bill. It would be shocking if the President of the United States did not support us. President Bush has made very clear, in this world, you are with us in the fight against terrorism or you are against us.

We are in the middle of a worldwide fight against terrorism and almost unbelievably in this Senate this bill contains a provision that the United States would allow private banks, guaranteed by the U.S. Government, to sell products to Fidel Castro's Cuba while the State Department has listed Cuba as harboring terrorists—not one terrorist group but four terrorist groups.

Further, it is amending the bill to say to Fidel Castro: If you want the privilege of our finance, get yourself off the terrorist list; if you want the privilege of our finance, return the 77 fugitives living in Cuba wanted for murder, hijacking, and terrorist activities.

I ask my colleagues to think about what we are doing, what kind of a message we are sending. We send troops halfway around the world to fight terrorists. But now on the floor of the Senate, before our troops even come home, we are authorizing the financing of exports to a country we have identified as harboring terrorists. It doesn't make sense. Of course, the President is opposed to it. Of course, we should be opposed to it. But it will be argued that we need this for business, that we need this to help our farmers. I don't believe there is a farmer in America who wants to make a buck selling products to people who harbor fugitives from justice. But even if they did, what kind of a business proposition is this?

Fidel Castro owes $11 billion to financial institutions, he has not paid it back; $20 billion to former Soviet Union; he hasn't paid it back. His current account deficit is $700 million. He can't meet the bills. Even if you loaned him the money, he couldn't pay it back.

Don't let anybody tell you that in doing this we are not being a generous people. Fidel Castro can buy American food. He has to pay for it. The United States has given more food and medicine to Cuba in the last 10 years than any one nation has given to any other nation in modern history. He is getting donations. He can buy our food. We just should not finance it because he can't bay it back and he doesn't deserve it.

Consistency in America foreign policy; financing sales to a nation on our terrorist list, never.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, does anyone in the Senate Chamber think Fidel Castro has ever missed a meal because for 40 years we have said to family farmers in America: You can't sell food to Cuba? What meal has he missed? You know and I know this 40-year failed policy is a policy that takes a swing at Fidel Castro and it hits poor people, and sick people, and hungry people in Cuba. And it hurts American farmers here at home. We know that.

Let me ask the question about consistency. We hear these discussions about Cuba. Is there a sanction against private financing to send food to Communist China? No, there is not. Is there a prohibition against private financing to send food to Vietnam, which is a Communist country? No, there is not. Is there a prohibition against sending food to North Korea, a Communist country? No. Is there a prohibition of private financing to send food to Libya or Iran? The answer is no. No.

So we are told that somehow there needs to be a sanction, or a continued sanction for the past 40 years, to prohibit private financing to send food to Cuba. It is a foolish failed public policy, and everyone knows it.

How long does it take to understand that a policy doesn't work? Ten years? Twenty years? With Cuba, it has been 40 years.

American farmers are told they should pay the price for this foreign policy. What is the price? The price is your Canadian neighbors can sell food to Cuba. The French can sell, the English can sell, and all of the European countries can sell. It is just the United States farmers who are told: You can't sell food to Cuba.

That is a foolish public policy. It is time to stop it, this notion about a Communist country. This is the only country in the world which employs this policy, and it doesn't work.

As I said when I started, Fidel Castro has not missed a meal because of this policy. But hungry people, sick people, and poor people have been severely disadvantaged for a long while. That is not what this country ought to be doing in foreign policy.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Iowa.

Mr. HARKIN. Mr. President, I move to table the Smith amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) is necessarily absent.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Mississippi (Mr. LOTT), the Senator from Ohio (Mr. VOINOVICH), and the Senator from Texas (Mr. GRAMM) are necessarily absent.

The PRESIDING OFFICER (Mr. MILLER). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 61, nays 33, as follows:

[Rollcall Vote No. 375 Leg.]

YEAS—61

Baucus	Daschle	Landrieu
Bayh	Dayton	Leahy
Biden	DeWine	Levin
Bingaman	Dodd	Lincoln
Bond	Dorgan	Lugar
Boxer	Durbin	Mikulski
Breaux	Edwards	Miller
Brownback	Enzi	Murray
Burns	Feingold	Nelson (NE)
Campbell	Feinstein	Nickles
Cantwell	Fitzgerald	Reed
Carnahan	Grassley	Roberts
Carper	Hagel	Rockefeller
Chafee	Harkin	Sarbanes
Cleland	Hutchinson	Stabenow
Clinton	Inouye	Thomas
Cochran	Jeffords	Warner
Collins	Johnson	Wellstone
Conrad	Kennedy	Wyden
Craig	Kerry	
Crapo	Kohl	

NAYS—33

Allard	Hatch	Schumer
Allen	Hollings	Sessions
Bennett	Hutchison	Shelby
Bunning	Inhofe	Smith (NH)
Byrd	Kyl	Smith (OR)
Corzine	Lieberman	Snowe
Domenici	McCain	Specter
Ensign	McConnell	Stevens
Frist	Nelson (FL)	Thompson
Graham	Reid	Thurmond
Gregg	Santorum	Torricelli

NOT VOTING—6

Akaka	Helms	Murkowski
Gramm	Lott	Voinovich

The motion was agreed to.

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. HARKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business with Senators allowed to speak therein for a period not to exceed 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT REQUEST

Mr. HUTCHINSON. Mr. President, parliamentary inquiry: What is the pending business?

The PRESIDING OFFICER. The Senate is now in a period of morning business with Senators permitted to speak for up to 10 minutes each.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent to go back to the farm bill to offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

Mr. REID. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MILLER). Is there objection?

Mr. HARKIN. I object.

The PRESIDING OFFICER. There is an objection.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PASSING A FARM BILL

Mr. HUTCHINSON. Mr. President, I filed an amendment. I know I cannot call it up tonight. I hoped to be able to lay down this amendment this evening. At this point, I can't. But hopefully we will be able to work out a means by which I can lay that amendment down tomorrow morning before the cloture vote tomorrow afternoon.

The amendment I filed this evening is the bipartisan farm bill that had been filed earlier by Senator LINCOLN, myself, Senator HELMS, Senator MILLER, Senator SESSIONS, Senator Landrieu, and Senator BREAUX. It is truly the only bipartisan farm bill we have had out here, with four Democrats and three Republicans. It is basically the House bill that was passed by the House of Representatives.

At this late date, I have done everything I can to move a farm bill forward. I again reiterate my strong support for passing and completing a farm bill this year.

Farmers in the State of Arkansas have been very clear with me on this issue, just as I think they have been clear with most Members of the Senate. They want to see a farm bill completed before we leave for Christmas.

When the farm bill debate seemed to be dragging, I urged my colleagues to move forward. We introduced a bipartisan bill closely resembling that which was passed in the House in hopes that it would start the Agriculture Committee moving forward. I commend Senator HARKIN, the chairman, for pushing a markup late in this session. After all of the time and energy that was spent on a lot of issues important to this country—the war on terror—Senator HARKIN was determined that we get the bill out of committee. I supported that. I supported the Cochran-Roberts proposal and turned around and supported the chairman's proposal. I thought we had to get something out this year. If it took compromise on my part, I was willing to make it.

I was not the only Republican member of the Agriculture Committee to support the Harkin commodity title. I don't think it is necessarily the best policy, but it is far better than what our farmers are dealing with right now.

When the farm bill came to the floor, I was assured that now was the time we would seek the final compromise to get this farm bill passed. However, the process has broken down along partisan lines. We have not been able to come to a consensus.

I am deeply disappointed that we are at risk of now leaving without a farm bill. I don't blame my colleagues on the Republican side of the aisle. I don't blame my colleagues on the Democrat side of the aisle. But it is time we achieve a compromise. We must not dig in our heels at this point.

I believe the House bill is the best possible chance we have of getting a bill to the President. Again, this bill is sponsored by four Democrats and three Republicans. It was one about which I talked with the chairman of the House Agriculture Committee. It could be conferenced very quickly—in a matter of probably an hour's time—and we could have a bill to the President. While all of us may have our preferences, this is our chance to get something to the President this year.

I voted for cloture repeatedly, and I am going to continue to vote for cloture. I have crossed the lines to do so many times. Some have suggested where that line is right now.

I know my farmers want a farm bill. In an effort to move that process forward, I offered this bipartisan alternative. I filed it tonight. It is cosponsored by Senator LOTT and Senator SESSIONS. I am hopeful the cosponsors of the legislation when it was first introduced will join in support of this bill and that we will be able to get a bill signed into law.

Even if we were able to get cloture tomorrow and get it passed at this late date, there is no possible way the differences between the Harkin bill and the House-passed bill could be reconciled in time to help our farmers.

This past weekend I heard the farmers in Arkansas saying if we don't get it done before the new year, it is too late—in effect, that they are now going to their bankers and making the loans. They are making their preparations for crops next year. To wait until after we come back on January 23 before we put together a conference to begin to try to work out differences in the House and Senate bill is not good news for the farmers of this country. The best chance we have of getting this bill signed into law this year is to adopt this House bill, the substitute, and send it to a quick conference, and on to the President for his signature.

I hope we will have the opportunity in the morning to get this laid down. Depending on the outcome of that cloture vote, we will have a full and thorough debate. An opportunity to vote on this substitute is really our last chance to get a bill signed into law before we leave for Christmas.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, farm-related issues are very important to the people of Nevada. We raise cattle. We have dairies. We grow a lot of garlic. We have one place in the State of Nevada which raises the largest amount of white onions than any place in the United States. Even though it is not a great contributor to our economy, it is a very important contributor to our economy.

For someone who is not involved in the nitty-gritty of the farm bill, I know there is one section I worked on which is extremely important to the people of our country—especially the western part of the United States—dealing with conservation.

It is too bad there is a concerted effort to kill this legislation. This bill is extremely important to our country. Farm bills have been part of this country since we became a country. I hope that tomorrow when we vote again to invoke cloture, people will understand that it may be the last attempt to get a farm bill this year.

With all the plaintive cry, Well, I think we should pass the bill that the House passed some time ago—I am familiar, generally speaking, with the House bill. I am also familiar with what has happened in the Senate. I may not know every line and verse of the Senate bill, but I know, because I have been involved in putting together that bill procedurally, how difficult it has been to arrive at this point where there is general agreement. More than 50 Senators want this bill to pass. I will bet, if the truth were known, it would be a lot more than 50 Senators. People want this legislation to pass.

This is an effort maybe to try to embarrass Senators, I guess. There is no other reason I can think of. I have never said this publicly, but the fact of matter is the chairman of this committee is up for reelection this year. There is nothing more important to the majority leader's State than farm issues. Maybe it is an attempt to embarrass the majority leader.

I could go on with reasons for attempting to kill this bill. But the fact of the matter is the only people being hurt—this is not about Democrats and Republicans being hurt in this stalling procedure—are the people of this country who need this bill. This bill is important to more than agricultural producers in this country. It is important to people who consume these agricultural products.

This is a delicately balanced bill that the majority of the Senate supports. It is a shame—it is a shame, as I see it—there is an attempt being made to kill this legislation.

How many more times, with Christmas Eve being next Monday, can the leader call upon the Senate to vote on cloture? They think there is always going to be another opportunity. Tomorrow may be the last opportunity.

I say to those Senators who are voting against cloture, the responsibility is on their shoulders. This should not be a partisan political issue. This bill was reported out of the Agriculture Committee on a bipartisan vote. So I think it is too bad we are at the point where we are now.

I would hope that tomorrow, when we vote, there would be a sense of how important this bill is to the country.

Tomorrow afternoon, we are going to vote. We are going to vote on invoking cloture on this bill. If cloture were invoked on this bill, we would finish this bill before Christmas. But if we do not, I think it is going to be very difficult to get a bill. I think that would be really, really too bad.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank the assistant majority leader for his kind words and his observations on this farm bill.

It is obvious now to all—those in the press, any objective observer—what has been going on here in the Senate, that there is a stall tactic going on. There is no doubt in my mind anymore. Earlier I thought we were just going to have our votes and have our debate and move on. Now it looks as though, for whatever reason, there is politics being played here. It is just a darn shame that our farmers and our ranchers and our people in rural America and in our small towns are being held hostage to a game of politics this late in the year on this farm bill.

I have been through a lot of farm bills in 27 years. I have been through three in the Senate in 17 years. Again, I believe this bill came out of committee with more bipartisan votes than any bill that has ever come out of the Agriculture Committee to the Senate floor.

Every single title of this bill was voted on by Republicans and Democrats in the Senate Agriculture Committee unanimously, except for one title, the commodities title. That got bipartisan support. The Senator from Arkansas voted for that.

I knew we were going to have to come on the floor and probably have debate and amendments on the commodities title. I understood that. I said that when the bill was reported out of committee. But I congratulated the Agriculture Committee for acting in a bipartisan fashion on the bill.

As the Presiding Officer knows, we had tough negotiations. This is a big country. There is a lot of different agriculture. My agriculture in Iowa is different than the agriculture in Georgia or in Arkansas or in California or in Oregon or in Maine. So we had to try to keep this in balance. We had to try to balance all these interests. It was hard work, but we did it. I did not do it. We did it. Republicans and Democrats did it on the Agriculture Committee. We did it together.

I cannot say enough about the working relationship that we had with Senator LUGAR and his staff in working out all these different titles on research, on trade, on conservation, on nutrition, and all these things. Maybe we did not always agree, but we recognized that you cannot always agree on everything. We worked it out. We worked it out to the point where we had a comprehensive, well-balanced bill passed out of committee.

Again, I knew we were going to have some votes on the floor on commodities. That is fair game. But now I see all this other stuff happening now. Now it is becoming clear to me, as we go toward the end of the year, that, for whatever reason, the leadership on the Republican side of the aisle does not want a farm bill out of the Senate before we leave here.

Now, hope springs eternal. If we could get cloture tomorrow, and if we could wrap up the farm bill tomorrow night, on Wednesday—I talked to Congressman COMBEST, who is the chairman of the Agriculture Committee on the House side. I said: If we get it done, can we go to conference? He said he is ready. As soon as we get it done, we go to conference. Can we finish it before we get out of here? I assume we are going to get out of here this weekend. I hope. It is probably unlikely now, but at least we would start. And the farmers and ranchers of this country, and the people in rural America, would know we were committed, we passed the bill, we got it out of here, and we are in conference.

Even if we couldn't finish the conference by Friday or Saturday, it would mean, I say to my friend from Nevada, that our staffs in the Senate and the House—Republican staff and Democratic staff—in early January, before we come back here, could begin to work all these things out before we have to go to conference. When we come back on the 23rd of January, we could have it just about wrapped up. Maybe there would be a few final things in conference. But we could get the bill passed and get it to the President by the end of January.

If we do not pass the bill in the Senate before we leave, it will not be on the President's desk before the end of January. I will tell you something else. It will not be on the President's desk before the end of February, if we do not finish this bill in the Senate this week.

So for those who talk all the time about certainty for our farmers and for our bankers and for our lenders, and people who have to come in and get the money they need, I say to my friend from the South, you need it before we need it in the Midwest. Your farmers are in the field before ours. And their lenders and their bankers want to know, with certainty, what is out there.

I say to my friend from Nevada, if we do not finish the bill in the Senate before we leave here, and our staffs cannot work on it to get to conference, and work out all these things so that when we come back on the 23rd, the President will not have this bill, that means we will still be on the farm bill when we come back here on the 23rd, and then it is ''Katie bar the door.'' You think you have amendments now? You wait until we come back here on the 23rd. We will have 200 amendments or more.

I will say it one more time so I am absolutely clear. If this bill is not passed in the Senate before we leave here, the President will not have it on his desk before the end of February. We will be lucky to have it by March.

Then, if that is not enough, we are going to have January estimates coming out of OMB. It is going to show that we are going to slide even further into deficit spending. And then guess what has happened to our $73.5 billion that we have over the next 10 years. Kiss it good-bye.

Now go home and tell your farmers how you stopped this bill in the Senate, and now we have less money for our farmers and people in rural America because it was stopped before we could get out of here at the end of the year. That is what is at stake.

So I say to my friends on the other side of the aisle, who are slowing this down: You are playing a dangerous game. You may think you are getting me. You may think you are getting Majority Leader DASCHLE. But you are getting the farmers. You may be shooting at us, but the bullets are hitting the farmers and ranchers of America. They are not hitting us, not at all.

We have done our job. We pulled this bill together. This is a good bill. It is a good bill for America. It is a balanced bill. Am I saying it is perfect? Of course it is not perfect. If I could write the farm bill by myself, I would put it all in Iowa. Then it would be perfect.

It is a balanced bill.

I understand that my friend from Arkansas has just filed an amendment which is the House-passed farm bill. The House passed its bill. He wants to offer the House bill. That way we don't even need to have a conference. It just goes to the President. Of course, that is the bill the President said was unsatisfactory. If the House bill were to pass, it means we don't have a conference. That is the end of it. It undoes all the hard work we did, all of the hours that the occupant of the Chair and I and Republicans working together, Senator LUGAR, his staff, all of us working together to bring a balanced bill together.

Why are we Senators? If all we want is what the House does, why are we Senators? Why do we spend this time?

As a Senate and as Senators, we do tend to look at things in a broader perspective. We have been Members of the House, most of us here. We tend to take a broader perspective. That is what this bill does, it is broader based. It is for all of the country.

The House bill doesn't do enough for conservation. There is no energy title in it. This is a bill we ought to be proud of. We have an energy title for the first time ever in a farm bill, we have an energy title to promote ethanol and soy diesel and biomass and wind, all of the different forms of energy—methane. That is in this bill. It is not in the House bill. So we just throw that out the window, too.

Farmers want different markets. They want an energy provision. They want to know that we are going to start promoting ethanol more than we ever have in the past. If you vote for the House bill, kiss it goodbye.

I say to my friends who are thinking of voting for the House bill, they ought to think again. Take a look—I say to every Senator here—add up, look at it first economically. Add up what happens to your State in the next 5 years under the committee-passed bill and under the House bill. I will wager that every single State represented in this Chamber will do better overall under the committee bill than under the House-passed bill economically, in terms of commodities and everything else. Add them all up, conservation payments, energy payments, all those things, add them all up.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. HARKIN. Hope springs eternal. I will not give up. I will not quit. I will never give up in trying to get the best deal possible for all the farmers of this country. I don't care how long we have to stay here, how late we have to stay here. I will fight to the last day, to the last breath to get this bill out of here and get it out of the Senate because it is best for America and it is best for our farmers.

The PRESIDING OFFICER. The Senator from Nevada.

ORDER OF BUSINESS

Mr. REID. Mr. President, if I could say to Senators here assembled, we have some matters we need to take care of to wrap up for tonight. I see Senator GRASSLEY is here, Senator HUTCHINSON, and Senator SESSIONS. If I could ask through the Chair to each of them, if they wish to speak in morning business before we adjourn tonight, I will try to get some time for each of them to do that.

Mr. GRASSLEY. Mr. President, will the Senator yield for a question?

Mr. REID. I am happy to yield for a question.

Mr. GRASSLEY. I have to assume that after listening to you and after listening to Senator HARKIN, you don't want to hear another point of view on this issue in conformity.

Mr. REID. I didn't say that.

Mr. GRASSLEY. I would like to speak before you speak.

Mr. REID. What I would do, to inform the Senator, I will go through the wrap-up and then just indicate how much time each of you wish to speak tonight.

Mr. GRASSLEY. Then let's leave it this way. You are doing exactly what I said. I won't say anything, but I resent your saying that we are stalling on this side when I was here to offer an amendment even at this late date. You told me less than an hour ago, no more amendments. So have the record show that the Senator from Iowa, the senior Senator from Iowa, was ready to offer an amendment and go through a time.

Mr. REID. Mr. President, I say to my friend, who is the senior Senator from Iowa—and I have the greatest respect for him—we have been on this bill for a long time. People can go through all the machinations they want, saying they were ready to offer amendments. The fact is, we voted on cloture on two separate occasions. It has been opposed. We are going to do it again tomorrow. The fact is, we had other votes to do tonight.

I actually was contacted by the assistant minority leader, and he asked that we not have another vote. I agreed with that. I felt it was time to wrap things up. It was about 22-to-9 then.

As I told the Senator from Iowa, when we were not speaking publicly, but I will say this publicly, no one has ever questioned the work ethic of the Senator from Iowa. He has been, since I have been here, one of the first to get here and always one of the last to leave. No one questions the work ethic of the Senator from Iowa. I want to make sure the record is clear in that regard.

Does the Senator from Arkansas wish to speak tonight?

Mr. HUTCHINSON. If I could have 5 minutes.

Mr. REID. And the Senator from Alabama?

Mr. SESSIONS. Ten minutes.

SMALL BUSINESS PAPERWORK RELIEF ACT

Mr. KERRY. Mr. President, I speak today in support of Senator VOINOVICH's legislation, S. 1271, the Small Business Paperwork Relief Act of 2001, as well as my amendment to improve the legislation for the benefit of America's small businesses.

While legislation such as the Regulatory Flexibility Act, and the Small Business Regulatory Enforcement Fairness Act have made great strides in helping to ease the regulatory burden on our small businesses, more work remains to be done.

In the report prepared by the Small Business Administration's Office of Advocacy on the recommendations of the White House Conference on Small Business in 1995, the Office of Advocacy stated that, ''Federal, State and local governments impose numerous requirements on the operation of businesses. The burdens associated with these requirements are often exacerbated by substantial paperwork and record-keeping requirements. In addition to the cost and administrative burdens, small and growing businesses have difficulty simply keeping abreast of the various regulatory and paperwork requirements.'' Six years later, this statement is still true.

While I support the Small Business Paperwork Relief Act, I think it is important to point out that I objected to an original request to pass this legislation by unanimous consent because the Committee on Small Business and Entrepreneurship, which I Chair, has jurisdiction over some of the issues included in this legislation. Additionally, the expertise of the Committee on issues of importance to small businesses can only serve to enhance any legislation designed to help our nation's small businesses. That being said, Senator VOINOVICH and I have addressed my questions about the legislation and agreed to an amendment. I believe the bill is better because of our work.

The legislation originally called for the Director of the Office of Management and Budget, OMB, to appoint members to the ''Task Force'' created in the legislation from the various agencies listed in the bill. Although I had no objection to the Task Force being led by the OMB Director, I did have reservations about the OMB Director selecting the participants, a function that should be vested with each agency head. The amendment makes this change.

Additionally, my amendment has a provision stating that in any report issued by the Task Force, minority views must be included. This provision has been added as a result of my consultations with SBA's Office of Advocacy, who were concerned that reports issued on small business issues may not reflect the views of small business advocates. By allowing minority opinions, any report issued by the Task Force will at the very least contain concerns raised by the small business community.

My amendment also adds the National Ombudsman to the list of recipients receiving bi-annual reporting on the number of enforcement actions taken by agencies. The National Ombudsman, located at the SBA, serves as a confidential resource to field complaints and comments from small businesses about the regulatory process and actions taken by regulatory agencies. Additionally, the National Ombudsman rates Federal regulatory agencies on their treatment of small businesses and issues a report card. Therefore, I felt it appropriate that agency information regarding regulatory enforcement be shared with the National Ombudsman.

Finally, my amendment makes a technical change in the legislation to

reflect the name change of the Senate Committee on Small Business to the Committee on Small Business and Entrepreneurship, which occurred on June 29 of this year.

I would just like to state that I believe the changes my amendment makes will provide additional support for our small businesses suffering from paperwork burdens.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of this year. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in November 1996 in Charlottesville, VA. Three men abducted, robbed, and beat a gay man. One of the assailants, Billy Ray McKethan, 19, pleaded guilty to charges brought against him in connection with the incident, and was sentenced to 20 years in prison without parole.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

ADDITIONAL STATEMENTS

TRIBUTE TO JAMES KEVIN O'CONNELL

• Mr. DODD. Mr. President, I rise today to recognize and submit for the RECORD the eulogy delivered by my colleague from Connecticut, Senator JOE LIEBERMAN, at the December 5 funeral mass for his beloved friend, James Kevin O'Connell. I urge all my colleagues to take the time to read this heartfelt tribute to a man who so touched Senator LIEBERMAN, as well as anyone else who had the pleasure to have known him, as did I.

Jimmy O'Connell was best known as Senator LIEBERMAN's driver for 30 years, but as Senator LIEBERMAN makes clear in his beautiful tribute, Jimmy was much, much more than that. One could not have known Jimmy without thinking him a friend, someone to whom you could turn for a quick joke, or a deep philosophical insight.

Jimmy, born and raised in New Haven, was truly a great Nutmegger, and a fine American. He spent his life caring for his family, his friends, and his community, Jimmy served for 3 decades as a proud member of the New Haven Police force.

Senator LIEBERMAN's tribute reminds us of the value of life, the value of relationships, and the special place in our hearts for Jimmy O'Connell.

The eulogy follows.

I want to thank Mrs. Agnes O'Connell, Brother Kevin O'Connell and the rest of Jimmy's family for giving me the honor of speaking at this funeral mass for him. And, I also want to thank the O'Connell family for all they did to make James Kevin the wonderful man he was.

When a newspaper reporter called on Sunday and asked how I would describe what Jimmy did for me, the words that came out of my mouth were that Jimmy's friendship was one of God's greatest gifts to me. That is how I would describe what he did for me. Jimmy was my friend.

For more than three decades, 31 years, I benefitted from Jimmy's wise counsel, his extraordinary intelligence, his warm wit, and his absolute loyalty. I didn't like it when someone referred to Jimmy as my driver because he was so much more than that. But he did drive, and together we had quite a ride over these three decades and met quite a variety of people along the way. We extended each other's reach. From his original political hero Dick Lee to Donald Trump, from Arthur Barbieri to Ariel Sharon, from Vinnie Mauro to Teddy Kennedy. From Hank Parker to Hosni Mubarak, from Jose Cabranes in his Federal Court Chambers in New Haven to Joe Dougherty at his Federal prison cell in New York. Before I left for Washington to become a U.S. Senator in 1989, Jimmy took me for blessings from Archbishop Whalen in Hartford to Rabbi Schneerson in Brooklyn. Together we went from Ridgefield to Riverdale, Westville to Washington, from Legion Avenue to Los Angeles, from Fairhaven to Florida. Now, I can hear Jimmy saying, ''if there were a few more Fairhaveners counting votes in Florida, you would have flown up here this morning on Air Force Two.''

Every now and then during our travels, I would ask Jimmy whether he was following the right directions, and he would quickly and decisively instruct me as to my role in our relationship. ''You take care of war and peace, and I'll get us safely to our next stop.''

And he always did. In all our years and thousands of miles on the road together, Jimmy never had an accident. Now, when one considers how rapidly James drove and how often he drove with one hand at most on the wheel, that safety record is just one more proof of the existence of a caring God.

Yes, God watched out for Jimmy O'Connell, and Jimmy O'Connell watched out for God.

His faith anchored his life. It gave him perspective, and purpose, and humor and the courage and strength to face and overcome the troubles and challenges he faced, as he did so successfully and inspiringly. Jimmy didn't just go to church faithfully; he lived a life of faith. You could see it in this strength and in his selflessness, in the way he treated everyone he met with the respect and interest and joy due to each of God's children. He loved people. He particularly loved talking to people. Part of that, of course, was the Irish gift with language. But talking was also Jimmy's way of connecting with people, of engaging them, of sharing what he knew and learning what others had to teach him. And, in that, he taught us all a lot about life.

In the days since Jimmy's death, I have been impressed and touched by how many people he knew and how many people knew Jimmy, and by how many of them remember how interested he was in them, and how much he cared about them.

Jimmy was a devoted and loving son and brother, a good and trustworthy friend, and a generous and involved uncle, to his own nieces and nephews, of whom he was so proud, and to so many others he adopted, including my own children and grandchildren for whom he became ''Uncle Jimmy.'' Warm, caring, fun, I cannot remember an important event in the lives of any of them or us, happy or sad, when Jimmy was not there.

Jimmy's faith also helped to shape his politics. Of course, he loved politics as process and got much pleasure from the rich mix of people in it. But Jimmy also had a philosophy, a point of view that I believe came from the social ethics of his Church, and I learned it well in the thousands of conversations we had in the car over the years. He respected people of wealth, particularly those who made it on their own, but Jimmy's heart was with the working men and women, with people in need, particularly children, with poor people trying hard to move up and build a better life for their children. As our mutual friend, Jim Kennedy said, ''Some politicians pay consultants to tell them what people are thinking. Jimmy O'Connell was the voice of the people.'' He wanted government to be there for them when they needed it, as Jimmy himself was there for them when they needed him. He was a doer of good deeds and was so proud of the work his elementary school, St. Francis in Fairhaven, was doing to educate the next generation of America's children who are working their way up.

Jimmy was devoted to the Roman Catholic Church, as he liked to call it, but he also had the greatest respect for, and interest in other people's faith. I often said that James Kevin O'Connell knew more about Judaism than most Jews. Over the years he also taught me a lot about Catholicism, its rituals and rules, and its history and heroes. In fact, Jimmy's love of this church and love of his politics came together in a great fascination with movements within the church hierarchy.

For instance, when Edward Egan became the Bishop of Bridgeport, Jimmy wryly prohesized to me that Bishop Egan would not be buried in Bridgeport. In other words, that Bridgeport would not be his last stop. And, of course, this is the very same Edward Egan who is now Cardinal Egan of New York.

Jimmy's love for politics was joined naturally with his belief in public service and civil service. For almost three decades he served the city of his birth with skill and honor as a proud member of its police department, rising to the rank of Lieutenant at his death. He loved his New Haven Police colleagues and greatly enjoyed our meetings with police around the state, and throughout the country, who were members of what he thought of as a great fraternity.

Jimmy's passing early Sunday morning came much too soon. But I can assure you, as a matter of faith, that he was more prepared for his death than we were. The loss of Jimmy is very painful to me. I will miss him deeply as will so many others who are here today. But as we experience our grief, we should remember Jimmy's faith and Jimmy's words.

He said to me more than once, ''Remember none of us is getting out of here alive.'' And he believed with a perfect faith that this life, as enjoyable as he found it, was just a bridge to an even better place, and so he did not fear death.

Jimmy often asked me to do something for somebody else, but he never asked me to do much of anything for himself. Years ago a mutual friend told me that he had asked Jimmy what he really wanted from me, and Jimmy said, ''I want to be there to turn the lights off when he leaves the office for the last time.'' That was Jimmy.

Well, if the good Lord gives me the privilege of exiting the office on my own for the

last time, I'm going to leave the lights on, for Jimmy.

Once in the car we were talking about our visions of the world to come, and I thought I would end the conversation when I said that I would probably go first because I was older, and so I would send him a report on what it was like up there. But Jimmy, as usual, had the last word.

''You never know,'' he said, ''I might go first. And if I do, when you get to the gates, just give me a call, and I'll drive over and pick you up.''

I will do that, James, and I know we'll have a lot to talk about.

The Lord giveth and the Lord taketh. Blessed be the Name of the Lord.●

HONORING OUR NATION

● Mr. LUGAR. Mr. President. I ask to print into the CONGRESSIONAL RECORD a prayer delivered by Mr. Clarence Hodges, President of the North American Religious Liberty Association, on November 21, 2001, on the grounds of the United States Capitol in honor of our Nation.

The prayer follows.

AMERICA, MAY GOD SHED HIS GRACE ON THEE.

(By Clarence E. Hodges)

God bless America, land that we love. Please stand beside her and guide her with your light from above.

Ye shall keep my sabbaths, and reverence my sanctuary: I am the LORD. If ye walk in my statutes, and keep my commandments, and do them; Then I will give you rain in due season, and the land shall yield her increase, and the trees of the field shall yield their fruit. . . And ye shall eat your bread to the full, and dwell in your land safely. And I will give peace in the land, and ye shall lie down, and none shall make you afraid: and I will rid evil beasts out of the land, neither shall the sword go through your land. And ye shall chase your enemies, and they shall fall before you . . . And five of you shall chase an hundred, and an hundred of you shall put ten thousand to flight: and your enemies shall fall before you . . . For I will have respect unto you, and make you fruitful, and multiply you, and establish my covenant with you. (Lev 26:2–9)

And if ye shall despise my statutes, or if your soul abhor my judgments, so that ye will not do all my commandments, but that ye break my covenant: I also will do this unto you; I will even appoint over you terror . . . and cause sorrow of heart: and ye shall sow your seed in vain, for your enemies shall eat it. And I will set my face against you, and ye shall be slain before your enemies: they that hate you shall reign over you; and ye shall flee when none pursueth you. (Lev 26:15–17)

I will also send wild beasts among you, which shall rob you of your children, and destroy your cattle, and make you few in number; and your highways shall be desolate. (Lev 26:22)

If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land. (2 Chr 7:14) (King James Version)

With an attitude of gratitude, we will come closer to each other as we come closer to God. With love, we will save our children from destructive attractions. Love will serve as our motivator as we serve mankind and our Creator. Faith will overwhelm our doubts and fears. The spirit of humility will balance our competitiveness. Patience will fortify our discipline. Excellence and a desire to serve others will be intertwined in our ambitions. Tolerance will replace our prejudice and opinionation. We will stand strong for religious freedom with accommodation in the workplace. And the best America possible will be our dream of dreams. We will rid the land of those who are dedicated to evil acts against mankind. We will not tire. We will not falter. And we will not fail. Now let's roll, with liberty and justice for all.●

COMMENDING DURAND MIDDLE SCHOOL'S INVEST IN AMERICA PLAN

● Ms. STABENOW. Mr. President, I rise today to commend the students of Durand Middle School in Durand, MI, for showing the kind of spirit that will get our nation through the economic aftershocks of September 11.

When the attack of September 11 sent our airline industry into an economic tailspin, the students of Durand Middle School created the Invest in America Project to show their faith in the travel and transportation industries.

Under the Invest in America project, families across the Nation were encouraged to buy at least one share of stock in the transportation or travel company of their choice.

The students believed this would show the world that we have faith in our economy and that Americans are ready to travel again.

Given the fact that the travel and tourism industry is worth about $93 billion to our economy, renewed confidence in the industry by both investors and consumers is important.

This project will also give the students and their families valuable firsthand experience in how the stock market works.

I hope you will all join me in wishing these students good luck with their investments and thank them for their show of confidence in our economy.●

HONORING TERESA POOLE

● Mr. BOND. Mr. President, I rise today to honor the service of one of my staff members, Teresa Poole, who works in my Springfield District Office in Missouri. On January 3, 2002, Teresa will celebrate her 25th anniversary of working for the Senate. When Teresa started her career, Senator STROM THURMOND was a mere 74 years old. Teresa has worked for three U.S. Senators during her career. She began working for Senator John Danforth's office in 1977 until he retired in 1993. In 1987 she started working with my office and continues that service today. When John Ashcroft came to the Senate in 1995, Teresa worked for both of our offices until 2001 when Aschroft became Attorney General of the United States.

When I look back at Teresa's career two words come to mind, commitment and loyalty.

For the past 25 years Teresa has been committed to handling the entire military academy nomination process for this office. Teresa has set a high standard for this process and fields numerous calls from other congressional offices throughout the State and country when they have questions about academy nominations. Teresa is committed to helping students who are interested in military careers receive all the information they need to complete their applications, and spends hours each week answering questions from parents and applicants about their files. Teresa loves to make those phone calls informing individuals of their acceptance into the various service academies.

For the past 25 years Teresa has been loyal to the Senators she has served and the constituents they represent. Teresa has worked tirelessly on behalf of each of us ensuring that our positions are known and communicated in an accurate and precise manner. Teresa is a true public servant and a faithful and constant part of this Senate office. Attorney General John Ashcroft said, ''Congratulations are in order for Teresa Poole, who has served 25 years as staff in the U.S. Senate. Mrs. Poole was a great help to me during my 6 years in the Senate. My wife, Janet and I wish her all the best as she celebrates this milestone in her life.''

It is an honor for me to join with my staff in Washington, DC, and in the great State of Missouri to recognize Teresa Poole for the 25 years of distinguished service to the people of Missouri and three U.S. Senators.●

HONORING JOHN O'CONNOR

● Mr. KERRY. Mr. President, all of us in Massachusetts continue to mourn the loss of one of our State's most passionate, committed, and effective activists, John O'Connor, who died on Friday, December 7. John brought an enthusiasm and commitment to civic life that inspired everyone around him. His legendary appetite for life was bound by a steady moral compass, one that envisioned a world where water, air and land are free of pollution and every individual, from all walks of life, has access to the full measure of the American Dream.

After John disclosed the fact that a small baseball field in his neighborhood of Stratford, CT, was actually built on the waste site of asbestos manufacturer Raybestos, he embarked on a journey that spanned from the fight to clean up sites like it all across the country to advocating for universal health care. That early spark of environmental awareness proved to be a model for all the struggles he engaged in throughout his life. As a young graduate of Clark University, he organized the poor neighborhoods of Worcester so that they could have a stronger voice in their community's policies, and joined up with Massachusetts Fair Share, a grassroots group that was pursuing the same goal statewide. His humor and enthusiasm gained traction in the group's newsletter, The Squeaky Wheel, as well as the street organizing

and guerilla theater strategy that helped illuminate the organization and its mission.

These community and State-wide efforts led to larger pursuits on the national stage. One of John's crowning achievements, one that will reach generations into the future, was his work on the National Toxics Campaign. This watershed moment in the environmental movement resulted in the $8 billion Superfund legislation that turned the tide in cleaning up industrial waste sites, and it echoed back to the ballfield that ushered John into the activism that defined his life. His campaign for environmental protection inspired him to write two books, ''Getting the Lead Out,'' and ''Who Owns The Sun,'' both of which elevated the dialogue surrounding the environmental issues that impact communities across the country. Throughout all of this he realized the potent force the market could be in the struggle to protect the environment, and towards that end he founded Greenworks in 1991, which provided financial backing for fledgling environmental businesses.

John's national focus never took his attention far away from the communities he came to love. Along with his wife, Carolyn Mugar, he reached out to countless organizations in Watertown, Cambridge and Greater Boston, nourishing them with resources and copious amounts of his own time and energy. He served on boards and fund-raising committees for shelters, after-school programs and local youth programs, and was a fixture at City Year events. He helped start the Irish Famine Memorial Committee, which honored the victims of the Irish famine with a statue in Cambridge Common that was unveiled by former President of Ireland Mary Robinson. This work, as well as his commitment to other organizations like the Irish Immigration Center, reflected a deep love of his own history, but for John it was larger than an effort just for the Irish. His commitment to immigrant advocacy evidenced a deep belief in this country's ability to improve and re-create itself through the welcoming of people from all over the world.

Nothing carries more grief than the loss of a young man of such talent, full of life, brimming with the truly American notion that everyone can and must improve life for themselves and their community. Surely John O'Connor accomplished this and more—and that legacy, the fact that he filled 46 years with more than many achieve in many lifetimes will, I hope, make his family's sorrow today a little lighter and leave them knowing that his work lives on in the countless acts of goodwill John performed before he was taken from us.

Even though John was taken from us long before nature intended, I think an activist of his deep commitment would know that he leaves us with more than just his record of good work—he leaves us with a challenge, one that was presented to us over the course of his 46 years. John's challenge to all of us is to expand our world and expand the circle of people we care for and love. The compass that pointed him in the direction of taking on polluters and fighting for access to health care is with us still, pointing to the world he envisioned and began to realize through his work. Our mission now is to follow that compass, take up those battles, and complete the work that John challenged us with in his life and inspires us with in his death. We are better people for his time here, but, as he surely would remind us, there is much work to be done. Now, we will set about doing it with John O'Connor as guide and inspiration.●

MAINTAINING HOLIDAY TRADITIONS

● Mr. DURBIN. Mr. President, during these troubled times, our need to connect and communicate with family and friends becomes all the more important. The tragic events of the last four months and questions about the security of mail may cause some hesitation about continuing long-held traditions in which we typically participate at this time of the year. But now more than ever, renewing and maintaining ties to others is vital.

One such holiday tradition is the mailing of seasonal greetings and gifts to friends and family far and wide. Did you know that the history of holiday greeting cards in America dates back as long ago as 1875 when Louis Prang, a German immigrant in Boston, produced the first line of printed Christmas cards? He even held contests across the country offering prizes for card designs, which helped popularize the practice.

The images and messages that have decorated cards typically reflect political trends and moods of the times. World War II era holiday cards depicted Santa Claus and Uncle Sam holding American flags with messages such as ''missing you'' for servicemen fighting overseas. This year, holiday cards not only convey sentiments of peace and happiness, but feelings of pride and patriotism in our Nation's heritage of faith and freedom.

It is not surprising to note that around 1880, the post office began urging to ''post early for Christmas.'' The first U.S. Christmas stamp, which portrayed wreaths and trees, debuted in 1962. Since then various designs have graced holiday envelopes. This year, the Postal Service offers a variety of holiday postage stamps, commemorating Hanukkah; Kwanzaa; Eid, for the two most important festivals in the Islamic calendar, Eid al-Fitr and Eid al-Adha, and Christmas, including stamps depicting old-fashioned Santas and traditional Madonna and Child artwork.

This holiday season the United States Postal Service and the greeting card industry have been working hard to assure customers that despite the recent anthrax scare printed cards are completely safe to send through the mail. The Postal Service has distributed information to every postal address and post offices around the country have implemented extra screening procedures. The more than 800,000 postal employees nationwide have received extensive training on proper mail handling. In recent speeches, Postmaster General Jack Potter has encouraged the sending of holiday cards, emphasizing that they would be ''especially meaningful this year.''

Written greetings are a special way of making and maintaining personal connections across the miles. Cards and letters with personal messages can be read and reread, shared and displayed, and preserved for posterity. I encourage you to take time to continue this holiday ritual by sending holiday cards to family and friends this season and by supporting the work of the United States Postal Service.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 2:30 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 483. An act regarding the use of the trust land and resources of the Confederated Tribes of the Warm Springs Reservation of Oregon.

H.R. 1291. An act to amend title 38, United States Code, to modify and improve authorities relating to education benefits, compensation and pension benefits, burial benefits, and vocational rehabilitation benefits for veterans, to modify certain authorities relating to the United States Court of Appeals for Veterans Claims, and for other purposes.

H.R. 2559. An act to amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance.

H.R. 2883. An act to authorize appropriations for fiscal year 2002 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

H.R. 3323. An act to ensure that covered entities comply with the standards for electronic health care transactions and code sets

adopted under part C of title XI of the Social Security Act, and for other purposes.

H.R. 3442. An act to establish the National Museum of African American History and Culture Plan for Action Presidential Commission to develop a plan of action for the establishment and maintenance of the National Museum of African American History and Culture in Washington, D.C., and for other purposes.

At 6:20 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3448. An act to improve the ability of the United States to prevent, prepare for, and respond to bioterrorism and other public health emergencies.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4903. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on appropriations legislation relative to sec. 251(a)(7) of the Balanced Budget and Emergency Deficit Control Act of 1985; to the Committee on the Budget.

EC–4904. A communication from the Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting, pursuant to law, a report entitled ''Report to the Nation 2001'' relative to the Office for Victims of Crime during Fiscal Years 1999 and 2000; to the Committee on the Judiciary.

EC–4905. A communication from the Senior Attorney Federal Register Certifying Officer, Financial Management Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Delivery of Checks and Warrants to Address Outside the United States, Its Territories and Possessions'' (31 CFR Part 211); to the Committee on Finance.

EC–4906. A communication from the Chairman of the Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction, transmitting, pursuant to law, the Panel's third annual report for 2001; to the Committee on Armed Services.

EC–4907. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Pesticides Labeling and Other Regulatory Revisions'' (FRL6752–1) received on December 12, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4908. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Sethoxydim; Pesticide Tolerance Technical Correction'' (FRL6814–4) received on December 12, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4909. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Extension of Tolerances for Emergency Exemptions; Multiple Chemicals'' (FRL6814–2) received on December 12, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4910. A communication from the Associate General Counsel, Central Intelligence Agency, transmitting, pursuant to law, the report of a vacancy and the designation of acting officer for the position of General Counsel, received on December 12, 2001; to the Committee on Intelligence.

EC–4911. A communication from the Associate General Counsel, Central Intelligence Agency, transmitting, pursuant to law, the report of the discontinuation of service in acting role for the position of Acting Inspector General, received on December 12, 2001; to the Committee on Intelligence.

EC–4912. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Plans for Designated Facilities and Pollutants; Control of Landfill Gas Emissions from Existing Municipal Solid Waste Landfills; State of Iowa'' (FRL7117–7) received on December 12, 2001; to the Committee on Environment and Public Works.

EC–4913. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Wisconsin; Automobile Refinishing Operations'' (FRL7115–7) received on December 12 , 2001; to the Committee on Environment and Public Works.

EC–4914. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Plans for Designated Facilities and Pollutants; Control of Emissions from Hospital/Medical/Infectious Waste Incinerators; State of Iowa'' (FRL7117–5) received on December 12, 2001; to the Committee on Environment and Public Works.

EC–4915. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; State of Colorado; Denver Carbon Monoxide Redesignation to Attainment, Designation of Areas for Air Quality Planning Purposes, and Approval of Related Revisions'' (FRL7117–4) received on December 12, 2001; to the Committee on Environment and Public Works.

EC–4916. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''National Emission Standards for Hazardous Air Pollutants from Phosphoric Acid Manufacturing Plants and Phosphate Fertilizers Production Plants'' (FRL7118–7) received on December 12, 2001; to the Committee on Environment and Public Works.

EC–4917. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled ''Regulation Z: Amendments to Address Concerns Related to Predatory Practices in Mortgage Lending'' (R–1090) received on December 17, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–4918. A communication from the Director of the Office of Federal Housing Enterprise Oversight, transmitting, pursuant to law, the report of a rule entitled ''Flood Insurance'' (RIN2550–AA21) received on December 13, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–4919. A communication from the Vice President of Congressional and External Affairs, Export-Import Bank of the United States, transmitting, the Annual Report on Operations for Fiscal Year 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–4920. A communication from the Senior Paralegal, Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Capital Treatment of Recourse, Direct Credit Substitutes and Residual Interests in Asset Securitizations'' (RIN1550–AB11) received on December 14, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–4921. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles or services sold commercially under a contract in the amount of $50,000,000 or more to Japan; to the Committee on Foreign Relations.

EC–4922. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles or services sold commercially under a contract in the amount of $50,000,000 or more to Japan; to the Committee on Foreign Relations.

EC–4923. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles and services sold commercially under a contract in the amount of $50,000,000 or more to Japan; to the Committee on Foreign Relations.

EC–4924. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles and services in the amount of $50,000,000 or more to Japan; to the Committee on Foreign Relations.

EC–4925. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles or services sold commercially under a contract in the amount of $50,000,000 or more to Australia; to the Committee on Foreign Relations.

EC–4926. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed license for the export of defense articles or services sold commercially under a contract in the amount of $50,000,000 or more to France, the United Kingdom, Germany, Switzerland, Sweden, and Spain; to the Committee on Foreign Relations.

EC–4927. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to law, Presidential Determination Number 2002–05, relative to Jerusalem Embassy Act; to the Committee on Foreign Relations.

EC–4928. A communication from the Assistant Administrator of the Bureau for Legislative and Public Affairs, Agency for International Development, transmitting, pursuant to law, a report relative to the implementation of the support for Overseas Cooperative Development Act; to the Committee on Foreign Relations.

EC–4929. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation,

transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Airbus Model A300 B4–600, B4–600R, and F4–600R Series Airplanes; and Model A310 Series Airplanes'' ((RIN2120–AA64)(2001–0576)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4930. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 767 Series Airplanes'' ((RIN2120–AA64)(2001–0588)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4931. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Eurocopter France Model EC 155 Helicopters'' ((RIN2120–AA64)(2001–0587)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4932. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Overland Aviation Services Fire Extinguishing System Bottle Cartridges'' ((RIN2120–AA64)(2001–0586)) received on December 14 , 2001; to the Committee on Commerce, Science, and Transportation.

EC–4933. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 737-100, 200, 300, 400, and 500 Series Airplanes; and Model 747, 757, 767, and 777 Series Airplanes'' ((RIN2120–AA64)(2001–0585)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4934. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 747 Series Airplanes'' ((RIN2120–AA64)(2001-0584)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4935. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Raytheon Aircraft Company 33, T-34, 35, 36, 55, 56, 58, and 95 Series Airplanes'' ((RIN2120–A64)(200–0582)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4936. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bombardier Model DHC 8–102, 103, 106, 201, 202, 301, 311, and 315 Series Airplanes'' ((RIN2120–AA64)(2001-0583)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4937. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bell Helicopter Textron Canada Model 222, 222B, 222U and 230 Helicopters'' ((RIN2120–AA64)(2001–0579)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

EC–4938. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Eurocopter France Model SA341G, S–342J, and SA–360C Helicopters'' ((RIN2120–AA64)(2000–0580)) received on December 14, 2001; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LIEBERMAN, from the Committee on Governmental Affairs:

Report to accompany H.R. 2559, a bill to amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance. (Rept. No. 107–128).

By Mr. KENNEDY, from the Committee on Health, Education, Labor, and Pensions, with an amendment in the nature of a substitute:

S. 1379: A bill to amend the Public Health Service Act to establish an Office of Rare Diseases at the National Institutes of Health, and for other purposes. (Rept. No. 107–129).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LEVIN for the Committee on Armed Services.

*Everet Beckner, of New Mexico, to be Deputy Administrator for Defense Programs, National Nuclear Security Administration.

Air Force nominations beginning Colonel Larry D. New and ending Colonel Michael F. Planert, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 5, 2001.

Mr. LEVIN. Mr. President, for the Committee on Armed Services I report favorably the following nomination lists which were printed in the RECORDS on the dates indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar that these nominations lie at the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Army nomination of Robert W. Siegert.

Army nominations beginning CATHERINE M. BANFIELD and ending JACK M. WEDAM, which nominations were received by the Senate and appeared in the Congressional Record on December 5, 2001.

Army nominations beginning MARY CARSTENSEN and ending WILLIAM L. TOZIER, which nominations were received by the Senate and appeared in the Congressional Record on December 5, 2001.

Air Force nominations beginning GERARD W. STALNAKER and ending EVERETT G. WILLARD JR., which nominations were received by the Senate and appeared in the Congressional Record on December 11, 2001.

Air Force nominations beginning JAMES A. BARLOW and ending GLENN S. ROBERTS, which nominations were received by the Senate and appeared in the Congressional Record on December 11, 2001.

Air Force nominations beginning CYNTHIA M. CADET and ending DAVID G. YOUNG III, which nominations were received by the Senate and appeared in the Congressional Record on December 11, 2001.

Army nominations beginning JOSEPH L. CULVER and ending CHARLES R. JAMES JR., which nominations were received by the Senate and appeared in the Congressional Record on December 11, 2001.

Army nominations beginning BARRY D. KEELING and ending ERNESTO E. MARRA, which nominations were received by the Senate and appeared in the Congressional Record on December 11, 2001.

Army nomination of James J. Waldeck III.

By Mr. BAUCUS for the Committee on Finance.

*B. John Williams, Jr., of Virginia, to be Chief Counsel for the Internal Revenue Service and an Assistant General Counsel in the Department of the Treasury.

*Janet Hale, of Virginia, to be an Assistant Secretary of Health and Human Services.

*Joan E. Ohl, of West Virginia, to be Commissioner on Children, Youth, and Families, Department of Health and Human Services.

*James B. Lockhart, III, of Connecticut, to be Deputy Commissioner of Social Security for a term of six years.

*Harold Daub, of Nebraska, to be a Member of the Social Security Advisory Board for the remainder of the term expiring September 30, 2006.

*Richard Clarida, of Connecticut, to be an Assistant Secretary of the Treasury.

*Kenneth Lawson, of Florida, to be an Assistant Secretary of the Treasury.

*Nomination was reported with recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. LINCOLN:

S. 1835. A bill to amend the Federal Deposit Insurance Act to clarify what lending entities are subject to section 44(f) of that Act, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. COCHRAN:

S. 1836. A bill to amend the Public Health Service Act to establish scholarship and loan repayment programs regarding the provision of veterinary services in veterinarian shortage areas; to the Committee on Health, Education, Labor, and Pensions.

By Mr. TORRICELLI (for himself, Mr. GRASSLEY, Mr. NELSON of Nebraska, and Mr. HARKIN):

S. 1837. A bill to establish a board if inquiry to review the activities of United States intelligence, law enforcement, and other agencies leading up to the terrorist attacks of September 11, 2001; to the Committee on the Judiciary.

By Mrs. BOXER (for herself and Mr. CORZINE):

S. 1838. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to ensure that individual account plans protect workers by limiting the amount of employer stock each worker may hold and encouraging diversification of investment of plan assets, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. ALLARD (for himself, Mrs. CLINTON, Mr. SHELBY, and Mr. FEINGOLD):

S. 1839. A bill to amend the Bank Holding Company Act of 1956, and the Revised Statures of the United States to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. COCHRAN:

S. 1840. A bill to amend title XVIII of the Social Security Act to remove the 20 percent inpatient limitation under the medicare program on the proportion of hospice care that certain rural hospice programs may provide; to the Committee on Finance.

By Mr. SCHUMER (for himself and Mrs. CLINTON):

S. 1841. A bill to award congressional gold medals on behalf of the officers, emergency workers, and other employees of the Federal Government and any State or local government, including any interstate government entity, who responded to the attacks on the World Trade Center in New York City and perished in the tragic events of September 11, 2001; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CLELAND:

S. 1842. A bill to modify the project for beach erosion control, Tybee Island, Georgia; to the Committee on Environment and Public Works.

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1843. A bill to extend hydro-elecrtic licenses in the State of Alaska; to the Committee on Energy and Natural Resources.

By Mr. BINGAMAN (for himself and Mr. DOMENICI):

S. 1844. A bill to authorize a pilot program for purchasing buses by public transit authorities that are recipients of assistance or grants from the Federal Transit Administration; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KERRY:

S. 1845. A bill to amend title 5, United States Code, to create a presumption that disability of a Federal employee in fire protection activities caused by certain conditions is presumed to result from the performance of such employee's duty; to the Committee on Governmental Affairs.

By Mr. SCHUMER (for himself and Mrs. CLINTON):

S. 1846. A bill to prohibit oil and gas drilling in Finger Lakes National Forest in the State of New York; to the Committee on Energy and Natural Resources.

By Mr. CRAPO (for himself and Mr. CRAIG):

S. 1847. A bill to increase the Government's share of development project costs at certain qualifying airports; to the Committee on Commerce, Science, and Transportation.

ADDITIONAL COSPONSORS

S. 847

At the request of Mr. DAYTON, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 847, a bill to impose tariff-rate quotas on certain casein and milk protein concentrates.

S. 917

At the request of Ms. COLLINS, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 917, a bill to amend the Internal Revenue Code of 1986 to exclude from gross income amounts received on account of claims based on certain unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of such claims, and for other purposes.

S. 990

At the request of Mr. SMITH of New Hampshire, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 990, a bill to amend the Pittman-Robertson Wildlife Restoration Act to improve the provisions relating to wildlife conservation and restoration programs, and for other purposes.

S. 1140

At the request of Mr. HATCH, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1140, a bill to amend chapter 1 of title 9, United States Code, to provide for greater fairness in the arbitration process relating to motor vehicle franchise contracts.

S. 1500

At the request of Mr. KYL, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 1500, a bill to amend the Internal Revenue Code of 1986 to provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.

S. 1707

At the request of Mr. JEFFORDS, the names of the Senator from California (Mrs. FEINSTEIN), the Senator from Tennessee (Mr. THOMPSON) and the Senator from Nebraska (Mr. NELSON) were added as cosponsors of S. 1707, a bill to amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

S. 1712

At the request of Mr. GRASSLEY, the name of the Senator from Ohio (Mr. VOINOVICH) was added as a cosponsor of S. 1712, a bill to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes.

S. 1752

At the request of Mr. CORZINE, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1752, a bill to amend the Public Health Service Act with respect to facilitating the development of microbicides for preventing transmission of HIV and other sexually transmitted diseases.

S. 1761

At the request of Mr. CAMPBELL, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1761, a bill to amend title XVIII of the Social Security Act to provide for coverage of cholesterol and blood lipid screening under the medicare program.

S. 1765

At the request of Mr. FRIST, the names of the Senator from Nevada (Mr. ENSIGN) and the Senator from Florida (Mr. GRAHAM) were added as cosponsors of S. 1765, a bill to improve the ability of the United States to prepare for and respond to a biological threat or attack.

S. 1767

At the request of Mr. KENNEDY, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1767, a bill to amend title 38, United States Code, to provide that certain service in the American Field Service ambulance corps shall be considered active duty for the purposes of all laws administered by the Secretary of Veteran's Affairs, and for other purposes.

S. 1799

At the request of Mr. COCHRAN, his name was added as a cosponsor of S. 1799, a bill to strengthen the national security by encouraging and assisting in the expansion and improvement of educational programs to meet critical needs at the elementary, secondary, and higher education levels.

S. 1800

At the request of Mr. COCHRAN, his name was added as a cosponsor of S. 1800, a bill to strengthen and improve the management of national security, encourage Government service in areas of critical national security, and to assist government agencies in addressing deficiencies in personnel possessing specialized skills important to national security and incorporating the goals and strategies for recruitment and retention for such skilled personnel into the strategic and performance management systems of Federal agencies.

S. CON. RES. 72

At the request of Ms. LANDRIEU, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. Con. Res. 72, a concurrent resolution expressing the sense of Congress that a commemorative postage stamp should be issued honoring Martha Matilda Harper, and that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that such a stamp be issued.

AMENDMENT NO. 2597

At the request of Mr. TORRICELLI, the names of the Senator from New Hampshire (Mr. SMITH), the Senator from North Carolina (Mr. HELMS), the Senator from Florida (Mr. GRAHAM), the Senator from Nevada (Mr. ENSIGN), and the Senator from Virginia (Mr. ALLEN) were added as cosponsors of amendment No. 2597.

AMENDMENT NO. 2603

At the request of Mr. MCCAIN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of amendment No. 2603.

At the request of Mr. ROBERTS, his name was added as a cosponsor of amendment No. 2603 supra.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. BOXER (for herself and Mr. CORZINE):

S. 1838. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to ensure that individual account plans protect workers by limiting the amount of empoloyer stock each worker may hold and encouraging diversification of investment of plan assets, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mrs. BOXER. Mr. President, today Senator CORZINE and I are introducing the Pension Protection and Diversification Act of 2001, (PPDA).

I authored and Congress passed a bill in 1997 amending ERISA. That law bars employers from forcing employees to invest employee voluntary contributions to their 401(k) in the employer's real estate or equities with a couple of exceptions. I believe that what Enron did violated the law I authored. Enron ''locked down'' its pension fund for a period of time during which the company's stock plummeted. That lockdown effectively forced Enron employees to have their voluntary contributions and earnings on those contributions invested in Enron's plunging stock. That said, we are introducing the PPDA today in order to protect employees from losing their retirement savings in the future the way that Enron employees lost theirs.

Enron employees were naturally drawn to Enron stock because of its meteoric rise. But when the stock crashed, it took many Enron employees' savings down with it. There are two lessons we should learn from this situation. First, Enron workers had far too much of their individual 401(k) account plans invested in Enron stock. And second, Enron forced its employees to hold its matching contribution in Enron stock to the employee's 401(k) account for far too long.

Unfortunately, Enron employees are not alone in their 401(k) investment habits. There are far too many workers in far too many companies disproportionately investing their retirement savings in employer stock.

The ''Pension Protection and Diversification Act of 2001'', PPDA, will encourage workers to diversify their retirement savings and to encourage employers to give workers the power to diversify their retirement plans.

Toward that end, the bill limits to 20 percent the investment an employee can have in any one stock across their individual account plans with an employer. Studies show that employees do not diversify their investments sufficiently even when they have the power to diversify. In the Enron case, too many workers followed their employer's lead and invested too much of their own money in Enron stock. This provision, based on the opinions that financial management experts have expressed in numerous articles over the last few years, is designed to discourage that gamble.

The PPDA also limits to 90 days the time that an employer can force an employee to hold a matching employer stock contribution. Too often, the current holding period on stock ownership in a retirement plan is prohibitive because it requires participants to keep their shares far longer than might suit their needs.

There are typically two types of structures. Either the participant is required to hold the stock until a certain age, for example, at Enron they had to hold it until they were at least 50 years old or older, or the participant is required to hold the stock for a certain period of time, for example, for 5 years or longer. These mandatory holding periods require investors to hang on to their company stock for 5 to 25 years or more before they can properly divest themselves to a more diversified portfolio. This bill will put an end to that practice.

To encourage cash matching contributions rather than matching contributions in stock, the PPDA limits to 50 percent, instead of 100 percent, the tax deduction that an employer can take on a matching contribution if that contribution is made in stock. Employees often report that the employer match in employer stock to their 401(k) plans is seen as a tacit recommendation to put their voluntary contributions in employer stock as well. By encouraging cash over stock contributions, this bill gives employees the power to determine where their funds are invested.

And, last, the PPDA lowers to 35 years of age and 5 years of service the triggers that allow an employee to diversify his or her investments in an Employee Stock Ownership Plan, ESOP. The current diversification rules are too restrictive and leave employees too exposed.

ESOPs currently are required to allow employees to diversify only a portion of their employer stock; they can diversify only during limited window periods; and they can diversify only after they reach age 55 with 10 years of plan participation. So, most employees most of the time don't have current diversification rights in ESOPs. By the time they are eligible to diversify, it may be too late.

There is another factor to bear in mind. A 401(k) or other defined contribution plan that holds enough employer stock can readily be converted to an ESOP. New worker protections enacted to apply to 401(k) plans could be circumvented by converting the portion of the 401(k) plan that is investing in company stock to an ESOP or by setting up an ESOP from the outset. Allowing divestiture at an earlier date will help avoid the situation.

We exempt ESOPs from the rest of this bill because there are other factors at play, such as the basic purpose of ESOPs. I think there is justification for having 401(k) diversification rights that are far broader then ESOP diversification rights; but I am including ESOP diversification requirements in this bill because in their current form, those requirements are too narrow.

Whether or not Enron broke the law in the management of its pension plan is being determined in the courts. I believe that they did, but we must make sure all workers are protected from losing their savings before an employer's stock collapses.

I encourage my colleagues to cosponsor this legislation.

By Mr. ALLARD (for himself, Mrs. CLINTON, Mr. SHELBY, and Mr. FEINGOLD):

S. 1839. A bill to amend the Bank Holding Company Act of 1956, and the Revised Statutes of the United States to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. ALLARD. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1839

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Community Choice in Real Estate Act''.

SEC. 2. CLARIFICATION THAT REAL ESTATE BROKERAGE AND MANAGEMENT ACTIVITIES ARE NOT BANKING OR FINANCIAL ACTIVITIES.

(a) BANK HOLDING COMPANY ACT OF 1956.—Section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)) is amended by adding at the end the following new paragraph:

''(8) REAL ESTATE BROKERAGE AND REAL ESTATE MANAGEMENT ACTIVITIES.—

''(A) IN GENERAL.—The Board may not determine that real estate brokerage activity or real estate management activity is an activity that is financial in nature, is incidental to any financial activity, or is complementary to a financial activity.

''(B) REAL ESTATE BROKERAGE ACTIVITY DEFINED.—For purposes of this paragraph, the term 'real estate brokerage activity' means any activity that involves offering or providing real estate brokerage services to the public, including—

''(i) acting as an agent for a buyer, seller, lessor, or lessee of real property;

''(ii) listing or advertising real property for sale, purchase, lease, rental, or exchange;

''(iii) providing advice in connection with sale, purchase, lease, rental, or exchange of real property;

''(iv) bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property;

''(v) negotiating, on behalf of any party, any portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property (other than in connection with providing financing with respect to any such transaction);

''(vi) engaging in any activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or broker under any applicable law; and

''(vii) offering to engage in any activity, or act in any capacity, described in clause (i), (ii), (iii), (iv), (v), or (vi).

''(C) REAL ESTATE MANAGEMENT ACTIVITY DEFINED.—For purposes of this paragraph,

the term 'real estate management activity' means any activity that involves offering or providing real estate management services to the public, including—

''(i) procuring any tenant or lessee for any real property;

''(ii) negotiating leases of real property;

''(iii) maintaining security deposits on behalf of any tenant or lessor of real property (other than as a depository institution for any person providing real estate management services for any tenant or lessor of real property);

''(iv) billing and collecting rental payments with respect to real property or providing periodic accounting for such payments;

''(v) making principal, interest, insurance, tax, or utility payments with respect to real property (other than as a depository institution or other financial institution on behalf of, and at the direction of, an account holder at the institution);

''(vi) overseeing the inspection, maintenance, and upkeep of real property, generally; and

''(vii) offering to engage in any activity, or act in any capacity, described in clause (i), (ii), (iii), (iv), (v), or (vi).

''(D) EXCEPTION FOR COMPANY PROPERTY.—This paragraph shall not apply to an activity of a bank holding company or any affiliate of such company that directly relates to managing any real property owned by such company or affiliate, or the purchase, sale, or lease of property owned, or to be used or occupied, by such company or affiliate.''.

(b) REVISED STATUTES OF THE UNITED STATES.—Section 5136A(b) of the Revised Statutes of the United States (12 U.S.C. 24a(b)) is amended by adding at the end the following new paragraph:

''(4) REAL ESTATE BROKERAGE AND REAL ESTATE MANAGEMENT ACTIVITIES.—

''(A) IN GENERAL.—The Secretary may not determine that real estate brokerage activity or real estate management activity is an activity that is financial in nature, is incidental to any financial activity, or is complementary to a financial activity.

''(B) DEFINITIONS.—For purposes of this paragraph, the terms 'real estate brokerage activity' and 'real estate management activity' have the same meanings as in section 4(k)(8) of the Bank Holding Company Act of 1956.

''(C) EXCEPTION FOR COMPANY PROPERTY.—This paragraph shall not apply to an activity of a national bank, or a subsidiary of a national bank, that directly relates to managing any real property owned by such bank or subsidiary, or the purchase, sale, or lease of property owned, or to be owned, by such bank or subsidiary.''.

By Mr. COCHRAN:

S. 1840. A bill to amend title XVIII of the Social Security Act to remove the 20 percent inpatient limitation under the medicare program on the proportion of hospice care that certain rural hospice programs may provide; to the Committee on Finance.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1840

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rural Communities Hospice Care Access Improvement Act of 2001''.

SEC. 2. EXCEPTION TO MEDICARE 20 PERCENT INPATIENT CARE LIMITATION FOR CERTAIN RURAL HOSPICE PROGRAMS.

(a) IN GENERAL.—Section 1861(dd) of the Social Security Act (42 U.S.C. 1395x(dd)) is amended—

(1) in paragraph (2)(A)(iii), by inserting ''subject to paragraph (6),'' after ''(iii)''; and

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

''(6) The requirement of paragraph (2)(A)(iii) (relating to a limitation on the proportion of hospice care provided in an inpatient setting) shall not apply in the case of a hospice program that meets the following requirements:

''(A) The hospice program is a non-profit organization, provides a residence for individuals who do not have a primary caregiver available at home, is located in a rural area (as defined in section 1886(d)(2)(D)), is not certified for purposes of this title to provide other than hospice care, and is not affiliated with any organization that provides a type of care other than hospice care.

''(B) The residence has not more than 20 beds.

''(C) The residence offers all other categories of hospice care, including continuous home care, respite care, and general patient care, for individuals who qualify to receive such care.''.

(b) MAINTAINING PAYMENT RATES FOR ROUTINE CARE.—Section 1814(a) of such Act (42 U.S.C. 1395f(a)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

''(3)(A) With respect to a care provided under a hospice program described in section 1861(dd)(6) that meets the requirements of that section, payment for routine care and other services included in hospice care furnished under such program shall be made at the rate applicable under this subsection for routine home care and other services included in hospice care.

''(B) For purposes of determining payment amounts under subparagraph (A) with respect to routine and continuous care, the residence described in section 1861(dd)(6) is deemed to be the home of the individual receiving hospice care.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to hospice care provided on or after the date of the enactment of this Act.

By Mr. CLELAND:

S. 1842. A bill to modify the project for beach erosion control, Tybee Island, Georgia; to the Committee on Environment and Public Works.

Mr. CLELAND. Mr. President, today I am introducing legislation to expand the existing Federal shoreline protection project on Tybee Island, GA to include the North Beach area of the island. This project, which originally began as an effort to protect the oceanfront beach, has previously been expanded to include the southern tip of the island as well as a portion of the Back River. On November 8, 2001, at my request, the Senate Committee on Environment and Public Works passed a Study Resolution asking the Army Corps of Engineers to conduct a reconnaissance study to determine whether it is advisable to expand the project to include North Beach. The legislation I am introducing today will provide the necessary authorization to expand the project once the required studies are completed. Erosion of the dunes on North Beach is endangering one of my State's natural treasurers and this legislation will help to preserve a truly beautiful beachfront for those who reside on and visit Tybee Island.

By Mr. BINGAMAN (for himself and Mr. DOMENICI):

S. 1844. A bill to authorize a pilot program for purchasing buses by public transit authorities that are recipients of assistance or grants from the Federal Transit Administration; to the Committee on Banking, Housing, and Urban Affairs.

Mr. BINGAMAN. Mr. President, I rise today to introduce legislation that will benefit every public transit agency in America by streamlining their purchasing of buses with Federal funding. I am pleased to be joined in introducing this bill by my colleague, Senator DOMENICI, who has worked with me on developing this important legislation.

Our bill is very simple. It authorizes a 5-year pilot program to allow State and local transit authorities that receive Federal transit assistance the option to purchase transit buses through the General Services Administration.

Allowing public transit agencies the option to purchase buses through the GSA could result in substantial cost savings to the Federal Government. In addition, GSA's standardized options and prices would help streamline the procurement process for buses, which could be especially valuable to smaller communities. I do believe our bill will help stretch each dollar of Federal transit funding a little bit farther.

Currently only the Washington Metropolitan Area Transit Authority has the option to purchase buses through the General Services Administration. WMATA is today using this authority to purchase buses. The pilot program authorized in our bill would open up the option to all public transit agencies around the country that receive Federal transit assistance. However, as a pilot program, it is limited only to heavy-duty transit buses and intercity coaches. Because of GSA's limited experience with transit buses, the bill provides for the pilot program to be managed by the Federal Transit Administration.

The General Services Administration currently offers three heavy-duty transit buses and two intercity coaches. GSA selected these suppliers in full and open competitive solicitations, and the companies had to bid attractive terms and prices in order to win those 5-year contracts. However, to ensure that all bus suppliers have an equal opportunity to provide buses through the GSA, our bill requires GSA to reopen immediately the original solicitation to provide a full and open competition

for all bus manufacturers interested in selling buses through GSA contracts. In addition, bus suppliers that already have GSA contracts would be permitted to modify their proposals.

Finally, to ensure future fairness to all bus suppliers, the GSA will expand the bus program to a full multiple-award schedule with a larger variety of vehicles and choices of optional equipment. GSA indicates this process will take 12 to 18 months. Therefore, our bill directs GSA to complete the multiple-award schedule by December 31, 2003, and authorizes state and local transit authorities that receive Federal transit assistance to purchase heavy-duty transit buses and intercity coaches off these new GSA schedules. The pilot program ends after 5 years on December 31, 2006.

I believe it is very important to point out that as a pilot program, our bill is limited only to transit buses and intercity coaches. It has no effect on companies that supply other types of vehicles, pharmaceuticals, or any other product that currently can be purchased through the General Services Administration.

I believe transit buses are a unique situation. Public transit agencies should be allowed to use their Federal funding to purchase buses through the GSA. There are only a few bus manufacturers in America today and most buses are purchased using Federal funds provided by the Federal Transit Administration. In fact, our bill requires that a majority of the cost of all buses purchased through the GSA be from Federal funds. We also believe that the pilot program authorized in our bill could provide valuable information on bus purchasing that Congress may want to consider when the 6-year transportation bill is reauthorized in 2003.

Our bus manufacturers are not having an easy time in this recession. Our bill will help expedite bus companies by eliminating the cost of responding to myriad requests for proposals from public transit agencies. That's why bus manufacturers, through the American Public Transportation Association, support our proposal. Our bill will also help the public transit agencies by reducing the cost of preparing the requests for proposals and assessing the responses.

I ask unanimous consent that a letter of support for our bill from the American Public Transportation Association be included in the RECORD at the conclusion of my remarks.

I do believe this is a meritorious proposal and hope it will be enacted as soon as possible. I look forward to working with Senator SARBANES, chairman of the Banking Committee, and the members of his committee to see if prompt action can be taken on this bill.

The pilot program has the support of the Federal Transit Administration, bus manufacturers, and public transit agencies across the Nation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1844

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Public Transit Authority Pilot Procurement Authorization Act of 2001''.

SEC. 2. DEFINITIONS.

(a) HEAVY-DUTY TRANSIT BUS.—The term ''heavy-duty transit bus'' has the same meaning given that term in the American Public Transportation Association Standard Procurement Guideline Specifications, dated March 25, 1999 and July 3, 2001, and as contained in the General Services Administration Solicitation FFAH–B1–002272–N.

(b) INTERCITY COACH.—The term ''intercity coach'' has the meaning given that term in the General Services Administration Solicitation FFAH–B1–002272–N, section 1–4B, Amendment number 2, dated June 6, 2000.

SEC. 3. PILOT PROGRAM FOR SALE TO PUBLIC TRANSIT AUTHORITIES.

(a) IN GENERAL.—The Federal Transit Administration of the Department of Transportation shall carry out a pilot program to facilitate and accelerate the procurement of heavy-duty transit buses and intercity coaches by State, local, and regional transportation authorities that are recipients of Federal Transit Administration assistance or grants where Federal funds provide the majority of the funding for the bus procurement, through existing or new or modified contracts with the General Services Administration. The transit authorities shall obtain Federal Transit Administration approval prior to placement of orders.

(b) REOPENING OF SOLICITATION FOR HEAVY-DUTY TRANSIT AND INTERCITY COACHES.—Notwithstanding any other provision of law or Federal regulation, the General Services Administration Solicitation FFAH–B1–002272–N shall be reopened to all qualified heavy-duty transit bus and intercity coach manufacturing companies to bid for contracts to sell such buses and coaches to State, local, and regional transportation authorities that are recipients of Federal Transit Administration assistance or grants where Federal funds provide the majority of the funding for the bus procurement.

(c) MODIFICATIONS OF EXISTING GSA CONTRACTS.—Notwithstanding any other provision of law or Federal regulation, heavy-duty transit bus manufacturing companies and intercity coach manufacturing companies who have existing contracts awarded by the General Services Administration under Solicitation FFAH–B1–002272–N prior to the date of enactment of this Act, shall be allowed to modify or restructure their bids incorporated in such contracts to respond to prospective sales of heavy-duty transit buses and intercity coaches to State, local, and regional transportation authorities that are recipients of Federal Transit Administration assistance or grants where Federal funds provide the majority of the funding for the bus procurement.

(d) AUTHORITY TO PURCHASE FROM EXISTING AND NEW CONTRACTS.—Notwithstanding any other provision of law or Federal regulation, State, local, and regional transportation authorities that are recipients of Federal Transit Administration assistance or grants where Federal funds provide the majority of the funding for the bus procurement are authorized to purchase heavy-duty transit buses and intercity coaches from—

(1) existing contracts;

(2) existing contracts as modified pursuant to subsection (c); and

(3) new contracts awarded by the General Services Administration under the original or reopened Solicitation FFAH–B1–002272–N.

(e) TERMINATION.—The pilot program carried out under this Act shall terminate on December 31, 2006.

SEC. 4. ESTABLISHMENT OF MULTIPLE AWARD SCHEDULE BY GSA.

Not later than December 31, 2003, the General Services Administration, with assistance from and consultation with, the Federal Transit Administration, shall establish and publish a multiple award schedule for heavy-duty transit buses and intercity coaches which shall permit Federal agencies and State, regional, or local transportation authorities that are recipients of Federal Transit Administration assistance or grants where Federal funds provide the majority of the funding for the bus procurement, or other ordering entities, to acquire heavy-duty transit buses and intercity motor coaches under those schedules.

SEC. 5. REPORTING REQUIREMENTS.

(a) IN GENERAL.—The Administrator of the Federal Transit Administration and the Administrator of General Services shall submit a joint report quarterly, in writing, to the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Transportation and Infrastructure of the House of Representatives.

(b) CONTENTS.—The report required to be submitted under subsection (a) shall describe, with specificity—

(1) all measures being taken to accelerate the processes authorized under this Act, including estimates on the effect of this Act on job retention in the bus and intercity coach manufacturing industry;

(2) job creation in the bus and intercity coach manufacturing industry as a result of the authorities provided under this Act; and

(3) bus and intercity coach manufacturing economic growth in those States and localities that have participated in the pilot program to be carried out under this Act.

SEC. 6. COMPLIANCE WITH OTHER LAW.

Except as otherwise specifically provided in this Act, this Act shall be carried out in accordance with all applicable Federal transit laws and requirements.

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION,
Washington, DC, December 18, 2001.

Hon. JEFF BINGAMAN,
Chairman, Committee on Energy and Natural Resources, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I write regarding a bill I understand you intend to introduce this session, the ''Public Transit Authority Pilot Procurement Authorization Act of 2001'', that would allow recipients of funds under the federal transit program to purchase heavy-duty and intercity buses from the General Services Administration schedule of contracts.

The Business Member Board of Governors of the American Public Transportation Association (APTA) considered a similar provision in a meeting on Sunday, September 30, 2001. They voted in support of the measure.

Further, on December 7, 2001, APTA's Legislative Committee considered a proposal similar to the provisions of your bill and unanimously agreed to support it. While APTA's governing body has not had an opportunity formally to consider your bill, our public transit members are supportive of measures that would simplify and standardize the federal procurement process, as this provision would do. We are particularly

pleased to note that under the provision GSA, with assistance from the Federal Transit Administration, would be required to establish and publish a multiple award schedule for heavy-duty buses, which means that any heavy-duty or intercity bus manufacturer would be provided an opportunity to participate in the program.

Please have your staff contact Daniel Duff, APTA's Chief Counsel & Vice President, Government Affairs, should you have any questions about this matter. He may be reached at (202) 496–4860 or internet e-mail dduff@apta.com.

Sincerely yours,

WILLIAM W. MILLAR,
President.

By Mr. KERRY:

S. 1845. A bill to amend title 5, United States Code, to create a presumption that disability of a Federal employee in fire protection activities caused by certain conditions is presumed to result from the performance of such employee's duty; to the Committee on Governmental Affairs.

Mr. KERRY. Mr. President, today I am introducing legislation on behalf of thousands of Federal fire fighters and emergency response personnel worldwide who, at great risk to their own personal health and safety, protect America's defense, our veterans, Federal wildlands, and national treasures. Although the majority of these important Federal employees work for the Department of Defense, Federal fire fighters are also employed by the Department of Veterans Affairs, and the United States Park Service. From first-response emergency care services on military installations around the world to front-line defense against raging forest fires here at home, we call on these brave men and women to protect our national interests.

Yet under Federal law, compensation and retirement benefits are not provided to Federal employees who suffer from occupational illnesses unless they can specify the conditions of employment which caused their disease. This onerous requirement makes it nearly impossible for Federal fire fighters, who suffer from occupational diseases, to receive fair and just compensation or retirement benefits. The bureaucratic nightmare they must endure is burdensome, unnecessary, and in many cases, overwhelming. It is ironic and unjust that the very people we call on to protect our Federal interests are not afforded the very best health care and retirement benefits our Federal Government has to offer.

Today, I introduced legislation, the Federal Fire Fighters Fairness Act of 2001, which amends the Federal Employees Compensation Act to create a presumptive disability for fire fighters who become disabled by heart and lung disease, cancers such as leukemia and lymphoma, and infectious diseases like tuberculosis and hepatitis. Disabilities related to the cancers, heart, lung, and infectious diseases enumerated in this important legislation would be considered job related for purposes of workers compensation and disability retirement, entitling those affected to the health care coverage and retirement benefits that they deserve.

Too frequently, the poisonous gases, toxic byproducts, asbestos, and other hazardous substances with which Federal fire fighters and emergency response personnel come in contact, rob them of their health livelihood, and professional careers. The Federal Government should not rob them of necessary benefits. Thirty-eight States have already enacted a similar disability presumption law for Federal fire fighters' counterparts working in similar capacities on the State and local levels.

The effort behind the Federal Fire Fighters Fairness Act of 2001 marks a significant advancement for fire fighter health and safety. Since September 11, there has been an enhanced appreciation for the risks that fire fighters and emergency response personnel face everyday. Federal fire fighters deserve our highest commendation and it is time to do the right thing for these important Federal employees.

The job of fire fighting continues to be complex and dangerous. The nationwide increase in the use of hazardous materials, the recent rise in both natural and manmade disasters, and the threat of terrorism pose new threats to fire fighter health and safety. The Federal Fire Fighters Fairness Act of 2001 will help protect the lives of our fire fighters and it will provide them with a vehicle to secure their health and safety.

I urge my colleagues to embrace this bipartisan effort and support the Federal Fire Fighters Fairness Act of 2001 on behalf of our Nation's Federal fire fighters and emergency response personnel.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2614. Mr. MCCAIN (for himself, Mr. GRAMM, Mr. KERRY, Mrs. MURRAY, and Mr. SMITH of Oregon) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table.

SA 2615. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2616. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2617. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2618. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2619. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2620. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2621. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2622. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2623. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2624. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2625. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2626. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2627. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2628. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2629. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2630. Mr. CRAPO submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2631. Mr. WELLSTONE submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2632. Mr. WELLSTONE submitted an amendment intended to be proposed to amendment SA 2602 submitted by Mr. WELLSTONE and intended to be proposed to the amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2633. Mr. BOND submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2634. Mr. BOND submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2635. Mr. BOND submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2636. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2637. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2638. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2639. Mr. SANTORUM (for himself, Mr. DURBIN, Mr. FEINGOLD, Mr. DEWINE, Mr. KOHL, Mr. HATCH, Mrs. CLINTON, and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2640. Mr. DASCHLE (for Mr. KENNEDY (for himself and Mr. GREGG)) proposed an amendment to the concurrent resolution H. Con. Res. 289, directing the Clerk of the House of Representatives to make technical corrections in the enrollment of the bill H.R. 1.

SA 2641. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table.

SA 2642. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2643. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2644. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2645. Mr. FITZGERALD submitted an amendment intended to be proposed to amendment SA 2516 submitted by Mr. FITZGERALD and intended to be proposed to the amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2646. Mr. MCCAIN (for himself, Mr. GRAMM, Mr. KERRY, Mrs. MURRAY, and Mr. SMITH of Oregon) submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2647. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2648. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2649. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2650. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2651. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2652. Mr. HUTCHINSON submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2653. Mr. KYL submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2654. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2655. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2656. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2657. Mr. CRAIG submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2658. Mr. TORRICELLI (for himself and Mr. SMITH, of New Hampshire) submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2659. Mr. SMITH of Oregon submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2660. Mr. SMITH of Oregon (for himself, Mr. CRAIG, and Mr. CRAPO) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2661. Mr. FITZGERALD submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2662. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2663. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2664. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2665. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2666. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2667. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2668. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2669. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2670. Mrs. BOXER submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2671. Mr. COCHRAN (for himself and Mr. ROBERTS) proposed an amendment to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra.

SA 2672. Mr. HOLLINGS proposed an amendment to the bill H.R. 3210, to ensure the continued financial capacity of insurers to provide coverage for risks from terrorism; which was ordered to lie on the table.

SA 2673. Mr. SMITH of New Hampshire (for himself and Mr. CRAPO) submitted an amendment intended to be proposed by him to the bill S. 990, to amend the Pittman-Robertson Wildlife Restoration Act to improve the provisions relating to wildlife conservation and restoration programs, and for other purposes; which was ordered to lie on the table.

SA 2674. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table.

SA 2675. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1731, supra; which was ordered to lie on the table.

SA 2676. Mr. HUTCHINSON (for himself, Mr. LOTT, Mr. SESSIONS, and Mr. HELMS) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

SA 2677. Mr. DORGAN (for himself, Mr. GRASSLEY, Mr. HAGEL, Mr. LUGAR, Mr. JOHNSON, Mr. NELSON of Nebraska, Mr. TORRICELLI, and Mr. WELLSTONE) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2614. Mr. MCCAIN (for himself, Mr. GRAMM, Mr. KERRY, Mrs. MURRAY, and Mr. SMITH of Oregon) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, in the amendment insert the following:

SEC. . MARKET NAME FOR CATFISH.

The term ''catfish'' shall be considered to be a common or usual name (or part thereof) for any fish in keeping with Food and Drug Administration procedures that follow scientific standards and market practices for establishing such names for the purposes of section 403 of the Federal Food, Drug, and Cosmetic Act, including with respect to the importation of such fish pursuant to section 801 of such Act.

SA 2615. Mr. COCHRAN submitted an amendment intended to be proposed to the amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 648, strike line 17 and all that follows through page 649, line 5, and insert the following:

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.''.

SA 2616. Mr. COCHRAN submitted an amendment intended to be proposed to the amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 820, strike line 23 and all that follows through page 821, line 11, and insert the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''.

SA 2617. Mr. COCHRAN submitted an amendment intended to be proposed to the amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 811, strike line 15 and all that follows through page 812, line 3, and insert the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.''.

SA 2618. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 809, strike line 15 and all that follows through page 810, line 10, and insert the following:

(ii) be available to the Secretary to carry out the purposes of the account, subject to the availability of appropriations;

(iii) remain available until expended; and

(iv) be in addition to any funds made available under paragraph (2).

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

SA 2619. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike section 793.

SA 2620. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 762, strike line 23 and all that follows through page 763, line 13 and insert the following:

''(b) FUNDING.—On October 1, 2001, and each October 1 thereafter through October 1, 2005, of funds of the Commodity Credit Corporation, the Secretary shall transfer to the Account to carry out this section $145,000,000.''; and''.

SA 2621. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 837, strike lines 1 through 14 and insert the following:

''(k) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''.

SA 2622. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 882, strike line 15 and all that follows through page 883, line 3, and insert the following:

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''

SA 2623. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 917, strike line 15 and all that follows through page 918, line 13, and insert the following:

(a) AUTHORIZATION OF APPROPRIATIONS.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

''SEC. 310. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this title $15,000,000 for each of fiscal years 2002 through 2006.''.

SA 2624. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 903, strike lines 9 through 22 and insert the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.''

SA 2625. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm

credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 900, strike line 21 and all that follows through page 901, line 14, and insert the following:

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $33,000,000 for each of fiscal years 2002 through 2006.''

SA 2626. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DACHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 896, strike line 21 and all that follows through page 897, line 9, and insert the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.''

SA 2627. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DACHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 892, strike lines 6 through 24 and insert the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $16,000,000 for each of fiscal years 2002 through 2006.''

SA 2628. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DACHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 887, strike lines 15 through 20 and insert the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.''

SA 2629. Mr. COCHRAN submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DACHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 919, strike line 20 and all that follows through page 920, line 13, and insert the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $9,000,000 for each of fiscal years 2002 through 2006.''

SA 2630. Mr. CRAPO submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DACHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 247, strike line 22 and all that follows through page 254, line 14, and insert the following:

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Effective for each of the 2003 through 2006 calendar years, the Secretary may establish, and enter into cooperative agreements with States to carry out in accordance with State law, a program described in paragraph (2) for the acquisition, transfer, and lease of water or water rights, to achieve the purposes of 1 or more Federal, State, tribal, and local fish, wildlife, and plant conservation plans.

''(2) COMPONENTS OF PROGRAM.—In each State that enters into an agreement described in paragraph (1), the Secretary may establish, and carry out the enrollment of eligible land described in subsection (b) through the use of contracts in, a water conservation program to provide for the acquisition and temporary transfer of water or water rights, or permanent acquisition of water or water rights, from willing sellers that would otherwise be entitled to use the water in accordance with a State-approved water right or a contract with the Secretary, or by other lawful means (including willing sellers in the San Francisco Bay-Delta, the Truckee-Carson Basin, and the Walker River Basin).

''(b) ENROLLMENT OF ELIGIBLE LAND.—

''(1) CRP ACREAGE LIMIT.—The Secretary shall enroll in the program not more than 1,100,000 acres, which acreage shall count against the number of acres authorized to be enrolled in the conservation reserve program under section 1231(d).

''(2) TIMING.—To the maximum extent practicable, an enrollment under paragraph (1) shall occur during the enrollment period for the conservation reserve program.

''(3) PRIORITY IN ENROLLMENT.—In enrolling eligible land in the program, the Secretary shall give priority to land with associated water or water rights that—

''(A) could be used to significantly advance the goals of Federal, State, Tribal and local fish, wildlife, and plant conservation plans, including—

''(i) plans that address multiple endangered species, sensitive species, or threatened species; or

''(ii) agreements entered into, or conservation plans submitted, under section 6 or 10(a)(2)(A) of the Endangered Species Act of 1973 (16 U.S.C. 1535, 1539(a)(2)(A)), respectively; or

''(B) would benefit fish, wildlife, or plants of 1 or more refuges within the National Wildlife Refuge System.

''(4) NONPARTICIPATING STATES.—In the case of a State that elects not to participate in the program—

''(A) the Secretary shall give, to applications from landowners in the State to enroll land in the conservation reserve program under subchapter B of chapter 1, priority that is equal to the priority given under paragraph (3) to applications from landowners in States participating in the program; and

''(B) notwithstanding paragraph (1), landowners in the State may enroll in the conservation reserve program under subchapter B of chapter 1 such acreage as the landowners in the State would have enrolled in the program if the State had elected to participate in the program.

''(5) ENROLLMENT AUTHORITY.—The priority''.

SA 2631. Mr. WELLSTONE submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes, which was ordered to lie on the table, as follows:

Beginning on page 226, strike line 1 and all that follows through page 235, line 6 and insert the following:

''(4) LARGE CONFINED LIVESTOCK FEEDING OPERATIONS.—

(A) DEFINITION OF LARGE CONFINED LIVESTOCK FEEDING OPERATION.—In this paragraph:

(i) IN GENERAL.—The term 'large confined livestock feeding operation' means a confined livestock feeding operation designed to confine 1,000 or more animal equivalent units (as defined by the Secretary).

(I) WAIVER.—The Secretary may on a case by case basis grant states a waiver from the requirement in (4)(A)(i), of this section, in accordance with Volume 62, No. 99 of the Federal Register.

(ii) MULTIPLE LOCATIONS.—In determining the number of animal unit equivalents of the operation of a producer under clause (i), the animals confined by the producer in confinement facilities at all locations (including the producer's proportionate share in any jointly owned facility) shall be counted.

(B) NEW OR EXPANDED OPERATIONS.—Subject to (4)(A)(i)(1) of this section, a producer shall not be eligible for cost-share payments for any portion of a storage or treatment facility, or associated waste transport or treatment device, to manage manure, process wastewater, or other animal waste generated by a large confined livestock feeding operation, if the operation is a confined livestock operations that—

(i) is established as a large confined livestock operation after the date of enactment of this paragraph; or

(ii) becomes a large confined livestock operation after the date of enactment of this paragraph by expanding the capacity of the operation to confine livestock.

(C) MODIFICATION OF OPERATION.—A modification of a large confined livestock operation shall not be considered an expansion under subparagraph (B)(ii) of this section, if as determined by the Secretary, the modification involves—

(i) adoption of new technology;

(ii) improved efficiency in the functioning of the operation; or

(iii) reorganization of the status of the entity; and

(iv) the capacity of the operation to confine livestock is not increase.

(D) MULTIPLE OPERATIONS.—A producer that has an interest in more than 1 large confined livestock operation shall not be eligible for more than 1 contract under this section for cost-share payments for a storage or treatment facility, or associated waste transport or transfer device, to manage manure, process wastewater, or other animal waste generated by the large confined livestock feeding operation.

(E) FLOOD PLAIN SITING.—Cost-share payments shall not be available for structural practices for a storage or treatment facility, or associated waste transport device, to manage manure, process wastewater, or other animal waste generated by a confined livestock operation if

(i) the structural practices are located in a 100-year flood plain; and

(ii) the confined livestock operation is a confined livestock operation that is established after the date of enactment of this paragraph.

(e) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more practices.

(f) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall allocate funding under the program for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year.

(2) AMOUNT.—The allocated amount may vary according to—

(A) the type of expertise required;

(B) the quantity of time involved; and

(C) other factors as determined appropriate by the Secretary.

(3) LIMITATION.—Funding for technical assistance under the program shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

(4) OTHER AUTHORITIES.—The receipt of technical assistance under the program shall not affect the eligibility of the producer to receive technical assistance under other authorities of law available to the Secretary.

(5) INCENTIVE PAYMENTS FOR TECHNICAL ASSISTANCE.—

(A) IN GENERAL.—A producer that is eligible to receive technical assistance for a practice involving the development of a comprehensive nutrient management plan may obtain an incentive payment that can be used to obtain technical assistance associated with the development of any component of the comprehensive nutrient management plan.

(B) PURPOSE.—The purpose of the payment shall be to provide a producer the option of obtaining technical assistance for developing any component of a comprehensive nutrient management plan from a certified provider.

(C) PAYMENT.—The incentive payment shall be—

(i) in addition to cost-share or incentive payments that a producer would otherwise receive for structural practices and land management practices;

(ii) used only to procure technical assistance from a certified provider that is necessary to develop any component of a comprehensive nutrient management plan; and

(iii) in an amount determined appropriate by the Secretary, taking into account—

(I) the extent and complexity of the technical assistance provided;

(II) the costs that the Secretary would have incurred in providing the technical assistance; and

(III) the costs incurred by the private provider in providing the technical assistance.

(D) ELIGIBLE PRACTICES.—The Secretary may determine, on a case by case basis, whether the development of a comprehensive nutrient management plan is eligible for an incentive payment under this paragraph.

(E) CERTIFICATION BY SECRETARY.—

(i) IN GENERAL.—Only persons that have been certified by the Secretary under section 1244(f)(3) shall be eligible to provide technical assistance under this subsection.

(ii) QUALITY ASSURANCE.—The Secretary shall ensure that certified providers are capable of providing technical assistance regarding comprehensive nutrient management in a manner that meets the specifications and guidelines of the Secretary and that meets the needs of producers under the program.

(F) ADVANCE PAYMENT.—On the determination of the Secretary that the proposed comprehensive nutrient managmenet of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified provider.

(G) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

(i) completion of the technical assistance; and

(ii) the actual cost of the technical assistance.

(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

(A) the producer agrees to the modification or termination; and

(B) the Secretary determines that the modification or termination is in the public interest.

(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

(a) IN GENERAL.—In evaluating applications for technical assistance, cost-share payments, and incentive payments, the Secretary shall accord a higher priority to assistance and payment that—

(1) maximize environmental benefits per dollar expended; and

(2) (A) address national conservation priorities, including—

(i) meeting Federal, State, and local environmental purposes focused on protecting air and water quality, including assistance to production systems and practices that avoid subjecting an operation to Federal, State, or local environmental regulatory systems;

(ii) applications from livestock producers using managed grazing systems and other pasture and forage based systems;

(iii) comprehensive nutrient management;

(iv) water quality, particularly in impaired watersheds;

(v) soil erosion;

(vi) air quality; or

(vii) pesticide and herbicide management or reduction;

(B) are provided in conservation priority areas established under section 1230(c);

(C) are provided in special projects under section 1243(f)(4) with respect to which State or local governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes; or

(D) an innovative technology in connection with a structural practice or land management practice.

SEC. 1240D. DUTIES OR PRODUCERS.

(a) To receive technical assistance, cost-share payments, or incentive payments under the program, a producer shall agree—

(1) to implement an environmental quality incentives program plan that describes conservation and environmental purpose to be achieved through 1 or more practices that are approved by the Secretary;

(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of the program;

(3) on the violation of a term or condition of the contract at any time the producer has control of the land—

(A) if the Secretary determines that the violation warrants termination of the contract—

(i) to forfeit all rights to receive payments under the contract; and

(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments, as determined by the Secretary; or

(B) if the Secretary determines that the violation does not warrant termination of the contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate;

(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments and incentive payments received under the program, as determined by the Secretary;

(5) to supply information as required by the Secretary to determine compliance with the program plan and requirements of the program; and

(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the program plan.

SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

(a) IN GENERAL.—To be eligible to receive technical assistance, cost-share payments, or incentive payments under the program, a producer of a livestock or agricultural operation shall submit to the Secretary for approval a plan of operations that specifies practices covered under the program, and is based on such terms and conditions, as the Secretary considers necessary to carry out the program, including a description of the practices to be implemented and the purposes to be met by the implementation of the plan, and in the case of confined livestock feeding operations, development and implementation of a comprehensive nutrient management plan.

(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the program and comparable conservation programs.

SEC. 1240F. DUTIES OF THE SECRETARY.

(a) To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of a program plan by—

(1) providing technical assistance in developing and implementing the plan;

(2) providing technical assistance, cost-share payments, or incentive payments for developing and implementing 1 or more practices, as appropriate;

(3) providing the producer with information, education, and training to aid in implementation of the plan; and

(4) encouraging the producer to obtain technical assistance, cost-share payments, or

grants from other Federal, State, local, or private sources.

SEC. 1240G. LIMITATION ON PAYMENTS.

(a) IN GENERAL.—Subject to subsection (b), the total amount of cost-share and incentive payments paid to a producer under this chapter shall not exceed—

(1) $30,000 for any fiscal year, regardless of whether the producer has more than 1 contract under this chapter for the fiscal year;

(2) $90,000 for a contract with a term of 3 years;

(3) $120,000 for a contract with a term of 4 years; or

(4) $150,000 for a contract with a term of more than 4 years.

(b) ATTRIBUTION.—An individual or entity shall not receive, directly or indirectly, total payments from a single or multiple contracts this chapter that exceed $30,000 for any fiscal year.

(c) EXCEPTION TO ANNUAL LIMIT.—The Secretary may exceed the limitation on the annual amount of a payment to a producer under subsection (a)(1) if the Secretary determines that a larger payment is—

(1) essential to accomplish the land management practice or structural practice for which the payment is made to the producer; and

(2) consistent with the maximization of environmental benefits per dollar expended and the purposes of this chapter.

(d) VERIFICATION.—The Secretary shall identify individuals and entities that are eligible for a payment under the program using social security numbers and taxpayer identification numbers, respectively.

SA 2632. Mr. WELLSTONE submitted an amendment intended to be proposed to amendment SA 2602 submitted by Mr. WELLSTONE and intended to be proposed to the amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes, which was ordered to lie on the table; as follows:

Beginning on page 1, strike line 3 and all that follows through page 15, line 2 and insert the following:

''(4) LARGE CONFINED LIVESTOCK FEEDING OPERATIONS.—

(A) DEFINITION OF LARGE CONFINED LIVESTOCK FEEDING OPERATION.—In this paragraph:

(i) IN GENERAL.—The term 'large confined livestock feeding operation' means a confined livestock feeding operation' means a confined livestock feeding operation designed to confine 1,000 or more animal equipment units (as defined by the Secretary).

(I) WAIVER.—The Secretary may on a case by case basis grant states a waiver from the requirement in (4)(A)(i), of this section, in accordance with Volume 62, No. 99 of the Federal Register.

(ii) MULTIPLE LOCATIONS.—In determining the number of animal unit equivalents of the operation of a producer under clause (i), the animals confined by the producer in confinement facilities at all locations (including the producer's proportionate share in any jointly owned facility) shall be counted.

(B) NEW OR EXPANDED OPERATIONS.—Subject to (r)(A)(i)(I) of this section a producer shall not be eligible for cost-share payments for any portion of a storage or treatment facility, or associated waste transport or treatment device, to manage manure, process wastewater, or other animal waste generated by a large confined livestock feeding operation, if the operation is a confined livestock operations that—

(i) is established as a large confined livestock operation after the date of enactment of this paragraph; or

(ii) becomes a large confined livestock operation after the date of enactment of this paragraph by expanding the capacity of the operation to confine livestock.

(C) MODIFICATION OF OPERATION.—A modification of a large confined livestock operation shall not be considered an expansion under subparagraph (B)(ii) of this section, if as determined by the Secretary, the modification involves—

(i) adoption of a new technology;

(ii) improved efficiency in the functioning of the operation or;

(iii) reorganization of the status of the entity; and

(iv) the capacity of the operation to confine livestock is not increased.

(D) MULTIPLE OPERATIONS.—A producer that has an interest in more than 1 large confined livestock operation shall not be eligible for more than 1 contract under this section for cost-share payments for a storage or treatment facility, or associated waste transport or transfer device, to manage manure, process wastewater, or other animal waste generated by the large confined livestock feeding operation.

(E) FLOOD PLAIN SITING.—Cost-share payments shall not be available for structural practices for a storage or treatment facility, or associated waste transport device, to manage manure, process wastewater, or other animal waste generated by a confined livestock operation if

(i) the structural practices are located in a 100-year flood plain; and

(ii) the confined livestock operation is a confined livestock operation that is established after the date of enactment of this paragraph.

(e) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more practices.

(f) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall allocate funding under the program for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year.

(2) AMOUNT.—The allocated amount may vary according to—

(A) the type of expertise required;

(B) the quantity of time involved; and

(C) other factors as determined appropriate by the Secretary.

(3) LIMITATION.—Funding for technical assistance under the program shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

(4) OTHER AUTHORITIES.—The receipt of technical assistance under the program shall not affect the eligibility of the producer to receive technical assistance under other authorities of law available to the Secretary.

(5) INCENTIVE PAYMENTS FOR TECHNICAL ASSISTANCE.—

(A) IN GENERAL.—A producer that is eligible to receive technical assistance for a practice involving the development of a comprehensive nutrient management plan may obtain an incentive payment that can be used to obtain technical assistance associated with the development of any component of the comprehensive nutrient management plan.

(B) PURPOSE.—The purpose of the payment shall be to provide a producer the option of obtaining technical assistance for developing any component of a comprehensive nutrient management plan from a certified provider.

(C) PAYMENT.—The incentive payment shall be—

(i) in addition to cost-share or incentive payments that a producer would otherwise receive for structural practices and land management practices;

(ii) used only to procure technical assistance from a certified provider that is necessary to develop any component of a comprehensive nutrient management plan; and

(iii) in an amount determined appropriate by the Secretary, taking into account—

(I) the extent and complexity of the technical assistance provided;

(II) the costs that the Secretary would have incurred in providing the technical assistance; and

(III) the costs incurred by the private provider in providing the technical assistance.

(D) ELIGIBLE PRACTICES.—The Secretary may determine, on a case by case basis, whether the development of a comprehensive nutrient management plan is eligible for an incentive payment under this paragraph.

(E) CERTIFICATION BY SECRETARY.—

(i) IN GENERAL.—Only persons that have been certified by the Secretary under section 1244(f)(3) shall be eligible to provide technical assistance under this subsection.

(ii) QUALITY ASSURANCE.—The Secretary shall ensure that certified providers are capable of providing technical assistance regarding comprehensive nutrient management in a manner that meets the specifications and guidelines of the Secretary and that meets the needs of producers under the program.

(F) ADVANCE PAYMENT.—On the determination of the Secretary that the proposed comprehensive nutrient management of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified provider.

(G) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

(i) completion of the technical assistance; and

(ii) the actual cost of the technical assistance.

(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

(A) the producer agrees to the modification or termination; and

(B) the Secretary determines that the modification or termination is in the public interest.

(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

(a) IN GENERAL.—In evaluating applications for technical assistance, cost-share payments, and incentive payments, the Secretary shall accord a higher priority to assistance and payments that—

(1) maximize environmental benefits per dollar expended; and

(2)(A) address national conservation priorities, including—

(i) meeting Federal, State, and local environmental purposes focused on protecting air and water quality, including assistance to production systems and practices that avoid subjecting an operation to Federal, State, or local environmental regulatory systems;

(ii) applications from livestock producers using managed grazing systems and other pasture and forage base systems;

(iii) comprehensive nutrient management;

(iv) water quality, particularly in impaired watersheds;

(v) soil erosion;

(vi) air quality; or

(vii) pesticide and herbicide management or reduction;

(B) are provided in conservation priority areas established under section 1230(c);

(C) are provided in special projects under section 1243(f)(4) with respect to which State or local governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes; or

(D) an innovative technology in connection with a structural practice or land management practice.

SEC. 1240D. DUTIES OF PRODUCERS.

(a) To receive technical assistance, cost-share payments, or incentive payments under the program, a producer shall agree—

(1) to implement an environmental quality incentives program plan that describes conservation and environmental purposes to be achieved through 1 or more practices that are approved by the Secretary;

(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of the program;

(3) on the violation of a term or condition of the contract at any time the producer has control of the land—

(A) if the Secretary determines that the violation warrants termination of the contract—

(i) to forfeit all rights to receive payments under the contract; and

(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments, as determined by the Secretary; or

(B) if the Secretary determines that the violation does not warrant termination of the contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate;

(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments, and incentive payments received under the program, as determined by the Secretary;

(5) to supply information as required by the Secretary to determine compliance with the program plan and requirements of the program; and

(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the program plan.

SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

(a) IN GENERAL.—To be eligible to receive technical assistance, cost-share payments, or incentive payments under the program, a producer of a livestock or agricultural operation shall submit to the Secretary for approval a plan of operations that specifies practices covered under the program, and is based on such terms and conditions, as the Secretary considers necessary to carry out the program, including a description of the practices to be implemented and the purposes to be met by the implementation of the plan, and in the case of confined livestock feeding operations, development and implementation of a comprehensive nutrient management plan.

(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the program and comparable conservation programs.

SEC. 1240F. DUTIES OF THE SECRETARY.

(a) To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of a program plan by—

(1) providing technical assistance in developing and implementing the plan;

(2) providing technical assistance, cost-share payments, or incentive payments for developing and implementing 1 or more practices, as appropriate;

(3) providing the producer with information, education, and training to aid in implementation of the plan; and

(4) encouraging the producer to obtain technical assistance, cost-share payments, or grants from other Federal, State, local, or private sources.

SEC. 1240G. LIMITATION ON PAYMENTS.

(a) IN GENERAL.—Subject to subsection (b), the total amount of cost-share and incentive payments paid to a producer under this chapter shall not exceed—

(1) $30,000 for any fiscal year, regardless of whether the producer has more than 1 contract under this chapter for the fiscal year;

(2) $90,000 for a contract with a term of 3 years;

(3) $120,000 for a contract with a term of 4 years;

(4) $150,000 for a contract with a term of more than 4 years.

(b) ATTRIBUTION.—An individual or entity shall not receive, directly or indirectly, total payments from a single or multiple contracts this chapter that exceed $30,000 for any fiscal year.

(c) EXCEPTION TO ANNUAL LIMIT.—The Secretary may exceed the limitation on the annual amount of a payment to a producer under subsection (a)(1) if the Secretary determines that a larger payment is—

(1) essential to accomplish the land management practice or structural practice for which the payment is made to the producer; and

(2) consistent with the maximization of environmental benefits per dollar expended and the purposes of this chapter.

(d) VERIFICATION.—The Secretary shall identify individuals and entities that are eligible for a payment under the program using social security numbers and taxpayer identification numbers, respectively.

SA 2633. Mr. BOND submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to be lie on the table; as follows:

On page 761, strike line 12 and insert the following:

SEC. 798E. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as amended by section 905(b)) is amended by adding at the end the following:

"SEC. 410. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

''(A) an institution of higher education;

''(B) a nonprofit organization; or

''(C) a consortium of for-profit institutions and agricultural research institutions.

''(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means—

''(A) a historically black land-grant college or university;

''(B) a Hispanic-serving institution (as defined in section 1404 of the National, Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); or

''(C) a tribal college or university that offers a curriculum in agriculture or the biosciences.

''(b) GRANT PROGRAM.—

''(1) IN GENERAL.—The Secretary (acting through the Foreign Agricultural Service) shall establish and administer a program to make competitive grants to eligible entities to develop agricultural biotechnology for developing countries.

''(2) USE OF FUNDS.—Funds provided to an eligible entity under this section may be used for projects that use biotechnology to—

''(A) enhance the nutritional content of agricultural products that can be grown in developing countries;

''(B) increase the yield and safety of agricultural products that can be grown in developing countries;

''(C) increase the yield of agricultural products that are drought- and stress-resistant and that can be grown in developing countries;

''(D) extend the growing range of crops that can be grown in developing countries;

''(E) enhance the shelf-life of fruits and vegetables grown in developing countries;

''(F) develop environmentally sustainable agricultural products that can be grown in developing countries; and

''(G) develop vaccines to immunize against life-threatening illnesses and other medications that can be administered by consuming genetically-engineered agricultural products.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.''

TITLE VIII—FORESTRY

SA 2634. Mr. BOND submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the end of Title VII insert the following:

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as amended by section 905(b)) is amended—

(1) in subsection (c), paragraph (2)—

(A) after sub-paragraph (F), by adding at the end the following: ''(G) agricultural biotechnology research and development for developing countries in cooperation with a qualified institution in the developing country.'';

(B) in sub-paragraph (E), by striking ''and''; and

(C) in sub-paragraph (F), by striking the period at the end and inserting ''; and''.

SA 2635. Mr. BOND submitted an amendment intended to be proposed to

amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the end of Title VII insert the following:

SEC. 798E. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as amended by section 905(b)) is amended by adding at the end the following:

"SEC. 410. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

''(A) an institution of higher education;

''(B) a nonprofit organization; or

''(C) a consortium of for-profit institutions and agricultural research institutions.

''(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means—

''(A) a historically black land-grant college or university;

''(B) a Hispanic-serving institution (as defined in section 1404 of the National, Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); or

''(C) a tribal college or university that offers a curriculum in agriculture or the biosciences.

''(b) GRANT PROGRAM.—

''(1) IN GENERAL.—The Secretary (acting through the Foreign Agricultural Service) shall establish and administer a program to make competitive grants to eligible entities to develop agricultural biotechnology for developing countries.

''(2) USE OF FUNDS.—Funds provided to an eligible entity under this section may be used for projects that use biotechnology to—

''(A) enhance the nutritional content of agricultural products that can be grown in developing countries;

''(B) increase the yield and safety of agricultural products that can be grown in developing countries;

''(C) increase the yield of agricultural products that are drought- and stress-resistant and that can be grown in developing countries;

''(D) extend the growing range of crops that can be grown in developing countries;

''(E) enhance the shelf-life of fruits and vegetables grown in developing countries;

''(F) develop environmentally sustainable agricultural products that can be grown in developing countries; and

''(G) develop vaccines to immunize against life-threatening illnesses and other medications that can be administered by consuming genetically-engineered agricultural products.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.''

TITLE VIII—FORESTRY

SA 2636. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. 165. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND; FOOD STAMP PROGRAM FUNDING INCREASES.

(a) RESTRICTION.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

"SEC. 194. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND.

''(a) DEFINITION OF AGRICULTURAL COMMODITY.—In this section:

''(1) IN GENERAL.—The term 'agricultural commodity' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

''(2) EXCLUSIONS.—The term 'agricultural commodity' does not include forage, livestock, timber, forest products, or hay.

''(b) COMMODITIES.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, except as provided in paragraph (2), the Secretary shall not provide a payment, loan, or other benefit under this title to an owner or producer, with respect to land or a loan commodity planted or considered planted on land during a crop year unless the land has been planted, considered planted, or devoted to an agricultural commodity during —

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year.

''(2) CROP ROTATION.—Paragraph (1) shall not apply to an owner or producer, with respect to any agricultural commodity planted or considered planted, on land if the land—

''(A) has been planted, considered planted, or devoted to an agricultural commodity during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(c) CROP INSURANCE.—Notwithstanding any provision of the Federal Crop Insurance Act (7 U.S.C.1501 et seq.), the Federal Crop Insurance Corporation shall not pay premium subsidies or administrative costs of a reinsured company for insurance regarding a crop insurance policy of a producer under that Act unless, the land that is covered by the insurance policy—

''(1) has been planted, considered planted, or devoted to an agricultural commodity during—

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year; or

''(2)(A) has been planted, considered planted, or devoted to an agricultural commodity during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(d) CONSERVATION RESERVE LAND.—For purposes of this section, land that is enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C.3831 et seq.) shall be considered planted to an agricultural commodity.''.

(b) FOOD STAMP PROGRAM.—

(1) STANDARD DEDUCTION.—Section 5(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(1)) (as amended by section 413) is amended by striking subparagraph (D) and inserting the following:

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for each of fiscal years 2002 through 2006;

''(ii) 8.5 percent for each of fiscal years 2007 and 2008;

''(iii) 9 percent for fiscal year 2009;

''(iv) 9.5 percent for fiscal year 2010; and

''(v) 10 percent for fiscal year 2011 and each fiscal year thereafter.''.

(2) WORK REQUIREMENT.—Section 6(o)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)(2)) (as amended by section 421(a)(2)(A)) is amended by striking ''24-month period'' and inserting ''12-month period (but in the case of each of fiscal years 2002 and 2003, 24-month period)''.

SA 2637. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. 165. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND; FOOD STAMP PROGRAM FUNDING INCREASES.

(a) RESTRICTION.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

"SEC. 194. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND.

''(a) DEFINITION OF AGRICULTURAL COMMODITY.—In this section:

''(1) IN GENERAL.—The term 'agricultural commodity' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

''(2) EXCLUSIONS.—The term 'agricultural commodity' does not include forage, livestock, timber, forest products, or hay.

''(b) COMMODITIES.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, except as provided in paragraph (2), the Secretary shall not provide a payment, loan, or other benefit under this title to an owner or producer, with respect to land or a loan commodity planted or considered planted on land during a crop year unless the land has been planted, considered planted, or devoted to an agricultural commodity during —

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year.

''(2) CROP ROTATION.—Paragraph (1) shall not apply to an owner or producer, with respect to any agricultural commodity planted or considered planted, on land if the land—

''(A) has been planted, considered planted, or devoted to an agricultural commodity

during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(c) CROP INSURANCE.—Notwithstanding any provision of the Federal Crop Insurance Act (7 U.S.C.1501 et seq.), the Federal Crop Insurance Corporation shall not pay premium subsidies or administrative costs of a reinsured company for insurance regarding a crop insurance policy of a producer under that Act unless, the land that is covered by the insurance policy—

''(1) has been planted, considered planted, or devoted to an agricultural commodity during—

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year; or

''(2)(A) has been planted, considered planted, or devoted to an agricultural commodity during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(d) CONSERVATION RESERVE LAND.—For purposes of this section, land that is enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C.3831 et seq.) shall be considered planted to an agricultural commodity.''.

(b) FOOD STAMP PROGRAM.—

(1) EXCLUSION OF LICENSED VEHICLES FROM FINANCIAL RESOURCES.—

(A) IN GENERAL.—Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking subparagraph (C) and inserting the following:

''(C) EXCLUDED VEHICLES.—Financial resources under this paragraph shall not include—

''(i) 1 licensed vehicle per household; and

''(ii) a vehicle (and any other property, real or personal, to the extent that the property is directly related to the maintenance or use of the vehicle) if the vehicle is—

''(I) used to produce earned income;

''(II) necessary for the transportation of a physically disabled household member; or

''(III) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.''.

(B) CONFORMING AMENDMENT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h).

(2) NUTRITION ASSISTANCE FOR ELDERLY INDIVIDUALS.—

(A) RESTORATION OF ELIGIBILITY.—Section 402(a)(2)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(I)) is amended by striking ''who'' and all that follows and inserting the following: ''who—

''(i) is lawfully residing in the United States; and

''(ii) is 65 years of age or older.''.

(B) CONFORMING AMENDMENTS.—

(i) Section 421(d)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)(3)) (as added by section 452(a)(2)(B)) is amended by striking ''section 402(a)(2)(J)'' and inserting ''subparagraph (I) or (J) of section 402(a)(2)''.

(ii) Section 423(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1183a note; Public Law 104–193) is amended by adding at the end the following:

''(12) Benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(iii) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) (as amended by section 452(a)(2)(C)) is amended by inserting before the period at the end the following: ''or is 65 years of age or older''.

(C) APPLICABILITY.—The amendments made by this paragraph shall apply to fiscal year 2004 and each fiscal year thereafter.

SA 2638. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. 165. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND; FOOD STAMP PROGRAM FUNDING INCREASES.

(a) RESTRICTION.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

''SEC. 194. RESTRICTION OF COMMODITY AND CROP INSURANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY CROPPED LAND.

''(a) DEFINITION OF AGRICULTURAL COMMODITY.—In this section:

''(1) IN GENERAL.—The term 'agricultural commodity' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

''(2) EXCLUSIONS.—The term 'agricultural commodity' does not include forage, livestock, timber, forest products, or hay.

''(b) COMMODITIES.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, except as provided in paragraph (2), the Secretary shall not provide a payment, loan, or other benefit under this title to an owner or producer, with respect to land or a loan commodity planted or considered planted on land during a crop year unless the land has been planted, considered planted, or devoted to an agricultural commodity during —

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year.

''(2) CROP ROTATION.—Paragraph (1) shall not apply to an owner or producer, with respect to any agricultural commodity planted or considered planted, on land if the land—

''(A) has been planted, considered planted, or devoted to an agricultural commodity during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(c) CROP INSURANCE.—Notwithstanding any provision of the Federal Crop Insurance Act (7 U.S.C.1501 et seq.), the Federal Crop Insurance Corporation shall not pay premium subsidies or administrative costs of a reinsured company for insurance regarding a crop insurance policy of a producer under that Act unless, the land that is covered by the insurance policy—

''(1) has been planted, considered planted, or devoted to an agricultural commodity during—

''(A) at least 1 of the 5 crop years preceding the 2002 crop year; or

''(B) at least 3 of the 10 crop years preceding the 2002 crop year; or

''(2)(A) has been planted, considered planted, or devoted to an agricultural commodity during at least 1 of the 20 crop years preceding the 2002 crop year; and

''(B) has been maintained, and will continue to be maintained, using long-term crop rotation practices, as determined by the Secretary.

''(d) CONSERVATION RESERVE LAND.—For purposes of this section, land that is enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C.3831 et seq.) shall be considered planted to an agricultural commodity.''.

SA 2639. Mr. SANTORUM (for himself, Mr. DURBIN, Mr. FEINGOLD, Mr. DEWINE, Mr. KOHL, Mr. HATCH, Mrs. CLINTON, and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 2, strike line 11 and all that follows through page 4, line 21, and insert the following:

''(C) for the socialization of dogs intended for sale as pets with other dogs and people, through compliance with a standard developed by the Secretary based on the recommendations of veterinarians and animal welfare and behavior experts that—

''(i) identifies actions that dealers and inspectors shall take to ensure adequate socialization; and

''(ii) identifies a set of behavioral measures that inspectors shall use to evaluate adequate socialization; and

''(D) for addressing the initiation and frequency of breeding of female dogs so that a female dog is not—

''(i) bred before the female dog has reached at least 1 year of age; and

''(ii) whelped more frequently than 3 times in any 24-month period.''.

(b) SUSPENSION OR REVOCATION OF LICENSE, CIVIL PENALTIES, JUDICIAL REVIEW, AND CRIMINAL PENALTIES.—Section 19 of the Animal Welfare Act (7 U.S.C. 2149) is amended—

(1) by striking ''SEC. 19. (a) If the Secretary'' and inserting the following:

''SEC. 19. SUSPENSION OR REVOCATION OF LICENSE, CIVIL PENALTIES, JUDICIAL REVIEW, AND CRIMINAL PENALTIES.

''(a) SUSPENSION OR REVOCATION OF LICENSE.—

''(1) IN GENERAL.—If the Secretary'';

(2) in subsection (a)—

(A) in paragraph (1) (as designated by paragraph (1)), by striking ''if such violation'' and all that follows and inserting ''if the Secretary determines that 1 or more violations have occurred.''; and

(B) by adding at the end the following:

''(2) LICENSE REVOCATION.—If the Secretary finds that any person licensed as a dealer, exhibitor, or operator of an auction sale subject to section 12, has committed a serious violation (as determined by the Secretary) of any rule, regulation, or standard governing the humane handling, transportation, veterinary care, housing, breeding, socialization, feeding, watering, or other humane treatment of dogs under section 12 or 13 on 3 or more separate inspections within any 8-year period, the Secretary shall—

''(A) suspend the license of the person for 21 days; and

''(B) after providing notice and a hearing not more than 30 days after the third violation is noted on an inspection report, revoke the license of the person unless the Secretary makes a written finding that revocation is unwarranted because of extraordinary extenuating circumstances.'';

SA 2640. Mr. DASCHLE (for Mr. KENNEDY (for himself and Mr. GREGG)) proposed an amendment to the concurrent resolution H. Con. Res. 289, directing the Clerk of the House of Representatives to make technical corrections in the enrollment of the bill H.R. 1; as follows:

Strike all after the resolving clause and insert the following: ''That in the enrollment of the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, the Clerk of the House of Representatives shall make the following corrections:

On page 1, in section 2 of the bill, insert the following after the item for section 5:

''Sec. 6. Table of contents of Elementary and Secondary Education Act of 1965.''.

On page 1, in the item for section 401 of the bill, strike ''century'' and insert the following: ''Century''.

On page 1, strike the item for section 701 of the bill and insert the following:

Sec. 701. Indians, Native Hawaiians, and Alaska Natives.

On page 2, in the item for section 1044 of the bill, strike ''school'' and insert the following: ''School''.

On page 4, in the item for section 1121, strike ''secretary'' and ''interior'' and insert the following: ''Secretary'' and ''Interior''.

On page 5, in the item for section 1222, strike ''early reading first'' and insert the following: ''Early Reading First''.

On page 6, in the item for section 1504, strike ''Close up'' and insert the following: ''Close Up''.

On page 6, strike the item for section 1708.

On page 12, in the item for section 5441, strike ''Learning Communities'' and insert the following: ''learning communities''.

On page 14, in the item for section 5596, strike ''mination'' and insert the following: ''Termination''.

On page 25, line 31, strike ''Any'' and insert the following: ''For any''.

On page 25, line 32, after ''part'' insert the following: '', the State educational agency''.

On page 25, line 33, after ''developed'' insert the following: ''by the State educational agency,''.

On page 30, line 3, after ''students'' insert the following: ''(defined as the percentage of students who graduate from secondary school with a regular diploma in the standard number of years)''.

On page 33, after line 35, insert the following:

''(K) ACCOUNTABILITY FOR CHARTER SCHOOLS.—The accountability provisions under this Act shall be overseen for charter schools in accordance with State charter school law.

On page 34, lines 2, 15, and 31, strike ''State'' and insert the following: ''State educational agency''.

On page 38, line 29, strike ''section 6204(c)''and insert the following: ''section 6113(a)(2)''.

On page 39, line 11, strike ''(2)(i)(I)'' and insert the following: ''(2)(I)(i)''.

On page 40, line 22, strike ''State'' and insert the following: ''State educational agency''.

On page 41, lines 28 , 33 (the 2d place it appears), and 35 strike ''State'' and insert the following: ''State educational agency''.

On page 42, lines 8, 19, 23 (each place it appears), and 27, strike ''State'' and insert the following: ''State educational agency''.

On page 44, lines 24 and 35, strike ''State'' and insert the following: ''State educational agency''.

On page 46, lines 6 and 7, strike ''A State shall revise its State plan if' and insert the following: ''A State plan shall be revised by the State educational agency if it is''.

On page 46, lines 12 and 13, strike ''by the State, as necessary,'' and insert the following: ''as necessary by the State educational agency''.

On page 46, lines 15 and 16, strike ''If the State makes significant changes to its State plan'' and insert the following: ''If significant changes are made to a State's plan''.

On page 46, lines 19 and 20, strike ''the State shall submit such information'' and insert the following: ''such information shall be submitted''.

On page 48, line 23, strike ''(b)(2)(B)(vii)'' and insert the following: ''(b)(2)(C)(vi)''.

On page 50, lines 2, 12, and 18, strike ''State'' and insert the following: ''State educational agency''.

On page 52, line 9, strike ''State'' and insert the following: ''State educational agency''.

On page 62, lines 3 and 4, strike ''baseline year described in section 1111(b)(2)(E)(ii)'' and insert the following: ''the end of the 2001–2002 school year''.

On page 90, line 10, strike ''defined by the State'' and insert the following: ''set out in the State's plan''.

On page 94, line 32, strike ''State'' the first place it appears and insert the following: ''State educational agency''.

On page 104, line 25, insert the following: ''identify the local educational agency for improvement or'' before ''subject the local''.

On page 120, line 28, after ''teachers'' insert the following: ''in those schools''.

On page 130, line 34, strike ''subsection (b)'' and insert the following: ''subsection (c)''.

On page 185, lines 24 and 25, strike ''fully qualified'' and insert the following: ''highly qualified''.

On page 227, line 16, strike ''subsection (c)(1)(F)'' and insert the following: ''subsection (c)(1)''.

On page 227, line 17, strike ''9302'' and insert the following: ''9305''.

On page 274, line 23, strike ''States'' and insert the following: ''State''.

On page 274, line 33, strike ''1111(b)'' and insert the following: ''1111(h)(2)''.

On page 275, line 19, insert a period after ''school year''.

On page 276, lines 20 and 25, strike ''supplemental services'' and insert the following: ''supplemental educational services''.

On page 283, line 25, strike ''and'' after the semicolon.

On page 283, line 31, strike ''(d)'' and insert the following: ''(e)''.

On page 284, line 1, strike ''Congress''.

On page 284, line 6, strike ''(e)'' and insert the following: ''(f)''.

On page 290, lines 14 and 22, strike ''section'' and insert the following: ''part''.

On page 293, line 4, strike ''section'' and insert the following: ''part''.

On page 556, line 1, strike ''DEFINITIONS'' and insert the following: ''DEFINITION''.

On page 599, line 23, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 600, line 12, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 601, line 4, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 601, line 9, strike ''DEFINITIONS'' and insert the following: ''DEFINITION''.

On page 601, line 10, strike ''terms 'firearm' and 'school' have'' and insert the following: ''term 'school' has''.

On page 620, line 22, strike ''the No Child Left Behind Act of 2001'' and insert the following: ''under any title of this Act''.

On page 635, line 14, strike ''(b)'' and insert the following: ''(c)''.

On page 635, line 20, strike ''(c)'' and insert the following: ''(d)''.

On page 781, line 32, insert closing quotation marks and a period after the period.

On page 873, line 25, amend the heading for section 701 to read as follows:

SEC. 701 INDIANS, NATIVE HAWAIIANS, AND ALASKA NATIVES.

On page 955, after line 6, insert the following:

TITLE IX—GENERAL PROVISIONS

SEC. 901. GENERAL PROVISIONS.

Title IX (20 U.S.C. 7801 et seq.) is amended to read as follows:

On page 1004, at the end of line 2, insert closed quotation marks and a period.

SA 2641. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike title IV and insert the following:

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Simplification Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. CATEGORICAL ELIGIBILITY FOR RECIPIENTS OF CASH ASSISTANCE.

Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended—

(1) in the second sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''; and

(2) in the third sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''.

SEC. 412. DISREGARDING OF INFREQUENT AND UNANTICIPATED INCOME.

Section 5(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(2)) is amended by striking ''$30'' and inserting ''$100''.

SEC. 413. SIMPLIFIED TREATMENT OF INDIVIDUALS COMPLYING WITH CHILD SUPPORT ORDERS.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''including child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

''(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

''(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).''.

SEC. 414. COORDINATED AND SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for, (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 415. EXCLUSION OF INTEREST AND DIVIDEND INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) (as amended by section 414(2)) is amended by inserting before the period at the end the following: '', and (19) any interest or dividend income received by a member of the household''.

SEC. 416. ALIGNMENT OF STANDARD DEDUCTION WITH POVERTY LINE.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow a standard deduction for each household that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of the income standard of eligibility established under subsection (c)(1); but

''(ii) not less than the minimum deduction specified in subparagraph (E).

''(B) GUAM.—The Secretary shall allow a standard deduction for each household in Guam that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for fiscal year 2002;

''(ii) 8.5 percent for each of fiscal years 2003 through 2005;

''(iii) 9 percent for each of fiscal years 2006 through 2008;

''(iv) 9.5 percent for each of fiscal years 2009 and 2010; and

''(v) 10 percent for each fiscal year thereafter.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

SEC. 417. SIMPLIFIED DEPENDENT CARE DEDUCTION.

Section 5(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(3)) is amended by adding at the end the following:

''(C) STANDARD DEPENDENT CARE ALLOWANCES.—

''(i) ESTABLISHMENT OF ALLOWANCES.—

''(I) IN GENERAL.—In determining the dependent care deduction under this paragraph, in lieu of requiring the household to establish the actual dependent care costs of the household, a State agency may use standard dependent care allowances established under subclause (II) for each dependent for whom the household incurs costs for care.

''(II) AMENDMENT TO STATE PLAN.—A State agency that elects to use standard dependent care allowances under subclause (I) shall submit for approval by the Secretary an amendment to the State plan of operation under section 11(d) that—

''(aa) describes the allowances that the State agency will use; and

''(bb) includes supporting documentation.

''(ii) HOUSEHOLD ELECTION.—

''(I) IN GENERAL.—Except as provided in clause (iii), a household may elect to have the dependent care deduction of the household based on actual dependent care costs rather that the allowances established under clause (i).

''(II) FREQUENCY.—The Secretary may by regulation limit the frequency with which households may make the election described in subclause (I) or reverse the election.

''(iii) MANDATORY DEPENDENT CARE ALLOWANCES.—The State agency may make the use of standard dependent care allowances established under clause (i) mandatory for all households that incur dependent care costs.''.

SEC. 418. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking ''A household'' and inserting the following:

''(i) IN GENERAL.—A household''; and

(B) by adding at the end the following:

''(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 419. SIMPLIFIED DETERMINATION OF UTILITY COSTS.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 418(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 420. SIMPLIFIED DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 421. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 420) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

''(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

''(I) any reported change of residence; or

''(II) under standards prescribed by the Secretary, any change in earned income.''.

SEC. 422. SIMPLIFIED RESOURCE ELIGIBILITY LIMIT.

Section 5(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(1)) is amended by striking ''a member who is 60 years of age or older'' and inserting ''an elderly or disabled member''.

SEC. 423. EXCLUSION OF LICENSED VEHICLES FROM FINANCIAL RESOURCES.

(a) IN GENERAL.—Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended—

(1) in subparagraph (B)—

(A) in clause (iii), by adding ''and'' at the end;

(B) by striking clause (iv); and

(C) by redesignating clause (v) as clause (iv);

(2) by striking subparagraph (C) and inserting the following:

''(C) EXCLUDED VEHICLES.—The Secretary shall exclude from financial resources any licensed vehicle used for household transportation.''; and

(3) by striking subparagraph (D).

(b) CONFORMING AMENDMENT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h).

SEC. 424. EXCLUSION OF RETIREMENT ACCOUNTS FROM FINANCIAL RESOURCES.

Section 5(g)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(B)) (as amended by section 423(a)(1)) is amended by striking clause (iv) and inserting the following:

''(iv) any savings account (other than a retirement account (including an individual account)).''.

SEC. 425. COORDINATED AND SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

''(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

''(i) cash;

''(ii) amounts in any account in a financial institution that are readily available to the household; or

''(iii) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.''.

SEC. 426. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 427. SIMPLIFIED REPORTING SYSTEMS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 428. SIMPLIFIED TIME LIMIT.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''12-month'';

(B) by striking ''3'' and inserting ''6''; and

(C) in subparagraph (D), by striking ''(4), (5), or (6)'' and inserting ''(4), or (5)'';

(2) by striking paragraph (5);

(3) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV), by striking ''; and'' and inserting a period; and

(C) by striking subclause (V); and

(4) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 429. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

''(I) explains how to reactivate the benefits; and

''(II) offers assistance if the household is having difficulty accessing the benefits of the household.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 430. COST-NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 431. SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

''(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

''(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

''(3) ISSUANCE OF ALLOTMENT.—

''(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

''(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

''(4) DEPARTURES OF COVERED RESIDENTS.—

''(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

''(i) notify the State agency promptly on the departure of the resident; and

''(ii) notify the resident, before the departure of the resident, that the resident—

''(I) is eligible for continued benefits under the food stamp program; and

''(II) should contact the State agency concerning continuation of the benefits.

''(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

''(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

''(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

''(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

''(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking ''(i) 'Household' means (1) an'' and inserting the following:

''(i)(1) 'Household' means—

''(A) an'';

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following:

''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking ''the last sentence of section 3(i)'' and inserting ''section 3(i)(5)''.

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking ''the last 2 sentences of section 3(i)'' and inserting ''paragraphs (4) and (5) of section 3(i)''.

SEC. 432. REDEMPTION OF BENEFITS THROUGH GROUP LIVING ARRANGEMENTS.

Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by inserting after the first sentence the following: ''Notwithstanding the preceding sentence, a center, organization, institution, shelter, group living arrangement, or establishment described in that sentence may be authorized to redeem coupons through a financial institution described in that sentence if the center, organization, institution, shelter, group living arrangement, or establishment is equipped with 1 or more point-of-sale devices and is operating in an area in which an electronic benefit transfer system described in section 7(i) has been implemented.''.

SEC. 433. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 1218(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 434. SIMPLIFIED APPLICATION PROCEDURES FOR THE ELDERLY AND DISABLED.

(a) IN GENERAL.—Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended—

(1) in paragraph (1)—

(A) by striking ''income shall be informed'' and inserting the following: ''income shall be—

''(A) informed'';

(B) by striking ''program and be assisted'' and inserting the following: ''program;

''(B) assisted''; and

(C) by striking ''office and be certified'' and inserting the following: ''office; and

''(C) certified''; and

(2) by adding at the end the following:

''(3) DUAL-PURPOSE APPLICATIONS.—

''(A) IN GENERAL.—Under regulations promulgated by the Secretary after consultation with the Commissioner of Social Security, a State agency may enter into a memorandum of understanding with the Commissioner under which an application for supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) from a household composed entirely of applicants for or recipients of those benefits shall also be considered to be an application for benefits under the food stamp program.

''(B) CERTIFICATION; REPORTING REQUIREMENTS.—A household covered by a memorandum of understanding under subparagraph (A)—

''(i) shall be certified based exclusively on information provided to the Commissioner, including such information as the Secretary shall require to be collected under the terms of any memorandum of understanding under this paragraph; and

''(ii) shall not be subject to any reporting requirement under section 6(c).

''(C) EXCEPTIONS TO VALUE OF ALLOTMENT.—The Secretary shall provide by regulation for such exceptions to section 8(a) as are necessary because a household covered by a memorandum of understanding under subparagraph (A) did not complete an application under subsection (e)(2).

''(D) COVERAGE.—In accordance with standards promulgated by the Secretary, a memorandum of understanding under subparagraph (A) need not cover all classes of applicants and recipients referred to in subparagraph (A).

''(E) EXEMPTION FROM CERTAIN APPLICATION PROCEDURES.—In the case of any member of a household covered by a memorandum of understanding under subparagraph (A), the Commissioner shall not be required to comply with—

''(i) subparagraph (B) or (C) of paragraph (1); or

''(ii) subsection (j)(1)(B).

''(F) RIGHT TO APPLY UNDER REGULAR PROGRAM.—The Secretary shall ensure that each household covered by a memorandum of understanding under subparagraph (A) is informed that the household may—

''(i)(I) submit an application under subsection (e)(2); and

''(II) have the eligibility and value of the allotment of the household under the food stamp program determined without regard to this paragraph; or

''(ii) decline to participate in the food stamp program.

''(G) TRANSITION PROVISION.—Notwithstanding the requirement for the promulgation of regulations under subparagraph (A), the Secretary may approve a request from a State agency to enter into a memorandum of understanding in accordance with this paragraph during the period—

''(i) beginning on the date of enactment of this paragraph; and

''(ii) ending on the earlier of—

''(I) the date of promulgation of the regulations; or

''(II) the date that is 3 years after the date of enactment of this paragraph.''.

(b) CONFORMING AMENDMENTS.—Section 11(j)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)(1)) is amended—

(1) by striking ''shall be informed'' and inserting the following: ''shall be—

''(A) informed''; and

(2) by striking ''program and informed'' and inserting the following: ''program; and

''(B) informed''.

SEC. 435. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a

household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

''(A) the change in household income as a result of the termination of cash assistance; and

''(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require the household to cooperate in a redetermination of eligibility; and

''(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

''(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

''(A) loses eligibility under section 6;

''(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

''(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 436. QUALITY CONTROL.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025 c) is amended—

(1) by striking ''(c)(1) The'' and all that follows through the end of paragraph (1) and inserting the following:

''(c) QUALITY CONTROL.—

''(1) IN GENERAL.—The food stamp program shall include a system to enhance payment accuracy that has the following elements:

''(A) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

''(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

''(i) the value of all allotments issued by the State agency in the fiscal year;

''(ii) the lesser of—

''(I) the ratio that—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

''(bb) 10 percent; or

''(II) 1; and

''(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.'';

(2) in paragraph (2)(A), by inserting before the semicolon the following: '', as adjusted downward as appropriate under paragraph (10)'';

(3) in the first sentence of paragraph (4), by striking '', enhanced administrative funding,'' and all that follows and inserting ''under this subsection, high performance bonus payment under paragraph (11), or claim for payment error under paragraph (1).'';

(4) in the first sentence of paragraph (5), by striking ''to establish'' and all that follows and inserting the following: ''to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of any high performance bonus payment of the State agency under paragraph (11) or claim under paragraph (1).'';

(5) in the first sentence of paragraph (6), by striking ''incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C),'' and inserting ''claims under paragraph (1),''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) IN GENERAL.—

''(i) FISCAL YEAR 2002.—Subject to clause (ii), for fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to eliminate any increases in errors that result from the State agency's serving a higher percentage of households with earned income, households with 1 or more members who are not United States citizens, or both, than the lesser of, as the case may be—

''(I) the percentage of households of the corresponding type that receive food stamps nationally; or

''(II) the percentage of—

''(aa) households with earned income that received food stamps in the State in fiscal year 1992; or

''(bb) households with members who are not United States citizens that received food stamps in the State in fiscal year 1998.

''(ii) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in clause (i) shall apply to the State agency for the fiscal year.

''(B) CONTINUATION OR MODIFICATION OF ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may determine whether the continuation or modification of the adjustments described in subparagraph (A)(i) or the substitution of other adjustments is most consistent with achieving the purposes of this Act.''.

(b) CONFORMING AMENDMENT.—Section 22(h) of the Food Stamp Act of 1977 (7 U.S.C. 2031(h)) is amended by striking the last sentence.

(c) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 437. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 438. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 436(a)(6)) is amended—

(1) in the first sentence of paragraph (1), by striking ''enhanced administrative funding to States with the lowest error rates.'' and inserting ''bonus payments to States that demonstrate high levels of performance.''; and

(2) by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—For each fiscal year, the Secretary shall—

''(i) measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

''(ii) subject to subparagraph (D), make high performance bonus payments to the State agencies with the highest achievement with respect to those performance measures.

''(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

''(i)(I) the greatest dollar amount of total claims collected in the fiscal year as a proportion of the overpayment dollar amount in the previous fiscal year; and

''(II) the greatest percentage point improvement under clause (i)(I) from the previous fiscal year to the fiscal year;

''(ii) the greatest improvement from the previous fiscal year to the fiscal year in the ratio, expressed as a percentage, that—

''(I) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

''(bb) are eligible for food stamp benefits; and

''(cc) receive food stamps benefits; bears to

''(II) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as so defined); and

''(bb) are eligible for food stamp benefits;

''(iii) the lowest overpayment error rate;

''(iv) the greatest percentage point improvement from the previous fiscal year to the fiscal year in the overpayment error rate;

''(v) the lowest negative error rate;

''(vi) the greatest percentage point improvement from the previous year to the fiscal year in the negative error rate;

''(vii) the lowest underpayment error rate;

''(viii) the greatest percentage point improvement from the previous year to the fiscal year in the underpayment error rate;

''(ix) the greatest percentage of new applications processed within the deadlines established under paragraphs (3) and (9) of section 11(e); and

''(x) the least average period of time needed to process applications under paragraphs (3) and (9) of section 11(e).

''(C) HIGH PERFORMANCE BONUS PAYMENTS.—

''(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(5)(A).

''(ii) AMOUNT OF PAYMENTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary shall—

''(aa) make 1 high performance bonus payment of $10,000,000 for each of the 10 performance measures under subparagraph (B); and

''(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

''(II) PAYMENT FOR PERFORMANCE MEASURE CONCERNING CLAIMS COLLECTED.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under subparagraph (B)(i) among the 20 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(III) PAYMENTS FOR OTHER PERFORMANCE MEASURES.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under each of clauses (ii) through (x) of subparagraph (B) among the 10 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(iii) DETERMINATION OF HIGHEST PERFORMERS.—

''(I) IN GENERAL.—In determining the highest performers under clause (ii), the Secretary shall calculate applicable percentages to 2 decimal places.

''(II) DETERMINATION IN EVENT OF A TIE.—If, under subclause (I), 2 or more State agencies have the same percentage with respect to a performance measure, the Secretary shall calculate the percentage for the performance measure to as many decimal places as are necessary to determine which State agency has the greatest percentage.

''(D) LIMITATIONS FOR STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1)—

''(i) the State agency shall not be eligible for a high performance bonus payment under clause (iii), (iv), (vii), or (viii) of subparagraph (B) for the fiscal year; and

''(ii) the State agency shall not receive a high performance bonus payment for which the State agency is otherwise eligible under this paragraph for the fiscal year until the obligation of the State agency under the sanction has been satisfied (as determined by the Secretary).

''(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to fiscal year 2003 and each fiscal year thereafter.

SEC. 439. SIMPLIFIED FUNDING RULES FOR EMPLOYMENT AND TRAINING PROGRAMS.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking '', to remain available until expended,''; and

(B) by striking clause (vii) and inserting the following:

''(vii) to remain available until expended—

''(I) for fiscal year 2002, $122,000,000;

''(II) for fiscal year 2003, $129,000,000;

''(III) for fiscal year 2004, $135,000,000;

''(IV) for fiscal year 2005, $142,000,000; and

''(V) for fiscal year 2006, $149,000,000.'';

(2) by striking subparagraph (B) and inserting the following:

''(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

''(i) is determined and adjusted by the Secretary; and

''(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).''; and

(3) by striking subparagraphs (E) through (G).

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''an amount not less than $25 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''the limit established by the State agency under section 6(d)(4)(I)(i)(I)''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this act.

SEC. 440. REAUTHORIZATION OF FOOD STAMP PROGRAM.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 441. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 442. EXEMPTION OF WAIVERS FROM COST-NEUTRALITY REQUIREMENT.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

''(E) COST NEUTRALITY.—

''(i) REQUIREMENTS FOR WAIVERS.—

''(I) ESTIMATION OF COSTS AND SAVINGS OF WAIVERS.—Before approving a waiver for any demonstration project proposed under this subsection, the Secretary shall estimate the costs or savings likely to result from the waiver.

''(II) APPROVAL OF WAIVERS.—The Secretary shall not approve any waiver that the Secretary estimates will increase costs to the Federal Government unless—

''(aa) exigent circumstances require the approval of the waiver;

''(bb) the increase in costs is insignificant; or

''(cc) the increase in costs is necessary for a designated research demonstration project under clause (ii).

''(III) MULTIYEAR COST NEUTRALITY.—A waiver shall not be considered to increase costs to the Federal Government based on the impact of the waiver in any 1 fiscal year if the waiver is not expected to increase costs to the Federal Government over any 3-fiscal year period that includes the fiscal year.

''(ii) EXEMPTION FROM COST-NEUTRALITY REQUIREMENT FOR CERTAIN PROJECTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary may designate research demonstration projects that—

''(aa) have a substantial likelihood of producing information on important issues of food stamp program design or operation; and

''(bb) the Secretary estimates are likely to increase costs to the Federal Government by a total of not more than $50,000,000 during the period of fiscal years 2002 through 2006.

''(II) EXEMPTION.—A project described in subclause (I) shall be exempt from clause (i).

''(iii) OFFSETS IN OTHER PROGRAMS.—In making determinations of costs to the Federal Government under this subparagraph, the Secretary shall estimate and consider savings to the Federal Government in other programs in such a manner as the Secretary determines to be appropriate.

''(iv) NO LOOK-BACK.—The Secretary shall not be required to adjust any estimate made under this subparagraph to reflect the actual costs of a demonstration project as implemented by a State agency.''.

SEC. 443. PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.

(a) ENHANCED WAIVER AUTHORITY.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (e) and inserting the following:

''(e) PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.—

''(1) IN GENERAL.—With the approval of the Secretary, not more than 5 State agencies may carry out demonstration projects to test, for a period of not more than 3 years, promising approaches to simplifying the food stamp program.

''(2) TYPES OF DEMONSTRATION PROJECTS.—Each demonstration project under paragraph (1) shall test changes in food stamp program rules in not more than 1 of the following 2 areas:

''(A)(i) Reporting requirements under section 6(c).

''(ii) Verification methods under section 11(e)(3) (including reliance on data from preceding periods that can be obtained or verified electronically).

''(iii) A combination of reporting requirements and verification methods.

''(B) The income standard of eligibility established under section 5(c)(1), deductions under section 5(e), and income budgeting procedures under section 5(f).

''(3) SELECTION OF DEMONSTRATION PROJECTS.—

''(A) IN GENERAL.—The Secretary shall establish a competitive process to select, from all projects proposed by State agencies, the demonstration projects to be carried out under this subsection based on which projects have the greatest likelihood of producing useful information on important issues of food stamp program design or operation, as determined by the Secretary.

''(B) GOALS.—In selecting demonstration projects, the Secretary shall seek, at a minimum, to achieve a balance between—

''(i) simplifying the food stamp program;

''(ii) reducing administrative burdens on State agencies, households, and other individuals and entities;

''(iii) providing nutrition assistance to individuals most in need; and

''(iv) improving access to nutrition assistance.

''(C) PROJECTS NOT ELIGIBLE FOR SELECTION.—The Secretary shall not select any demonstration project under this subsection that the Secretary determines does not have a strong likelihood of producing useful information on important issues of food stamp program design or operation.

''(D) DIVERSITY OF APPROACHES AND AREAS.—In selecting demonstration projects to be carried out under this subsection, the Secretary shall seek to include—

''(i) projects that take diverse approaches;

''(ii) at least 1 project that will operate in an urban area; and

''(ii) at least 1 project that will operate in a rural area.

''(E) MAXIMUM AGGREGATE COST OF PROJECTS.—The estimated aggregate cost of projects selected by the Secretary under this subsection shall not exceed $90,000,000.

''(4) SIZE OF AREA.—Each demonstration project selected under this subsection shall be carried out in an area that contains not more than the greater of—

''(A) one-third of the total households receiving allotments in the State; or

''(B) the minimum number of households needed to measure the effects of the demonstration projects.

''(5) EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall provide, through contract or other means, for detailed, statistically valid evaluations to be conducted of each demonstration project carried out under this subsection.

''(B) MINIMUM REQUIREMENTS.—Each evaluation under subparagraph (A)—

''(i) shall include the study of control groups or areas; and

''(ii) shall analyze, at a minimum, the effects of the project design on—

''(I) costs of the food stamp program;

''(II) State administrative costs;

''(III) the integrity of the food stamp program, including errors as measured under section 16(c);

''(IV) participation by households in need of nutrition assistance; and

''(V) changes in allotment levels experienced by—

''(aa) households of various income levels;

''(bb) households with elderly, disabled, and employed members;

''(cc) households with high shelter costs relative to the incomes of the households; and

''(dd) households receiving subsidized housing, child care, or health insurance.

''(C) FUNDING.—From funds made available to carry out this Act, the Secretary shall reserve not more than $6,000,000 to conduct evaluations under this paragraph.

''(6) REPORT TO CONGRESS.—Not later than January 1, 2006, the Secretary shall submit to Congress a report on the impact of the demonstration projects carried out under this subsection on the food stamp program, including the effectiveness of the demonstration projects in—

''(A) delivering nutrition assistance to households most at risk; and

''(B) reducing administrative burdens.''.

(b) CONFORMING AMENDMENT.—Section 17(b)(1)(B)(iv)(III)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(ii)) is amended by striking ''paragraph'' and inserting ''section''.

SEC. 444. CONSOLIDATED BLOCK GRANTS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''the Commonwealth of Puerto Rico'' and inserting ''governmental entities specified in subparagraph (D)'';

(B) in clause (ii), by striking ''and'' at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

''(iii) for fiscal year 2002, $1,356,000,000; and

''(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B), by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(3) by adding at the end the following:

''(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

''(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

''(i) the Commonwealth of Puerto Rico; and

''(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.''.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

SEC. 445. EXPANDED AVAILABILITY OF COMMODITIES.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''From amounts'' and inserting the following:

''(1) IN GENERAL.—From amounts'';

(B) by striking ''for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 of'' and inserting ''the Secretary shall use the amount specified in paragraph (2) to purchase''; and

(C) by adding at the end the following:

''(2) AMOUNTS.—The amounts specified in this paragraph are—

''(A) for each of fiscal years 1997 through 2001, $100,000,000; and

''(B) for each of fiscal years 2002 through 2006, $140,000,000.''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—

''(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

''(A) commodities purchased by the Secretary under subsection (a); and

''(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

''(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

''(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

''(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''2002'' and inserting ''2006'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

SEC. 452. WORK REQUIREMENT FOR LEGAL IMMIGRANTS.

(a) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in paragraph (3)(B), 16)''.

(b) CONFORMING AMENDMENTS.—

(1) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)), 16)''.

(2) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(3) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B), 16)''.

SEC. 453. QUALIFIED ALIENS.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to any individual who has continuously resided in the United States as a qualified alien for a period of 5 years or more.''.

SEC. 454. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 455. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 456. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 457. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 459. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title (other than subtitle C) take effect on July 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement the amendments until October 1, 2002.

Subtitle C—Commodity Progrrams

SEC. 471. DEFINITION OF LOAN COMMODITY.

Section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202) (as amended by section 101) is amended by striking paragraph (9) and inserting the following:

''(9) LOAN COMMODITY.—The term 'loan commodity' means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, rice, and oilseeds.''.

SEC. 472. INCOME PROTECTION PRICES FOR COUNTER-CYCLICAL PAYMENTS.

Section 114(c) of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 111) is amended by striking paragraph (2) and inserting the following:

''(2) INCOME PROTECTION PRICES.—The income protection prices for contract commodities under paragraph (1)(A) are as follows:

''(A) Wheat, $3.03 per bushel.

''(B) Corn, $2.16 per bushel.

''(C) Grain sorghum, $2.16 per bushel.

''(D) Barley, $1.85 per bushel.

''(E) Oats, $1.26 per bushel.

''(F) Upland cotton, $0.6492 per pound.

''(G) Rice, $8.95 per hundredweight.

''(H) Soybeans, $5.47 per bushel.

''(I) Oilseeds (other than soybeans), $0.103 per pound.''.

SEC. 473. FARM COUNTER-CYCLICAL SAVINGS ACCOUNTS.

Subtitle B of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211 et seq.) is amended by adding at the end the following:

''SEC. 119. FARM COUNTER-CYCLICAL SAVINGS ACCOUNTS.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED GROSS REVENUE.—The term 'adjusted gross revenue' means the adjusted gross income for all agricultural enterprises of a producer in a year, excluding revenue earned from nonagricultural sources, as determined by the Secretary—

''(A) by taking into account gross receipts from the sale of crops and livestock on all agricultural enterprises of the producer, including insurance indemnities resulting from losses in the agricultural enterprises;

''(B) by including all farm payments paid by the Secretary for all agricultural enterprises of the producer, including any marketing loan gains described in section 1001(3)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(3)(A));

''(C) by deducting the cost or basis of livestock or other items purchased for resale, such as feeder livestock, on all agricultural enterprises of the producer; and

''(D) as represented on—

''(i) a schedule F of the Federal income tax returns of the producer; or

''(ii) a comparable tax form related to the agricultural enterprises of the producer, as approved by the Secretary.

''(2) AGRICULTURAL ENTERPRISE.—The term 'agricultural enterprise' means the production and marketing of all agricultural commodities (including livestock but excluding tobacco) on a farm or ranch.

''(3) AVERAGE ADJUSTED GROSS REVENUE.—The term 'average adjusted gross revenue' means—

''(A) the average of the adjusted gross revenue of a producer for each of the preceding 5 taxable years; or

''(B) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, the estimated income of the producer that will be earned from all agricultural enterprises for the applicable year, as determined by the Secretary.

''(4) PRODUCER.—The term 'producer' means an individual or entity, as determined by the Secretary for an applicable year, that—

''(A) shares in the risk of producing, or provides a material contribution in producing, an agricultural commodity for the applicable year;

''(B) has a substantial beneficial interest in the agricultural enterprise in which the agricultural commodity is produced;

''(C)(i) during each of the preceding 5 taxable years, has filed—

''(I) a schedule F of the Federal income tax returns; or

''(II) a comparable tax form related to the agricultural enterprises of the individual or entity, as approved by the Secretary; or

''(ii) is a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, as determined by the Secretary; and

''(D)(i) has earned at least $20,000 in average adjusted gross revenue for each of the preceding 5 taxable years;

''(ii) is a limited resource farmer or rancher, as determined by the Secretary; or

''(iii) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, has at least $20,000 in estimated income from all agricultural enterprises for the applicable year, as determined by the Secretary.

''(b) ESTABLISHMENT.—A producer may establish a farm counter-cyclical savings account in the name of the producer in a bank or financial institution selected by the producer and approved by the Secretary.

''(c) CONTENT OF ACCOUNT.—A farm counter-cyclical savings account shall consist of—

''(1) contributions of the producer; and

''(2) matching contributions of the Secretary.

''(d) PRODUCER CONTRIBUTIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), a producer may deposit such amounts in the account of the producer as the producer considers appropriate.

''(2) MAXIMUM ACCOUNT BALANCE.—The balance of an account of a producer may not exceed 150 percent of the average adjusted gross revenue of the producer.

''(e) MATCHING CONTRIBUTIONS.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (4), the Secretary shall provide a matching contribution that is equal to, and may not exceed, the amount deposited by the producer into the account.

''(2) MAXIMUM MATCHING CCONTRIBUTIONS BY SECRETARY.—The amount of matching contributions that may be provided by the Secretary for an individual producer under this subsection shall not exceed $10,000 in any year.

''(3) MAXIMUM CONTRIBUTIONS FOR ALL PRODUCERS.—

''(A) IN GENERAL.—The total amount of matching contributions that may be provided by the Secretary for all producers under this subsection shall not exceed—

''(i) $900,000,000 for fiscal year 2002;

''(ii) $1,400,000,000 for fiscal year 2003; and

''(iii) $1,500,000,000 for each of fiscal years 2004 through 2006.

''(B) AVAILABILITY OF FUNDS.—

''(i) IN GENERAL.—Funds made available under subparagraph (A) shall remain available until expended.

''(ii) EFFECT OF CARRYOVER.—Any funds carried over from 1 fiscal year to another fiscal year shall be in addition to funds made available under subparagraph (A).

''(4) DATE FOR MATCHING CONTRIBUTIONS.—The Secretary shall provide the matching contributions for an applicable year required for a producer under paragraph (1) as of the date that a majority of the covered commodities grown by the producer are harvested.

''(f) INTEREST.—Funds deposited into the account may earn interest at the commercial rates provided by the bank or financial institution in which the Account is established.

''(g) USE.—Funds credited to the account—

''(1) shall be available for withdrawal by a producer, in accordance with subsection (h); and

''(2) may be used for purposes determined by the producer.

''(h) WITHDRAWAL.—

''(1) IN GENERAL.—Subject to paragraph (2), a producer may withdraw funds from the account if the estimated adjusted gross revenue of the producer for the applicable year is less than the average adjusted gross revenue of the producer.

''(2) RETIREMENT.—A producer that ceases to be actively engaged in farming, as determined by the Secretary—

''(A) may withdraw the full balance from, and close, the account; and

''(B) may not establish another account.''.

SEC. 474. LOAN RATES FOR MARKETING ASSISTANCE LOANS.

(a) IN GENERAL.—Section 132 of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 123(a)) is amended to read as follows:

''SEC. 132. LOAN RATES.

''(a) WHEAT.—

''(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 for wheat shall be—

''(A) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(B) not more than $2.58 per bushel.

''(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

''(A) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

''(B) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

''(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

''(b) FEED GRAINS.—

''(1) LOAN RATE FOR CORN AND GRAIN SORGHUM.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 for corn and grain sorghum shall be—

''(A) not less than 85 percent of the simple average price received by producers of corn or grain sorghum, respectively, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the covered commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(B) not more than $1.89 per bushel.

''(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn or grain sorghum to total use for the marketing year will be—

''(A) equal to or greater than 25 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 10 percent in any year;

''(B) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 5 percent in any year; or

''(C) less than 12.5 percent, the Secretary may not reduce the loan rate for the covered commodity for the corresponding crop.

''(3) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 131 for barley and oats shall be—

''(A) established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn; but

''(B) not more than—

''(i) $1.65 per bushel for barley; and

''(ii) $1.21 per bushel for oats.

''(c) UPLAND COTTON.—

''(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

''(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

''(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the crop is planted, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year preceding the year in which the crop is planted between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

''(2) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

''(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 131 for extra long staple cotton shall be $0.7965 per pound.

''(e) RICE.—The loan rate for a marketing assistance loan under section 131 for rice shall be $6.50 per hundredweight.

''(f) OILSEEDS.—

''(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 131 for soybeans shall be—

''(A) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(B) not more than $4.92 per bushel.

''(2) OTHER OILSEEDS.—The loan rate for a marketing assistance loan under section 131 for each oilseed (other than soybeans) shall be—

''(A) not less than 85 percent of the simple average price received by producers of the oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

''(B) not more than $0.093 per pound.''.

(b) ADJUSTMENT OF LOANS.—

(1) IN GENERAL.—The amendment made by section 123(b) is repealed.

(2) APPLICABILITY.—Section 162 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282) shall be applied and administered as if the amendment made by section 123(b) had not been enacted.

SEC. 475. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle take effect on the date of enactment of this Act.

SA 2642. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 707, strike line 16 and all that follows through page 708, line 20, and insert the following:

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is amended—

(1) by striking subsection (b) and inserting the following:

''(b) FUNDING.—

''(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section—

''(A) not later than 30 days after the date of enactment of this subparagraph, $240,000,000; and

''(B) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $360,000,000.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''; and

(2) in subsection (e), by adding at the end the following:

''(3) MINORITY-SERVING INSTITUTIONS.—The Secretary shall consider reserving, to the maximum extent practicable, 10 percent of the funds made available to carry out this section for a fiscal year for grants to minority-serving institutions.''.

SA 2643. Mr. LUGAR submitted an amendment intended to be proposed by

him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 707, strike line 16 and all that follows through page 708, line 20, and insert the following:

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

(a) IN GENERAL.—Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is amended—

(1) by striking subsection (b) and inserting the following:

''(b) FUNDING.—

''(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section—

''(A) not later than 30 days after the date of enactment of this subparagraph, $240,000,000; and

''(B) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $360,000,000.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''; and

(2) in subsection (e), by adding at the end the following:

''(3) MINORITY-SERVING INSTITUTIONS.—The Secretary shall consider reserving, to the maximum extent practicable, 10 percent of the funds made available to carry out this section for a fiscal year for grants to minority-serving institutions.''.

(b) OFFSET.—Section 158G of the Federal Agriculture Improvement and Reform Act of 1996 (as added by section 151(a)) shall have no effect.

SA 2644. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike title IV and insert the following:

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Simplification Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. CATEGORICAL ELIGIBILITY FOR RECIPIENTS OF CASH ASSISTANCE.

Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended—

(1) in the second sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''; and

(2) in the third sentence, by striking ''receives benefits'' and inserting ''receives cash assistance''.

SEC. 412. DISREGARDING OF INFREQUENT AND UNANTICIPATED INCOME.

Section 5(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(2)) is amended by striking ''$30'' and inserting ''$100''.

SEC. 413. SIMPLIFIED TREATMENT OF INDIVIDUALS COMPLYING WITH CHILD SUPPORT ORDERS.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''including child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

''(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

''(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).''.

SEC. 414. COORDINATED AND SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 415. EXCLUSION OF INTEREST AND DIVIDEND INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) (as amended by section 414(2)) is amended by inserting before the period at the end the following: '', and (19) any interest or dividend income received by a member of the household''.

SEC. 416. ALIGNMENT OF STANDARD DEDUCTION WITH POVERTY LINE.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow a standard deduction for each household that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of the income standard of eligibility established under subsection (c)(1); but

''(ii) not less than the minimum deduction specified in subparagraph (E).

''(B) GUAM.—The Secretary shall allow a standard deduction for each household in Guam that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for fiscal year 2002;

''(ii) 8.5 percent for each of fiscal years 2003 through 2005;

''(iii) 9 percent for each of fiscal years 2006 through 2008;

''(iv) 9.5 percent for each of fiscal years 2009 and 2010; and

''(v) 10 percent for each fiscal year thereafter.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

SEC. 417. SIMPLIFIED DEPENDENT CARE DEDUCTION.

Section 5(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(3)) is amended by adding at the end the following:

''(C) STANDARD DEPENDENT CARE ALLOWANCES.—

''(i) ESTABLISHMENT OF ALLOWANCES.—

''(I) IN GENERAL.—In determining the dependent care deduction under this paragraph, in lieu of requiring the household to establish the actual dependent care costs of the household, a State agency may use

standard dependent care allowances established under subclause (II) for each dependent for whom the household incurs costs for care.

''(II) AMENDMENT TO STATE PLAN.—A State agency that elects to use standard dependent care allowances under subclause (I) shall submit for approval by the Secretary an amendment to the State plan of operation under section 11(d) that—

''(aa) describes the allowances that the State agency will use; and

''(bb) includes supporting documentation.

''(ii) HOUSEHOLD ELECTION.—

''(I) IN GENERAL.—Except as provided in clause (iii), a household may elect to have the dependent care deduction of the household based on actual dependent care costs rather that the allowances established under clause (i).

''(II) FREQUENCY.—The Secretary may by regulation limit the frequency with which households may make the election described in subclause (I) or reverse the election.

''(iii) MANDATORY DEPENDENT CARE ALLOWANCES.—The State agency may make the use of standard dependent care allowances established under clause (i) mandatory for all households that incur dependent care costs.''.

SEC. 418. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking ''A household'' and inserting the following:

''(i) IN GENERAL.—A household''; and

(B) by adding at the end the following:

''(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 419. SIMPLIFIED DETERMINATION OF UTILITY COSTS.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 418(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 420. SIMPLIFIED DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 421. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 420) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

''(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

''(I) any reported change of residence; or

''(II) under standards prescribed by the Secretary, any change in earned income.''.

SEC. 422. SIMPLIFIED RESOURCE ELIGIBILITY LIMIT.

Section 5(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(1)) is amended by striking ''a member who is 60 years of age or older'' and inserting ''an elderly or disabled member''.

SEC. 423. EXCLUSION OF LICENSED VEHICLES FROM FINANCIAL RESOURCES.

(a) IN GENERAL.—Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended—

(1) in subparagraph (B)—

(A) in clause (iii), by adding ''and'' at the end;

(B) by striking clause (iv); and

(C) by redesignating clause (v) as clause (iv);

(2) by striking subparagraph (C) and inserting the following:

''(C) EXCLUDED VEHICLES.—The Secretary shall exclude from financial resources any licensed vehicle used for household transportation.''; and

(3) by striking subparagraph (D).

(b) CONFORMING AMENDMENT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h).

SEC. 424. EXCLUSION OF RETIREMENT ACCOUNTS FROM FINANCIAL RESOURCES.

Section 5(g)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(B)) (as amended by section 423(a)(1)) is amended by striking clause (iv) and inserting the following:

''(iv) any savings account (other than a retirement account (including an individual account)).''.

SEC. 425. COORDINATED AND SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

''(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

''(i) cash;

''(ii) amounts in any account in a financial institution that are readily available to the household; or

''(iii) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.''.

SEC. 426. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 427. SIMPLIFIED REPORTING SYSTEMS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 428. SIMPLIFIED TIME LIMIT.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''12-month'';

(B) by striking ''3'' and inserting ''6''; and

(C) in subparagraph (D), by striking ''(4), (5), or (6)'' and inserting ''(4), or (5)'';

(2) by striking paragraph (5);

(3) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV), by striking ''; and'' and inserting a period; and

(C) by striking subclause (V); and

(4) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 429. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

''(I) explains how to reactivate the benefits; and

''(II) offers assistance if the household is having difficulty accessing the benefits of the household.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 430. COST-NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 431. SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

''(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

''(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

''(3) ISSUANCE OF ALLOTMENT.—

''(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

''(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

''(4) DEPARTURES OF COVERED RESIDENTS.—

''(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

''(i) notify the State agency promptly on the departure of the resident; and

''(ii) notify the resident, before the departure of the resident, that the resident—

''(I) is eligible for continued benefits under the food stamp program; and

''(II) should contact the State agency concerning continuation of the benefits.

''(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

''(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

''(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

''(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

''(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking ''(i) 'Household' means (1) an'' and inserting the following:

''(i)(1) 'Household' means—

''(A) an'';

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following:

''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking ''the last sentence of section 3(i)'' and inserting ''section 3(i)(5)''.

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking ''the last 2 sentences of section 3(i)'' and inserting ''paragraphs (4) and (5) of section 3(i)''.

SEC. 432. REDEMPTION OF BENEFITS THROUGH GROUP LIVING ARRANGEMENTS.

Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by inserting after the first sentence the following: ''Notwithstanding the preceding sentence, a center, organization, institution, shelter, group living arrangement, or establishment described in that sentence may be authorized to redeem coupons through a financial institution described in that sentence if the center, organization, institution, shelter, group living arrangement, or establishment is equipped with 1 or more point-of-sale devices and is operating in an area in which an electronic benefit transfer system described in section 7(i) has been implemented.''.

SEC. 433. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 1218(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 434. SIMPLIFIED APPLICATION PROCEDURES FOR THE ELDERLY AND DISABLED.

(a) IN GENERAL.—Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended—

(1) in paragraph (1)—

(A) by striking ''income shall be informed'' and inserting the following: ''income shall be—

''(A) informed'';

(B) by striking ''program and be assisted'' and inserting the following: ''program;

''(B) assisted''; and

(C) by striking ''office and be certified'' and inserting the following: ''office; and

''(C) certified''; and

(2) by adding at the end the following:

''(3) DUAL-PURPOSE APPLICATIONS.—

''(A) IN GENERAL.—Under regulations promulgated by the Secretary after consultation with the Commissioner of Social Security, a State agency may enter into a memorandum of understanding with the Commissioner under which an application for supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) from a household composed entirely of applicants for or recipients of those benefits shall also be considered to be an application for benefits under the food stamp program.

''(B) CERTIFICATION; REPORTING REQUIREMENTS.—A household covered by a memorandum of understanding under subparagraph (A)—

''(i) shall be certified based exclusively on information provided to the Commissioner, including such information as the Secretary shall require to be collected under the terms of any memorandum of understanding under this paragraph; and

''(ii) shall not be subject to any reporting requirement under section 6(c).

''(C) EXCEPTIONS TO VALUE OF ALLOTMENT.—The Secretary shall provide by regulation for such exceptions to section 8(a) as are necessary because a household covered by a memorandum of understanding under subparagraph (A) did not complete an application under subsection (e)(2).

''(D) COVERAGE.—In accordance with standards promulgated by the Secretary, a memorandum of understanding under subparagraph (A) need not cover all classes of applicants and recipients referred to in subparagraph (A).

''(E) EXEMPTION FROM CERTAIN APPLICATION PROCEDURES.—In the case of any member of a household covered by a memorandum of understanding under subparagraph (A), the Commissioner shall not be required to comply with—

''(i) subparagraph (B) or (C) of paragraph (1); or

''(ii) subsection (j)(1)(B).

''(F) RIGHT TO APPLY UNDER REGULAR PROGRAM.—The Secretary shall ensure that each household covered by a memorandum of understanding under subparagraph (A) is informed that the household may—

''(i)(I) submit an application under subsection (e)(2); and

''(II) have the eligibility and value of the allotment of the household under the food stamp program determined without regard to this paragraph; or

''(ii) decline to participate in the food stamp program.

''(G) TRANSITION PROVISION.—Notwithstanding the requirement for the promulgation of regulations under subparagraph (A), the Secretary may approve a request from a State agency to enter into a memorandum of understanding in accordance with this paragraph during the period—

''(i) beginning on the date of enactment of this paragraph; and

''(ii) ending on the earlier of—

''(I) the date of promulgation of the regulations; or

''(II) the date that is 3 years after the date of enactment of this paragraph.''.

(b) CONFORMING AMENDMENTS.—Section 11(j)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)(1)) is amended—

(1) by striking ''shall be informed'' and inserting the following: ''shall be—

''(A) informed''; and

(2) by striking ''program and informed'' and inserting the following: ''program; and

''(B) informed''.

SEC. 435. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

''(A) the change in household income as a result of the termination of cash assistance; and

''(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require the household to cooperate in a redetermination of eligibility; and

''(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

''(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

''(A) loses eligibility under section 6;

''(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

''(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 436. QUALITY CONTROL.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended—

(1) by striking ''(c)(1) The'' and all that follows through the end of paragraph (1) and inserting the following:

''(c) QUALITY CONTROL.—

''(1) IN GENERAL.—The food stamp program shall include a system to enhance payment accuracy that has the following elements:

''(A) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

''(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

''(i) the value of all allotments issued by the State agency in the fiscal year;

''(ii) the lesser of—

''(I) the ratio that—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

''(bb) 10 percent; or

''(II) 1; and

''(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.'';

(2) in paragraph (2)(A), by inserting before the semicolon the following: '', as adjusted downward as appropriate under paragraph (10)'';

(3) in the first sentence of paragraph (4), by striking '', enhanced administrative funding,'' and all that follows and inserting ''under this subsection, high performance bonus payment under paragraph (11), or

claim for payment error under paragraph (1).'';

(4) in the first sentence of paragraph (5), by striking ''to establish'' and all that follows and inserting the following: ''to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of any high performance bonus payment of the State agency under paragraph (11) or claim under paragraph (1).'';

(5) in the first sentence of paragraph (6), by striking ''incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C),'' and inserting ''claims under paragraph (1),''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) IN GENERAL.—

''(i) FISCAL YEAR 2002.—Subject to clause (ii), for fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to eliminate any increases in errors that result from the State agency's serving a higher percentage of households with earned income, households with 1 or more members who are not United States citizens, or both, than the lesser of, as the case may be—

''(I) the percentage of households of the corresponding type that receive food stamps nationally; or

''(II) the percentage of—

''(aa) households with earned income that received food stamps in the State in fiscal year 1992; or

''(bb) households with members who are not United States citizens that received food stamps in the State in fiscal year 1998.

''(ii) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in clause (i) shall apply to the State agency for the fiscal year.

''(B) CONTINUATION OR MODIFICATION OF ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may determine whether the continuation or modification of the adjustments described in subparagraph (A)(i) or the substitution of other adjustments is most consistent with achieving the purposes of this Act.''.

(b) CONFORMING AMENDMENT.—Section 22(h) of the Food Stamp Act of 1977 (7 U.S.C. 2031(h)) is amended by striking the last sentence.

(c) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 437. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 438. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 436(a)(6)) is amended—

(1) in the first sentence of paragraph (1), by striking ''enhanced administrative funding to States with the lowest error rates.'' and inserting ''bonus payments to States that demonstrate high levels of performance.''; and

(2) by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—For each fiscal year, the Secretary shall—

''(i) measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

''(ii) subject to subparagraph (D), make high performance bonus payments to the State agencies with the highest achievement with respect to those performance measures.

''(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

''(i)(I) the greatest dollar amount of total claims collected in the fiscal year as a proportion of the overpayment dollar amount in the previous fiscal year; and

''(II) the greatest percentage point improvement under clause (i)(I) from the previous fiscal year to the fiscal year;

''(ii) the greatest improvement from the previous fiscal year to the fiscal year in the ratio, expressed as a percentage, that—

''(I) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

''(bb) are eligible for food stamp benefits; and

''(cc) receive food stamps benefits; bears to

''(II) the number of households in the State that—

''(aa) have incomes less than 130 percent of the poverty line (as so defined); and

''(bb) are eligible for food stamp benefits;

''(iii) the lowest overpayment error rate;

''(iv) the greatest percentage point improvement from the previous fiscal year to the fiscal year in the overpayment error rate;

''(v) the lowest negative error rate;

''(vi) the greatest percentage point improvement from the previous year to the fiscal year in the negative error rate;

''(vii) the lowest underpayment error rate;

''(viii) the greatest percentage point improvement from the previous year to the fiscal year in the underpayment error rate;

''(ix) the greatest percentage of new applications processed within the deadlines established under paragraphs (3) and (9) of section 11(e); and

''(x) the least average period of time needed to process applications under paragraphs (3) and (9) of section 11(e).

''(C) HIGH PERFORMANCE BONUS PAYMENTS.—

''(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(5)(A).

''(ii) AMOUNT OF PAYMENTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary shall—

''(aa) make 1 high performance bonus payment of $10,000,000 for each of the 10 performance measures under subparagraph (B); and

''(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

''(II) PAYMENT FOR PERFORMANCE MEASURE CONCERNING CLAIMS COLLECTED.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under subparagraph (B)(i) among the 20 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(III) PAYMENTS FOR OTHER PERFORMANCE MEASURES.—For each fiscal year, the Secretary shall allocate the high performance bonus payment made for the performance measure under each of clauses (ii) through (x) of subparagraph (B) among the 10 State agencies with the highest performance in the performance measure in the ratio that—

''(aa) the caseload of each such State agency; bears to

''(bb) the caseloads of all such State agencies.

''(iii) DETERMINATION OF HIGHEST PERFORMERS.—

''(I) IN GENERAL.—In determining the highest performers under clause (ii), the Secretary shall calculate applicable percentages to 2 decimal places.

''(II) DETERMINATION IN EVENT OF A TIE.—If, under subclause (I), 2 or more State agencies have the same percentage with respect to a performance measure, the Secretary shall calculate the percentage for the performance measure to as many decimal places as are necessary to determine which State agency has the greatest percentage.

''(D) LIMITATIONS FOR STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1)—

''(i) the State agency shall not be eligible for a high performance bonus payment under clause (iii), (iv), (vii), or (viii) of subparagraph (B) for the fiscal year; and

''(ii) the State agency shall not receive a high performance bonus payment for which the State agency is otherwise eligible under this paragraph for the fiscal year until the obligation of the State agency under the sanction has been satisfied (as determined by the Secretary).

''(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to fiscal year 2003 and each fiscal year thereafter.

SEC. 439. SIMPLIFIED FUNDING RULES FOR EMPLOYMENT AND TRAINING PROGRAMS.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking '', to remain available until expended,''; and

(B) by striking clause (vii) and inserting the following:

''(vii) to remain available until expended—

''(I) for fiscal year 2002, $122,000,000;

''(II) for fiscal year 2003, $129,000,000;

''(III) for fiscal year 2004, $135,000,000;

''(IV) for fiscal year 2005, $142,000,000; and

''(V) for fiscal year 2006, $149,000,000.'';

(2) by striking subparagraph (B) and inserting the following:

''(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

''(i) is determined and adjusted by the Secretary; and

''(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).''; and

(3) by striking subparagraphs (E) through (G).

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the

date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''an amount not less than $25 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''the limit established by the State agency under section 6(d)(4)(I)(i)(I)''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 440. REAUTHORIZATION OF FOOD STAMP PROGRAM.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 441. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 442. EXEMPTION OF WAIVERS FROM COST-NEUTRALITY REQUIREMENT.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

''(E) COST NEUTRALITY.—

''(i) REQUIREMENTS FOR WAIVERS.—

''(I) ESTIMATION OF COSTS AND SAVINGS OF WAIVERS.—Before approving a waiver for any demonstration project proposed under this subsection, the Secretary shall estimate the costs or savings likely to result from the waiver.

''(II) APPROVAL OF WAIVERS.—The Secretary shall not approve any waiver that the Secretary estimates will increase costs to the Federal Government unless—

''(aa) exigent circumstances require the approval of the waiver;

''(bb) the increase in costs is insignificant; or

''(cc) the increase in costs is necessary for a designated research demonstration project under clause (ii).

''(III) MULTIYEAR COST NEUTRALITY.—A waiver shall not be considered to increase costs to the Federal Government based on the impact of the waiver in any 1 fiscal year if the waiver is not expected to increase costs to the Federal Government over any 3-fiscal year period that includes the fiscal year.

''(ii) EXEMPTION FROM COST-NEUTRALITY REQUIREMENT FOR CERTAIN PROJECTS.—

''(I) IN GENERAL.—For each fiscal year, the Secretary may designate research demonstration projects that—

''(aa) have a substantial likelihood of producing information on important issues of food stamp program design or operation; and

''(bb) the Secretary estimates are likely to increase costs to the Federal Government by a total of not more than $50,000,000 during the period of fiscal years 2002 through 2006.

''(II) EXEMPTION.—A project described in subclause (I) shall be exempt from clause (i).

''(iii) OFFSETS IN OTHER PROGRAMS.—In making determinations of costs to the Federal Government under this subparagraph, the Secretary shall estimate and consider savings to the Federal Government in other programs in such a manner as the Secretary determines to be appropriate.

''(iv) NO LOOK-BACK.—The Secretary shall not be required to adjust any estimate made under this subparagraph to reflect the actual costs of a demonstration project as implemented by a State agency.''.

SEC. 443. PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.

(a) ENHANCED WAIVER AUTHORITY.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (e) and inserting the following:

''(e) PROGRAM SIMPLIFICATION DEMONSTRATION PROJECTS.—

''(1) IN GENERAL.—With the approval of the Secretary, not more than 5 State agencies may carry out demonstration projects to test, for a period of not more than 3 years, promising approaches to simplifying the food stamp program.

''(2) TYPES OF DEMONSTRATION PROJECTS.—Each demonstration project under paragraph (1) shall test changes in food stamp program rules in not more than 1 of the following 2 areas:

''(A)(i) Reporting requirements under section 6(c).

''(ii) Verification methods under section 11(e)(3) (including reliance on data from preceding periods that can be obtained or verified electronically).

''(iii) A combination of reporting requirements and verification methods.

''(B) The income standard of eligibility established under section 5(c)(1), deductions under section 5(e), and income budgeting procedures under section 5(f).

''(3) SELECTION OF DEMONSTRATION PROJECTS.—

''(A) IN GENERAL.—The Secretary shall establish a competitive process to select, from all projects proposed by State agencies, the demonstration projects to be carried out under this subsection based on which projects have the greatest likelihood of producing useful information on important issues of food stamp program design or operation, as determined by the Secretary.

''(B) GOALS.—In selecting demonstration projects, the Secretary shall seek, at a minimum, to achieve a balance between—

''(i) simplifying the food stamp program;

''(ii) reducing administrative burdens on State agencies, households, and other individuals and entities;

''(iii) providing nutrition assistance to individuals most in need; and

''(iv) improving access to nutrition assistance.

''(C) PROJECTS NOT ELIGIBLE FOR SELECTION.—The Secretary shall not select any demonstration project under this subsection that the Secretary determines does not have a strong likelihood of producing useful information on important issues of food stamp program design or operation.

''(D) DIVERSITY OF APPROACHES AND AREAS.—In selecting demonstration projects to be carried out under this subsection, the Secretary shall seek to include—

''(i) projects that take diverse approaches;

''(ii) at least 1 project that will operate in an urban area; and

''(ii) at least 1 project that will operate in a rural area.

''(E) MAXIMUM AGGREGATE COST OF PROJECTS.—The estimated aggregate cost of projects selected by the Secretary under this subsection shall not exceed $90,000,000.

''(4) SIZE OF AREA.—Each demonstration project selected under this subsection shall be carried out in an area that contains not more than the greater of—

''(A) one-third of the total households receiving allotments in the State; or

''(B) the minimum number of households needed to measure the effects of the demonstration projects.

''(5) EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall provide, through contract or other means, for detailed, statistically valid evaluations to be conducted of each demonstration project carried out under this subsection.

''(B) MINIMUM REQUIREMENTS.—Each evaluation under subparagraph (A)—

''(i) shall include the study of control groups or areas; and

''(ii) shall analyze, at a minimum, the effects of the project design on—

''(I) costs of the food stamp program;

''(II) State administrative costs;

''(III) the integrity of the food stamp program, including errors as measured under section 16(c);

''(IV) participation by households in need of nutrition assistance; and

''(V) changes in allotment levels experienced by—

''(aa) households of various income levels;

''(bb) households with elderly, disabled, and employed members;

''(cc) households with high shelter costs relative to the incomes of the households; and

''(dd) households receiving subsidized housing, child care, or health insurance.

''(C) FUNDING.—From funds made available to carry out this Act, the Secretary shall reserve not more than $6,000,000 to conduct evaluations under this paragraph.

''(6) REPORT TO CONGRESS.—Not later than January 1, 2006, the Secretary shall submit to Congress a report on the impact of the demonstration projects carried out under this subsection on the food stamp program, including the effectiveness of the demonstration projects in—

''(A) delivering nutrition assistance to households most at risk; and

''(B) reducing administrative burdens.''.

(b) CONFORMING AMENDMENT.—Section 17(b)(1)(B)(iv)(III)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(ii)) is amended by striking ''paragraph'' and inserting ''section''.

SEC. 444. CONSOLIDATED BLOCK GRANTS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''the Commonwealth of Puerto Rico'' and inserting ''governmental entities specified in subparagraph (D)'';

(B) in clause (ii), by striking ''and'' at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

''(iii) for fiscal year 2002, $1,356,000,000; and

''(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B), by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(3) by adding at the end the following:

''(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

''(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

''(i) the Commonwealth of Puerto Rico; and

''(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.''.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

SEC. 445. EXPANDED AVAILABILITY OF COMMODITIES.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''From amounts'' and inserting the following:

''(1) IN GENERAL.—From amounts'';

(B) by striking ''for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 of'' and inserting ''the Secretary shall use the amount specified in paragraph (2) to purchase''; and

(C) by adding at the end the following:

''(2) AMOUNTS.—The amounts specified in this paragraph are—

''(A) for each of fiscal years 1997 through 2001, $100,000,000; and

''(B) for each of fiscal years 2002 through 2006, $140,000,000.''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—

''(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

''(A) commodities purchased by the Secretary under subsection (a); and

''(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

''(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

''(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

''(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''2002'' and inserting ''2006'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

SEC. 452. WORK REQUIREMENT FOR LEGAL IMMIGRANTS.

(a) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in paragraph (3)(B), 16)''.

(b) CONFORMING AMENDMENTS.—

(1) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)), 16)''.

(2) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(3) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or, in the case of the specified Federal program described in section 402(a)(3)(B), 16)''.

SEC. 453. QUALIFIED ALIENS.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to any individual who has continuously resided in the United States as a qualified alien for a period of 5 years or more.''.

SEC. 454. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 455. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 456. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 457. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 459. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title (other than subtitle C) take effect on July 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement the amendments until October 1, 2002.

Subtitle C—Commodity Programs

SEC. 471. INCOME PROTECTION PRICES FOR COUNTER-CYCLICAL PAYMENTS.

Section 114(c) of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 111) is amended by striking paragraph (2) and inserting the following:

''(2) INCOME PROTECTION PRICES.—The income protection prices for contract commodities under paragraph (1)(A) are as follows:

''(A) Wheat, $3.39 per bushel.

''(B) Corn, $2.31 per bushel.

''(C) Grain sorghum, $2.31 per bushel.

''(D) Barley, $2.16 per bushel.

''(E) Oats, $1.52 per bushel.

''(F) Upland cotton, $0.669 per pound.

''(G) Rice, $9.16 per hundredweight.

''(H) Soybeans, $5.65 per bushel.

''(I) Oilseeds (other than soybeans), $0.103 per pound.''.

SEC. 472. LOAN RATES FOR MARKETING ASSISTANCE LOANS.

(a) IN GENERAL.—Section 132 of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 123(a)) is amended to read as follows:

''SEC. 132. LOAN RATES.

''The loan rate for a marketing assistance loan under section 131 for a loan commodity shall be—

''(1) in the case of wheat, $2.94 per bushel;

''(2) in the case of corn, $2.04 per bushel;

''(3) in the case of grain sorghum, $2.04 per bushel;

''(4) in the case of barley, $1.96 per bushel;

''(5) in the case of oats, $1.47 per bushel;

''(6) in the case of upland cotton, $0.539 per pound;

''(7) in the case of extra long staple cotton, $0.7965 per pound;

''(8) in the case of rice, $6.71 per hundredweight;

''(9) in the case of soybeans, $5.10 per bushel;

''(10) in the case of oilseeds (other than soybeans), $0.093 per pound;

''(11) in the case of graded wool, $1.00 per pound;

''(12) in the case of nongraded wool, $.40 per pound;

''(13) in the case of mohair, $2.00 per pound;

''(14) in the case of honey, $.60 per pound;

''(15) in the case of dry peas, $6.78 per hundredweight;

''(16) in the case of lentils, $12.79 per hundredweight;

''(17) in the case of large chickpeas, $17.44 per hundredweight; and

''(18) in the case of small chickpeas, $8.10 per hundredweight.''.

(b) ADJUSTMENT OF LOANS.—

(1) IN GENERAL.—The amendment made by section 123(b) is repealed.

(2) APPLICABILITY.—Section 162 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282) shall be applied and administered as if the amendment made by section 123(b) had not been enacted.

SEC. 473. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle take effect on the date of enactment of this Act.

SA 2645. Mr. FITZGERALD submitted an amendment intended to be proposed to amendment SA 2516 submitted by Mr. FITZGERALD and intended to be proposed to the amendment SA 2471 proposed by Mr. DASCHLE to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

In lieu of the matter to be inserted, insert a period and the following:

Subtitle E—Payment Limitation Commission

SEC. 171. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''Commission on the Application of Payment Limitations for Agriculture'' (referred to in this subtitle as the ''Commission'').

(b) MEMBERSHIP.—

(1) COMPOSITION.—

(A) IN GENERAL.—The Commission shall be composed of 11 members appointed as follows:

(i) 3 members shall be appointed by the President, of whom 2 shall be from land grant colleges or universities and have expertise in agricultural economics.

(ii) 1 member shall be appointed by the Majority Leader of the Senate.

(iii) 1 member shall be appointed by the Minority Leader of the Senate.

(iv) 1 member shall be appointed by the Speaker of the House of Representatives.

(v) 1 member shall be appointed by the Minority Leader of the House of Representatives.

(vi) 1 member shall be appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(vii) 1 member shall be appointed by the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(viii) 1 member shall be appointed by the Chairman of the Committee on Agriculture of the House of Representatives.

(ix) 1 member shall be appointed by the ranking minority member of the Committee on Agriculture of the House of Representatives.

(B) DIVERSITY OF VIEWS.—The appointing authorities under subparagraph (A) shall seek to ensure that the membership of the Commission has a diversity of experiences and expertise on the issues to be studied by the Commission, such as agricultural production, agricultural lending, farmland appraisal, agricultural accounting and finance, and other relevant areas.

(2) FEDERAL GOVERNMENT EMPLOYMENT.—The membership of the Commission may include 1 or more employees of the Department of Agriculture or other Federal agencies.

(3) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(c) TERM; VACANCIES.—

(1) TERM.—A member shall be appointed for the life of the Commission.

(2) VACANCIES.—A vacancy on the Commission—

(A) shall not affect the powers of the Commission; and

(B) shall be filled in the same manner as the original appointment was made.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

(e) MEETINGS.—The Commission shall meet—

(1) on a regular basis, as determined by the Chairperson; and

(2) at the call of the Chairperson or a majority of the members of the Commission.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(g) CHAIRPERSON.—The Secretary shall appoint 1 of the members of the Commission to serve as Chairperson of the Commission.

SEC. 172. DUTIES.

(a) COMPREHENSIVE REVIEW.—The Commission shall conduct a comprehensive review of—

(1) the laws (including regulations) that apply or fail to apply payment limitations to agricultural commodity and conservation programs administered by the Secretary;

(2) the impact that failing to apply effective payment limitations has on—

(A) the agricultural producers that participate in the programs;

(B) overproduction of agricultural commodities;

(C) the prices that agricultural producers receive for agricultural commodities in the marketplace; and

(D) land prices and rental rates;

(3) the feasibility of improving the application and effectiveness of payment limitation requirements, including the use of commodity certificates and the forfeiture of loan collateral; and

(4) alternatives to payment limitation requirements in effect on the date of enactment of this Act that would apply meaningful limitations to improve the effectiveness and integrity of the requirements.

(b) RECOMMENDATIONS.—In carrying out the review under subsection (a), the Commission shall develop specific recommendations for modifications to applicable legislation and regulations that would improve payment limitation requirements.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the review conducted, and any recommendations developed, under this section.

SEC. 173. POWERS.

(a) HEARINGS.—The Commission may hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this subtitle.

(b) INFORMATION FROM FEDERAL AGENCIES.—

(1) IN GENERAL.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this subtitle.

(2) PROVISION OF INFORMATION.—On request of the Chairperson of the Commission, the head of the agency shall provide the information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government.

(d) ASSISTANCE FROM SECRETARY.—The Secretary may provide to the Commission appropriate office space and such reasonable administrative and support services as the Commission may request.

SEC. 174. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL EMPLOYEES.—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(2) FEDERAL EMPLOYEES.—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

(b) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

SEC. 175. FEDERAL ADVISORY COMMITTEE ACT.

The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission or any proceeding of the Commission.

SEC. 176. FUNDING.

Of the funds of the Commodity Credit Corporation, the Secretary shall use not more than $100,000 to carry out this subtitle.

SEC. 177. TERMINATION OF COMMISSION.

The Commission shall terminate on the day after the date on which the Commission submits the report of the Commission under section 172(c).

SA 2646. Mr. MCCAIN (for himself, Mr. GRAMM, Mr. KERRY, Mrs. MURRAY, and Mr. SMITH of Oregon) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place in the substitute, insert the following:

SEC. . MARKET NAME FOR CATFISH.

The term ''catfish'' shall be considered to be a common or usual name (or part thereof) for any fish in keeping with Food and Drug Administration procedures that follow scientific standards and market practices for establishing such names for the purposes of section 403 of the Federal Food, Drug, and Cosmetic Act, including with respect to the importation of such fish pursuant to section 801 of such Act.

SA 2647. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. . OZARK FOOTHILLS RECREATION CONSERVATION & DEVELOPMENT COUNCIL FOR FOREST LANDOWNERS EDUCATION PROJECT IN BATESVILLE, ARKANSAS.

(a) AVAILABILLITY OF FUNDS.—Of the amount authorized by this act, $200,000 is to be authorized for the Ozark Foothills Recreation Conservation & Development council for the Forest Landowners Education Project in Batesville, Arkansas.

SA 2648. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike the period at the end of subtitle C of title X and insert the following:

SEC. 10 . ANIMAL AND PLANT HEALTH INSPECTION SERVICE.

(a) DEFINITIONS.—In this section.

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Administrator of the Service.

(2) SERVICE.—The term ''Service'' means the Animal and Plant Health Inspection Service of the Department of Agriculture.

(b) EXEMPTION.—Notwithstanding any other provision of law, any migratory bird management carried out by the Secretary shall be exempt from the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) (including regulations).

(c) PERMITS; MANAGEMENT.—An agent, officer, or employee of the Service that carries out any activity relating to migratory bird management may, under the Migratory Bird Treaty Act (16 U.S.C. 703 et seq.)—

(1) issue a depredation permit to a stakeholder or cooperator of the Service; and

(2) manage and take migratory birds.

SA 2649. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

Sec. . STUDY, EVALUATION AND REPORT ON THE CREATION OF A LITTER BANK BY THE DEPARTMENT OF AGRICULTURE AT THE UNIVERSITY OF ARKANSAS.

The Secretary shall conduct a study to evaluate and report back to Congress on the creation of a litter bank by the Department of Agriculture at the University of Arkansas for the purpose of enhancing health and viability of watersheds in areas with large concentrations of animal producing units. The Secretary shall evaluate the needs and means by which litter may be collected and distributed to other watersheds to reduce potential point source and non point source phosphorous pollution. The report shall be submitted to Congress no later than six months after the enactment of this Act.

SA 2650. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ____—ANIMAL ENTERPRISE TERRORISM

SEC. ___01. ANIMAL ENTERPRISE TERRORISM.

(a) IN GENERAL.—Section 43(a) of title 18, United States Code, is amended to read as follows:

''(a) OFFENSE.—

''(1) IN GENERAL.—Whoever—

''(A) travels in interstate or foreign commerce, or uses or causes to be used the mail or any facility in interstate or foreign commerce for the purpose of causing physical disruption to the functioning of an animal enterprise; and

''(B) intentionally damages or causes the loss of any property (including animals or records) used by the animal enterprise, or conspires to do so,

shall be punished as provided for in subsection (b).

(b) PENALTIES.—Section 43(b) of title 18, United States Code, is amended to read as follows:

''(b) PENALTIES.—

''(1) ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage not exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 6 months, or both.

''(2) MAJOR ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 3 years, or both.

''(3) SERIOUS BODILY INJURY.—Any person who, in the course of a violation of subsection (a), causes serious bodily injury to another individual shall be fined under this title or imprisoned not more than 20 years, or both.

''(4) DEATH.—Any person who, in the course of a violation of subsection (a), causes the death of an individual shall be fined under this title or imprisoned for life or for any term of years, or both.''.

(c) RESTITUTION.—Section 43(c) of title 18, United States Code, is amended—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) for any other economic damage resulting from the offense.''.

SEC. ___02. NATIONAL ANIMAL TERRORISM INCIDENT CLEARINGHOUSE.

(a) DEFINITIONS.—In this section:

(1) ANIMAL ENTERPRISE.—The term ''animal enterprise'' has the same meaning as in section 43 of title 18, United States Code.

(2) CLEARINGHOUSE.—The term ''clearinghouse'' means the clearinghouse established under subsection (b).

(2) DIRECTOR.—The term ''Director'' means the Director of the Federal Bureau of Investigation.

(b) NATIONAL CLEARINGHOUSE.—The Director shall establish and maintain a national clearinghouse for information on incidents of violent crime and terrorism committed against or directed at any animal enterprise.

(c) CLEARINGHOUSE.—The clearinghouse shall—

(1) accept, collect, and maintain information on incidents described in subsection (b) that is submitted to the clearinghouse by Federal, State, and local law enforcement agencies, by law enforcement agencies of foreign countries, and by victims of such incidents;

(2) collate and index such information for purposes of cross-referencing; and

(3) upon request from a Federal, State, or local law enforcement agency, or from a law enforcement agency of a foreign country, provide such information to assist in the investigation of an incident described in subsection (b).

(d) SCOPE OF INFORMATION.—The information maintained by the clearinghouse for each incident shall, to the extent practicable, include—

(1) the date, time, and place of the incident;

(2) details of the incident;

(3) any available information on suspects or perpetrators of the incident; and

(4) any other relevant information.

(e) DESIGN OF CLEARINGHOUSE.—The clearinghouse shall be designed for maximum ease of use by participating law enforcement agencies.

(f) PUBLICITY.—The Director shall publicize the existence of the clearinghouse to law enforcement agencies by appropriate means.

(g) RESOURCES.—In establishing and maintaining the clearinghouse, the Director may—

(1) through the Attorney General, utilize the resources of any other department or agency of the Federal Government; and

(2) accept assistance and information from private organizations or individuals.

(h) COORDINATION.—The Director shall carry out the responsibilities of the Director under this section in cooperation with the Director of the Bureau of Alcohol, Tobacco, and Firearms.

SA 2651. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant

food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ____—ANIMAL ENTERPRISE TERRORISM

SEC. ___01. ANIMAL ENTERPRISE TERRORISM.

(a) IN GENERAL.—Section 43(a) of title 18, United States Code, is amended to read as follows:

''(a) OFFENSE.—

''(1) IN GENERAL.—Whoever—

''(A) travels in interstate or foreign commerce, or uses or causes to be used the mail or any facility in interstate or foreign commerce for the purpose of causing physical disruption to the functioning of an animal enterprise; and

''(B) intentionally damages or causes the loss of any property (including animals or records) used by the animal enterprise, or conspires to do so,

shall be punished as provided for in subsection (b).

(b) PENALTIES.—Section 43(b) of title 18, United States Code, is amended to read as follows:

''(b) PENALTIES.—

''(1) ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage not exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 6 months, or both.

''(2) MAJOR ECONOMIC DAMAGE.—Any person who, in the course of a violation of subsection (a), causes economic damage exceeding $10,000 to an animal enterprise shall be fined under this title or imprisoned not more than 3 years, or both.

''(3) SERIOUS BODILY INJURY.—Any person who, in the course of a violation of subsection (a), causes serious bodily injury to another individual shall be fined under this title or imprisoned not more than 20 years, or both.

''(4) DEATH.—Any person who, in the course of a violation of subsection (a), causes the death of an individual shall be fined under this title or imprisoned for life or for any term of years, or both.''.

(c) RESTITUTION.—Section 43(c) of title 18, United States Code, is amended—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) for any other economic damage resulting from the offense.''.

SA 2652. Mr. HUTCHINSON submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 984, line 2, strike the period at the end and insert a period and the following:

SEC. 10___. NATIONAL UNIFORMITY FOR FOOD.

(a) NATIONAL UNIFORMITY.—Section 403A(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343–1(a)) is amended—

(1) by striking ''or'' at the end of paragraph (4);

(2) in paragraph (5), by striking the period and inserting a comma; and

(3) by adding at the end the following:

''(6) any requirement for the labeling of food described in section 403(j), or 403(s), that is not identical to the requirement of such section, or

''(7) any requirement for a food described in section 402(a)(1), 402(a)(2), 402(a)(6), 402(a)(7), 402(c), 402(f), 402(g), 404, 406, 408, 409, 512, or 721(a), that is not identical to the requirement of such section.''.

(b) UNIFORMITY IN FOOD SAFETY WARNING NOTIFICATION REQUIREMENTS.—Chapter IV of such Act (21 U.S.C. 341 et seq.) is amended—

(1) by redesignating sections 403B and 403C as sections 403C and 403D, respectively; and

(2) by inserting after section 403A the following new section:

''SEC. 403B. UNIFORMITY IN FOOD SAFETY WARNING NOTIFICATION REQUIREMENTS.

''(a) UNIFORMITY REQUIREMENT.—

''(1) IN GENERAL.—Except as provided in subsections (c) and (d), no State or political subdivision of a State may, directly or indirectly, establish or continue in effect under any authority any notification requirement for a food that provides for a warning concerning the safety of the food, or any component or package of the food, unless such a notification requirement has been prescribed under the authority of this Act and the State or political subdivision notification requirement is identical to the notification requirement prescribed under the authority of this Act.

''(2) DEFINITIONS.—For purposes of paragraph (1)—

''(A) the term 'notification requirement' includes any mandatory disclosure requirement relating to the dissemination of information about a food by a manufacturer or distributor of a food in any manner, such as through a label, labeling, poster, public notice, advertising, or any other means of communication, except as provided in paragraph (3);

''(B) the term 'warning', used with respect to a food, means any statement, vignette, or other representation that indicates, directly or by implication, that the food presents or may present a hazard to health or safety; and

''(C) a reference to a notification requirement that provides for a warning shall not be construed to refer to any requirement or prohibition relating to food safety that does not involve a notification requirement.

''(3) CONSTRUCTION.—Nothing in this section shall be construed to prohibit a State from conducting the State's notification, disclosure, or other dissemination of information, or to prohibit any action taken relating to a mandatory recall or court injunction involving food adulteration under a State statutory requirement identical to a food adulteration requirement under this Act.

''(b) REVIEW OF EXISTING STATE REQUIREMENTS.—

''(1) EXISTING STATE REQUIREMENTS; DEFERRAL.—Any requirement that—

''(A)(i) is a State notification requirement for a food that provides for a warning described in subsection (a) that does not meet the uniformity requirement specified in subsection (a); or

''(ii) is a State food safety requirement described in paragraph (6) or (7) of section 403A that does not meet the uniformity requirement specified in that paragraph; and

''(B) is in effect on the date of enactment of the National Uniformity for Food Act of 2000,

shall remain in effect for 180 days after that date of enactment.

''(2) STATE PETITIONS.—With respect to a State notification or food safety requirement that is described in paragraph (1), the State may petition the Secretary for an exemption or a national standard under subsection (c). If a State submits such a petition within 180 days after the date of enactment of the National Uniformity for Food Act of 2000, the notification or food safety requirement shall remain in effect until the Secretary takes all administrative action on the petition pursuant to paragraph (3), and the time periods and provisions specified in paragraph (3) shall apply in lieu of the time periods and provisions specified in subsection (c)(3) (but not the time periods and provisions specified in subsection (d)(2)).

''(3) ACTION ON PETITIONS.—

''(A) PUBLICATION.—Not later than 270 days after the date of enactment of the National Uniformity for Food Act of 2000, the Secretary shall publish a notice in the Federal Register concerning any petition submitted under paragraph (2) and shall provide 180 days for public comment on the petition.

''(B) TIME PERIODS.—Not later than 360 days after the end of the period for public comment, the Secretary shall take final agency action on the petition.

''(C) JUDICIAL REVIEW.—The failure of the Secretary to comply with any requirement of this paragraph shall constitute final agency action for purposes of judicial review. If the court conducting the review determines that the Secretary has failed to comply with the requirement, the court shall order the Secretary to comply within a period determined to be appropriate by the court.

''(c) EXEMPTIONS AND NATIONAL STANDARDS.—

''(1) EXEMPTIONS.—Any State may petition the Secretary to provide by regulation an exemption from paragraph (6) or (7) of section 403A(a) or subsection (a), for a requirement of the State or a political subdivision of the State. The Secretary may provide such an exemption, under such conditions as the Secretary may impose, for such a requirement that—

''(A) protects an important public interest that would otherwise be unprotected, in the absence of the exemption;

''(B) would not cause any food to be in violation of any applicable requirement or prohibition under Federal law; and

''(C) would not unduly burden interstate commerce, balancing the importance of the public interest of the State or political subdivision against the impact on interstate commerce.

''(2) NATIONAL STANDARDS.—Any State may petition the Secretary to establish by regulation a national standard respecting any requirement under this Act or the Fair Packaging and Labeling Act (15 U.S.C. 1451 et seq.) relating to the regulation of a food.

''(3) ACTION ON PETITIONS.—

''(A) PUBLICATION.—Not later than 30 days after receipt of any petition under paragraph (1) or (2), the Secretary shall publish such petition in the Federal Register for public comment during a period specified by the Secretary.

''(B) TIME PERIODS FOR ACTION.—Not later than 60 days after the end of the period for public comment, the Secretary shall take final agency action on the petition. If the Secretary is unable to take final agency action on the petition during the 60-day period, the Secretary shall inform the petitioner, in writing, the reasons that taking the final agency action is not possible, the date by which the final agency action will be taken, and the final agency action that will be taken or is likely to be taken. In every case, the Secretary shall take final agency action on the petition not later than 120 days after the end of the period for public comment.

''(4) JUDICIAL REVIEW.—The failure of the Secretary to comply with any requirement

of this subsection shall constitute final agency action for purposes of judicial review. If the court conducting the review determines that the Secretary has failed to comply with the requirement, the court shall order the Secretary to comply within a period determined to be appropriate by the court.

''(d) IMMINENT HAZARD AUTHORITY.—

''(1) IN GENERAL.—A State may establish a requirement that would otherwise violate paragraph (6) or (7) of section 403A(a) or subsection (a), if—

''(A) the requirement is needed to address an imminent hazard to health that is likely to result in serious adverse health consequences or death;

''(B) the State has notified the Secretary about the matter involved and the Secretary has not initiated enforcement action with respect to the matter;

''(C) a petition is submitted by the State under subsection (c) for an exemption or national standard relating to the requirement not later than 30 days after the date that the State establishes the requirement under this subsection; and

''(D) the State institutes enforcement action with respect to the matter in compliance with State law within 30 days after the date that the State establishes the requirement under this subsection.

''(2) ACTION ON PETITION.—

''(A) IN GENERAL.—The Secretary shall take final agency action on any petition submitted under paragraph (1)(C) not later than 7 days after the petition is received, and the provisions of subsection (c) shall not apply to the petition.

''(B) JUDICIAL REVIEW.—The failure of the Secretary to comply with the requirement described in subparagraph (A) shall constitute final agency action for purposes of judicial review. If the court conducting the review determines that the Secretary has failed to comply with the requirement, the court shall order the Secretary to comply within a period determined to be appropriate by the court.

''(3) DURATION.—If a State establishes a requirement in accordance with paragraph (1), the requirement may remain in effect until the Secretary takes final agency action on a petition submitted under paragraph (1)(C).

''(e) NO EFFECT ON PRODUCT LIABILITY LAW.—Nothing in this section shall be construed to modify or otherwise affect the product liability law of any State.

''(f) NO EFFECT ON IDENTICAL LAW.—Nothing in this section or section 403A relating to a food shall be construed to prevent a State or political subdivision of a State from establishing, enforcing, or continuing in effect a requirement that is identical to a requirement of this Act, whether or not the Secretary has promulgated a regulation or issued a policy statement relating to the requirement.

''(g) NO EFFECT ON CERTAIN STATE LAW.—Nothing in this section or section 403A relating to a food shall be construed to prevent a State or political subdivision of a State from establishing, enforcing, or continuing in effect a requirement relating to—

''(1) freshness dating, open date labeling, grade labeling, a State inspection stamp, religious dietary labeling, organic or natural designation, returnable bottle labeling, unit pricing, or a statement of geographic origin; or

''(2) a consumer advisory relating to food sanitation that is imposed on a food establishment, or that is recommended by the Secretary, under part 3–6 of the Food Code issued by the Food and Drug Administration and referred to in the notice published at 64 Fed. Reg. 8576 (1999) (or any corresponding similar provision of such a Code).

''(h) DEFINITION.—In section 403A and this section, the term 'requirement', used with respect to a Federal action or prohibition, means a mandatory action or prohibition established under this Act or the Fair Packaging and Labeling Act (15 U.S.C. 1451 et seq.), as appropriate, or by a regulation issued under or by a court order relating to, this Act or the Fair Packaging and Labeling Act, as appropriate.''.

(c) CONFORMING AMENDMENT.—Section 403A(b) of such Act (21 U.S.C. 343–1(b)) is amended by adding at the end the following:

''The requirements of paragraphs (3) and (4) of section 403B(c) shall apply to any such petition, in the same manner and to the same extent as the requirements apply to a petition described in section 403B(c).''.

SA 2653. Mr. KYL submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed by him to the bill (S. 1731), to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 53, line 24, strike the period at the end and insert a period and the following:

SEC. 1___. EXEMPTION OF MILK HANDLERS FROM MINIMUM PRICE REQUIREMENTS.

(a) IN GENERAL.—Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

''(M) EXEMPTION OF MILK HANDLERS FROM MINIMUM PRICE REQUIREMENTS.—Notwithstanding any other provision of Law, no handler that sells Class I fluid milk within a marketing area shall be exempt from any minimum milk price regulation established under paragraph (A) if the total distribution of Class I milk products of any handler's own farm production within any federal marketing area in any month exceeds the lesser of—

''(i) 3 percent of the total quantity of Class I milk distributed in the marketing area; or

''(ii) 5,000,000 pound''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2002.

SA 2654. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 797, line 4, strike the period at the end and insert a period and the following:

SEC. 787. CARBON CYCLE RESEARCH.

Section 221 of the Agricultural Risk Protection Act of 2000 (114 Stat. 407) is amended—

(1) in subsection (a), by striking ''Of the amount'' and all that follows through ''to provide'' and inserting ''To the extent that funds are made available for the purpose, the Secretary shall provide'';

(2) in subsection (d), by striking ''under subsection (a)'' and inserting ''to carry out this section''; and

(3) by adding at the end the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 2002 through 2011 such sums as are necessary to carry out this section.''.

SA 2655. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 39, strike line 5 and all that follows through page 40, line 8, and insert the following:

SEC. 126. LOAN DEFICIENCY PAYMENTS.

Section 135 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235) is amended to read as follows:

''SEC. 135. LOAN DEFICIENCY PAYMENTS.

''(a) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to—

''(1) producers on a farm that, although eligible to obtain a marketing assistance loan under section 131 with respect to a loan commodity, agree to forgo obtaining the loan for the loan commodity in return for payments under this section; and

''(2) effective only for each of the 2000 and 2001 crop years, producers that, although not eligible to obtain such a marketing assistance loan under section 131, produce a loan commodity.

''(b) COMPUTATION.—A loan deficiency payment under this section shall be computed by multiplying—

''(1) the loan payment rate determined under subsection (c) for the loan commodity; by

''(2) the quantity of the loan commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under section 131.

''(c) LOAN PAYMENT RATE.—For purposes of this section, the loan payment rate shall be the amount by which—

''(1) the loan rate established under section 132 for the loan commodity; exceeds

''(2) the rate at which a loan for the commodity may be repaid under section 134.

''(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

''(e) TIME FOR PAYMENT.—The Secretary shall make a payment under this section to the producers on a farm with respect to a quantity of a loan commodity as of the earlier of—

''(1) the date on which the producers on the farm marketed or otherwise lost beneficial interest in the loan commodity, as determined by the Secretary; or

''(2) the date the producers on the farm request the payment.

''(f) LOST BENEFICIAL INTEREST.—Effective for the 2001 crop only, if a producer eligible for a payment under subsection (a) loses beneficial interest in the loan commodity, the producer shall be eligible for the payment determined as of the date the producer lost beneficial interest in the loan commodity, as determined by the Secretary.''.

SEC. 127. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

Subtitle C of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231 et seq.) is amended by adding at the end the following:

"SEC. 138. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

''(a) IN GENERAL.—For each of the 2002 through 2006 crops of wheat, grain sorghum, barley, and oats, in the case of the producers on a farm that would be eligible for a loan deficiency payment under section 135 for wheat, grain sorghum, barley, or oats, but that elects to use acreage planted to the wheat, grain sorghum, barley, or oats for the grazing of livestock, the Secretary shall make a payment to the producers on the farm under this section if the producers on the farm enter into an agreement with the Secretary to forgo any other harvesting of the wheat, grain sorghum, barley, or oats on the acreage.

''(b) PAYMENT AMOUNT.—The amount of a payment made to the producers on a farm under this section shall be equal to the amount obtained by multiplying—

''(1) the loan deficiency payment rate determined under section 135(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

''(2) the payment quantity obtained by multiplying—

''(A) the quantity of the grazed acreage on the farm with respect to which the producers on the farm elect to forgo harvesting of wheat, grain sorghum, barley, or oats; and

''(B) the payment yield for that contract commodity on the farm.

''(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

''(1) TIME AND MANNER.—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 135.

''(2) AVAILABILITY.—The Secretary shall establish an availability period for the payment authorized by this section that is consistent with the availability period for wheat, grain sorghum, barley, and oats established by the Secretary for marketing assistance loans authorized by this subtitle.

''(d) PROHIBITION ON CROP INSURANCE OR NONINSURED CROP ASSISTANCE.—The producers on a farm shall not be eligible for insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 with respect to a 2002 through 2006 crop of wheat, grain sorghum, barley, or oats planted on acreage that the producers on the farm elect, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop.''.

SA 2656. Mr. ROBERTS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 58, strike line 22 and all that follows through page 62, line 24, and insert the following:

''(f) CERTIFICATION OF PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall, to the maximum extent practicable, subject to paragraphs (2), (3), and (4), establish a more effective and more broadly functioning system for the delivery of technical assistance in support of the conservation programs administered by the Secretary by—

''(A) integrating the use of third party technical assistance providers (including farmers and ranchers) into the technical assistance delivery system; and

''(B) using, to the maximum extent practicable, private, third party providers.

''(2) PURPOSE.—To achieve the timely completion of conservation plans and other technical assistance functions, third party providers described in paragraph (1)(A) shall be used to—

''(A) prepare conservation plans, including agronomically sound nutrient management plans;

''(B) design, install and certify conservation practices;

''(C) train producers; and

''(D) carry out such other activities as the Secretary determines to be appropriate.

''(3) OUTSIDE ASSISTANCE.—

''(A) IN GENERAL.—The Secretary may contract directly with qualified persons not employed by the Department to provide conservation technical assistance.

''(B) PAYMENT BY SECRETARY.—

''(i) IN GENERAL.—The Secretary shall provide a payment or voucher to an owner or operator enrolled in a conservation program administered by the Secretary if the owner or operator elects to obtain technical assistance from a person certified to provide technical assistance under this subsection.

''(ii) DETERMINATION.—In determining whether to provide a payment or voucher under clause (i), the Secretary shall seek to maximize the assistance received from qualified persons to most expeditiously and efficiently achieve the objectives of this title.

''(4) CERTIFICATION OF PUBLIC AND PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.—

''(A) ESTABLISHMENT OF PROCEDURES.—The Secretary shall establish procedures for ensuring that only persons with the training, experience, and capability to provide professional, high quality assistance are certified by the Secretary to provide, to agricultural producers and landowners participating, or seeking to participate, in a conservation program administered by the Secretary, technical assistance in planning, designing, or certifying any aspect of a particular project under the conservation program.

''(B) PUBLIC AND PRIVATE PROVIDERS.—Certified technical assistance providers shall include—

''(i) agricultural producers;

''(ii) agribusiness representatives;

''(iii) representatives from agricultural cooperatives;

''(iv) agricultural input retail dealers;

''(v) certified crop advisers;

''(vi) employees of the Department; or

''(vii) any group recognized by a Memorandum of Understanding with the Department relating to certification.

''(C) EQUIVALENCE.—The Secretary shall ensure that any certification program of the Department for public and private technical service providers shall meet or exceed the testing and continuing education standards of the Certified Crop Adviser program.

''(D) STANDARDS.—The Secretary shall establish standards for the conduct of—

''(i) the certification process conducted by the Secretary; and

''(ii) periodic recertification by the Secretary of providers.

''(E) CERTIFICATION REQUIRED.—A provider may not provide to any producer technical assistance described in subparagraph (B) unless the provider is certified by the Secretary.

''(F) NONDUPLICATION OF PREVIOUS CERTIFICATION.—The Secretary shall consider a certified provider to have skills and qualifications in a particular area of technical expertise if the skills and qualifications of the provider have been certified by another entity the certification program of which meets nationally recognized and accepted standards for training, testing and otherwise establishing professional qualifications (including the Certified Crop Adviser program).

''(G) FEE.—

''(i) PAYMENT.—

''(I) IN GENERAL.—Except as provided in subclause (II), in exchange for certification or recertification, a private provider shall pay to the Secretary a fee in an amount determined by the Secretary.

''(II) PRIOR CERTIFICATION.—The Secretary shall not require a provider to pay a fee under subclause (I) for the certification of skills and qualifications that have already been certified by another entity under this subsection.

''(ii) ACCOUNT.—A fee paid to the Secretary under clause (i) shall be—

''(I) credited to the account in the Treasury that incurs costs relating to implementing this subsection; and

''(II) made available to the Secretary for use for conservation programs administered by the Secretary, without further appropriation, until expended.

''(H) NATIONAL TRAINING CENTERS.—

''(i) IN GENERAL.—The Secretary, acting in close cooperation with the Certified Crop Adviser program, shall establish training centers to facilitate the training and certification of technical assistance providers under this subsection.

''(ii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subparagraph.

''(I) OTHER REQUIREMENTS.—The Secretary may establish such other requirements as the Secretary determines are necessary to carry out this subsection.

''(J) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this subsection.''

SA 2657. Mr. CRAIG submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the end of section 1021, add the following:

(c) PACKERS AND STOCKYARDS ACT.—Notwithstanding any other provision of this Act, any amendment to section 202 of the Packers and Stockyards Act, 1921 (7. U.S.C. 192), made by this Act shall have no effect.

SA 2658. Mr. TORRICELLI (for himself and Mr. SMITH of New Hampshire) submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes;

which was ordered to lie on the table; as follows:

Strike section 335.

SA 2659. Mr. SMITH of Oregon submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 937, between lines 16 and 17, insert the following:

SEC. 10 . FEASIBILITY OF PRODUCER INDEMNIFICATION FROM GOVERNMENT-CAUSED DISASTERS.

(1) FINDINGS.—Congress finds that the implementation of current federal disaster assistance programs fails to adequately address situations where disaster conditions are primarily the result of federal action.

(2) AUTHORITY.—The Secretary is authorized and directed to evaluate the feasibility of expanding crop insurance and noninsured crop assistance disaster payment eligibility to producers experiencing disaster conditions caused primarily by federal agency action.

(3) EVALUATION AND RECOMMENDATIONS.—Within 60 days of the enactment of this bill, the Secretary shall report the findings of this evaluation and recommendations to the Senate Committee on Agriculture and the House Committee on Agriculture.

SA 2660. Mr. SMITH of Oregon (for himself, Mr. CRAIG, and Mr. CRAPO) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 937, between lines 16 and 17, insert the following:

SEC. 10 . CROP INSURANCE AND NONINSURED CROP ASSISTANCE PROGRAMS.

(a) FINDINGS.—Congress finds that the implementation of current federal disaster assistance programs fails to adequately address situations where disaster conditions are caused by federal actions.

(b) PROVISIONS.—

(1) 7 U.S.C. 7333, as amended by P.L. 104–127, is amended—

(i) in Section (a)(3) by striking ''or'' and

(ii) in Section (a)(3) by striking ''as determined by the Secretary.'' and inserting in lieu thereof ''or disaster conditions caused primarily by federal agency action, as determined by the Secretary.'' and

(iii) in Section (c)(3) by striking ''or other natural disaster, as determined by the Secretary.'' and inserting in lieu thereof ''other natural disaster, or disaster conditions caused primarily by federal agency action, as determined by the Secretary,'' and

(iv) in Section (d)(3)(iii) by striking ''or other natural disaster (as determined by the Secretary);'' and inserting in lieu thereof ''other natural disaster, or disaster conditions caused primarily by federal agency action, as determined by the Secretary;''.

(2) 7 U.S.C. 1508 is amended—

(i) in Section (a)(1) by striking ''or other natural disaster (as determined by the Secretary.'' and inserting ''natural disaster, or disaster conditions caused primarily by federal action, as determined by the Secretary.'' and

(ii) in Section (b)(1) by striking ''or other natural disaster (as determined by the Secretary),'' and inserting in lieu thereof ''other natural disaster, or disaster conditions caused primarily by federal agency action, as determined by the Secretary,''.

(c) ADMINISTRATIVE RULES.—The Secretary is encouraged to review and amend administrative rules and guidelines describing disaster conditions to accommodate situations where planting decisions are based on federal water allocations. The Secretary is further encouraged to review the level of disaster payments to irrigated agricultural producers in such cases where federal water allocations are withheld prior to the planting period.

(d) EFFECTIVENESS.—

(1) Sections (a)(1) and (a)(2) of this section shall be made effective only upon:

(i) finding by the Secretary that implementation of subsections (a)(1) and (a)(2):

(A) do not affect the financial soundness of approved insurance providers or the integrity of the federal crop insurance program, and

(B) additional authorities are not needed to achieve actuarial soundness of implementing subsections (a)(1) and (a)(2), and

(ii) report of findings, as described in subsection (d)(1)(i), to the Senate and House Committees on Agriculture.

SA 2661. Mr. FITZGERALD submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Strike the period at the end of title I and insert a period and the following:

Subtitle E—Payment Limitation Commission

SEC. 171. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''Commission on the Application of Payment Limitations for Agriculture'' (referred to in this subtitle as the ''Commission'').

(b) MEMBERSHIP.—

(1) COMPOSITION.—

(A) IN GENERAL.—The Commission shall be composed of 11 members appointed as follows:

(i) 3 members shall be appointed by the President, of whom 2 shall be from land grant colleges or universities and have expertise in agricultural economics.

(ii) 1 member shall be appointed by the Majority Leader of the Senate.

(iii) 1 member shall be appointed by the Minority Leader of the Senate.

(iv) 1 member shall be appointed by the Speaker of the House of Representatives.

(v) 1 member shall be appointed by the Minority Leader of the House of Representatives.

(vi) 1 member shall be appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(vii) 1 member shall be appointed by the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(viii) 1 member shall be appointed by the Chairman of the Committee on Agriculture of the House of Representatives.

(ix) 1 member shall be appointed by the ranking minority member of the Committee on Agriculture of the House of Representatives.

(B) DIVERSITY OF VIEWS.—The appointing authorities under subparagraph (A) shall seek to ensure that the membership of the Commission has a diversity of experiences and expertise on the issues to be studied by the Commission, such as agricultural production, agricultural lending, farmland appraisal, agricultural accounting and finance, and other relevant areas.

(2) FEDERAL GOVERNMENT EMPLOYMENT.—The membership of the Commission may include 1 or more employees of the Department of Agriculture or other Federal agencies.

(3) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(c) TERM; VACANCIES.—

(1) TERM.—A member shall be appointed for the life of the Commission.

(2) VACANCIES.—A vacancy on the Commission—

(A) shall not affect the powers of the Commission; and

(B) shall be filled in the same manner as the original appointment was made.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

(e) MEETINGS.—The Commission shall meet—

(1) on a regular basis, as determined by the Chairperson; and

(2) at the call of the Chairperson or a majority of the members of the Commission.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(g) CHAIRPERSON.—The Secretary shall appoint 1 of the members of the Commission to serve as Chairperson of the Commission.

SEC. 172. DUTIES.

(a) COMPREHENSIVE REVIEW.—The Commission shall conduct a comprehensive review of—

(1) the laws (including regulations) that apply or fail to apply payment limitations to agricultural commodity and conservation programs administered by the Secretary;

(2) the impact that failing to apply effective payment limitations has on—

(A) the agricultural producers that participate in the programs;

(B) overproduction of agricultural commodities;

(C) the prices that agricultural producers receive for agricultural commodities in the marketplace; and

(D) land prices and rental rates;

(3) the feasibility of improving the application and effectiveness of payment limitation requirements, including the use of commodity certificates and the forfeiture of loan collateral; and

(4) alternatives to payment limitation requirements in effect on the date of enactment of this Act that would apply meaningful limitations to improve the effectiveness and integrity of the requirements.

(b) RECOMMENDATIONS.—In carrying out the review under subsection (a), the Commission shall develop specific recommendations for modifications to applicable legislation and

regulations that would improve payment limitation requirements.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the review conducted, and any recommendations developed, under this section.

SEC. 173. POWERS.

(a) HEARINGS.—The Commission may hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this subtitle.

(b) INFORMATION FROM FEDERAL AGENCIES.—

(1) IN GENERAL.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this subtitle.

(2) PROVISION OF INFORMATION.—On request of the Chairperson of the Commission, the head of the agency shall provide the information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government.

(d) ASSISTANCE FROM SECRETARY.—The Secretary may provide to the Commission appropriate office space and such reasonable administrative and support services as the Commission may request.

SEC. 174. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL EMPLOYEES.—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(2) FEDERAL EMPLOYEES.—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

(b) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

SEC. 175. FEDERAL ADVISORY COMMITTEE ACT.

The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission or any proceeding of the Commission.

SEC. 176. FUNDING.

Of the funds of the Commodity Credit Corporation, the Secretary shall use not more than $100,000 to carry out this subtitle.

SEC. 177. TERMINATION OF COMMISSION.

The Commission shall terminate on the day after the date on which the Commission submits the report of the Commission under section 172(c).

SA 2662. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 97, between lines 10 and 11, insert the following:

''(C) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in subparagraph (A) is located is declared a disaster area during 1 or more of the 4 crop years described in subparagraph (A), for the purposes of determining the 4-year average yield for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

''(i) the State 4-year average yield of peanuts produced in the State; or

''(ii) the average yield for the historical peanut producer determined by the Secretary under subparagraph (A).

On page 99, line 6, strike ''The'' and insert ''For each of the 2002 and 2003 crop years, the''.

On page 99, line 24, insert after ''section'' the following: ''for the 2002 crop, and not later than 180 days after January 1, 2003, for the 2003 crop''.

Beginning on page 103, line 24, through page 104, line 1, strike ''12-month marketing year'' and insert ''marketing season''.

On page 104, lines 5 and 6, strike ''12-month marketing year'' and insert ''marketing season''.

On page 105, lines 16 and 17, strike ''6 months of the marketing year'' and insert ''2 months of the marketing season''.

On page 112, strike lines 20 through 22 and insert the following:

''(A) a designated marketing association of peanut producers that is approved by the Secretary, which may own or construct necessary storage facilities;

On page 116, strike lines 7 through 15 and insert the following:

''(a) OFFICIAL INSPECTION.—All peanuts placed under a marketing assistance loan under section 158G or otherwise sold or marketed shall be officially inspected and graded by a Federal or State inspector.

SA 2663. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 765, strike line 21 and insert the following:

SEC. 748. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.

Section 604 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642) is amended by adding at the end the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2002 through 2006.''.

SA 2664. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 945, strike lines 6 and 7 and insert the following:

SEC. 1024. DEFINITION OF ANIMAL UNDER THE ANIMAL WELFARE ACT.

Section 2g of the Animal Welfare Act (7 U.S.C. 2132(g)) is amended by striking ''excludes horses not used for research purposes and'' and inserting the following: ''birds, rats of the genus Rattus, and mice of the genus Mus bred for use in research, horses note used for research purposes, and''.

SEC. 1025. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

SA 2665. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 977, strike the period at the end of line 15 and insert a period and the following:

SEC. 10___. REPORT ON RATS, MICE, AND BIRDS.

(a) IN GENERAL.—Not later than 1 year after date enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on the implications of including rats, mice, and birds within the definition of animal under the Animal Welfare Act (7 U.S.C. 2131 et seq.).

(b) REQUIREMENTS.—The report under subsection (a) shall—

(1) be completed with input, consultation, and recommendations from the Secretary of Health and Human Services and the Institute for Animal Laboratory Research within the National Academy of Sciences;

(2) contain a description of the number and types of entities that currently use rats, mice, and birds, and are not subjected to regulations of the Department of Agriculture or Department of Health and Human Services, or accreditation requirements of the Association for Assessment and Accreditation of Laboratory Animal Care;

(3) contain an estimate of the additional costs likely to be incurred by breeders and research facilities resulting from the additional regulatory requirements; and

(4) contain an estimate of the additional funding that the Animal and Plant Health Inspection Service would require to be able to ensure that the quality and frequency of inspections by the Department of Agriculture relating to other animals are not diminished by the increase in the number of facilities that would require inspections if the definition were amended to include rats, mice, and birds.

SA 2666. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed

to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 984, line 2, strike the period at the end and insert the following:

SEC. 10___. STUDY OF NONAMBULATORY LIVESTOCK.

The Secretary—

(1) shall investigate and submit to Congress a report on—

(A) the scope and cause of nonambulatory livestock; and

(B) the extent to which nonambulatory livestock may present handling and disposition problems during marketing; and

(2) based on the findings in the report, may promulgate regulations for the appropriate treatment, handling, and disposition of nonambulatory livestock at market agencies and dealers.

SA 2667. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 128, line 8, strike the period at the end and insert a period and the following:

SEC. 1 . RESERVE STOCK LEVEL.

Section 301(b)(14)(C) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(14)(C)) is amended—

(1) in clause (i), by striking ''100,000,000'' and inserting ''75,000,000''; and

(2) in clause (ii), by striking ''15 percent'' and inserting ''10 percent''.

SA 2668. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 374, line 12, strike ''more than 50 percent'' and insert the words ''40 percent or more''.

SA 2669. Mr. HELMS submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 97, strike line 11 and all that follows through page 116, line 15, and insert the following:

''(C) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in subparagraph (A) is located is declared a disaster area during 1 or more of the 4 crop years described in subparagraph (A), for the purposes of determining the 4-year average yield for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

''(i) the State 4-year average yield of peanuts produced in the State; or

''(ii) the average yield for the historical peanut producer determined by the Secretary under subparagraph (A).

''(2) ACREAGE AVERAGE.—Except as provided in paragraph (3), the Secretary shall determine, for the historical peanut producer, the 4-year average of—

''(A) acreage planted to peanuts on all farms for harvest during the 1998 through 2001 crop years; and

''(B) any acreage that was prevented from being planting to peanuts during the crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the historical peanut producer, as determined by the Secretary.

''(3) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in paragraph (2) is located is declared a disaster area during 1 or more of the 4 crop years described in paragraph (2), for the purposes of determining the 4-year average acreage for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

''(A) the State average of acreage actually planted to peanuts; or

''(B) the average of acreage for the historical peanut producer determined by the Secretary under paragraph (2).

''(4) TIME FOR DETERMINATIONS; FACTORS.—

''(A) TIMING.—The Secretary shall make the determinations required by this subsection not later than 90 days after the date of enactment of this section.

''(B) FACTORS.—In making the determinations, the Secretary shall take into account changes in the number and identity of historical peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historical peanut producer is no longer living or an entity composed of historical peanut producers has been dissolved.

''(b) ASSIGNMENT OF YIELD AND ACRES TO FARMS.—

''(1) ASSIGNMENT BY HISTORICAL PEANUT PRODUCERS.—For each of the 2002 and 2003 crop years, the Secretary shall provide each historical peanut producer with an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the historical peanut producer to cropland on a farm.

''(2) PAYMENT YIELD.—The average of all of the yields assigned by historical peanut producers to a farm shall be considered to be the payment yield for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

''(3) PEANUT ACRES.—Subject to subsection (e), the total number of acres assigned by historical peanut producers to a farm shall be considered to be the peanut acres for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

''(c) ELECTION.—Not later than 180 days after the date of enactment of this section for the 2002 crop, and not later than 180 days after January 1, 2003, for the 2003 crop, a historical peanut producer shall notify the Secretary of the assignments described in subsection (b).

''(d) PAYMENT ACRES.—The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

''(e) PREVENTION OF EXCESS PEANUT ACRES.—

''(1) REQUIRED REDUCTION.—If the total of the peanut acres for a farm, together with the acreage described in paragraph (3), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or contract acreage for 1 or more covered commodities for the farm as necessary so that the total of the peanut acres and acreage described in paragraph (3) does not exceed the actual cropland acreage of the farm.

''(2) SELECTION OF ACRES.—The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or contract acreage against which the reduction will be made.

''(3) OTHER ACREAGE.—For the purposes of paragraph (1), the Secretary shall include—

''(A) any contract acreage for the farm under subtitle B;

''(B) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

''(C) any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

''(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

''SEC. 158C. DIRECT PAYMENTS FOR PEANUTS.

''(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments to peanut producers on a farm with peanut acres under section 158B and a payment yield for peanuts under section 158B.

''(b) PAYMENT RATE.—The payment rate used to make direct payments with respect to peanuts for a fiscal year shall be equal to $0.018 per pound.

''(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the peanut producers on a farm for peanuts for a fiscal year shall be equal to the product obtained by multiplying—

''(1) the payment rate specified in subsection (b);

''(2) the payment acres on the farm; by

''(3) the payment yield for the farm.

''(d) TIME FOR PAYMENT.—

''(1) IN GENERAL.—The Secretary shall make direct payments—

''(A) in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and

''(B) in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

''(2) ADVANCE PAYMENTS.—

''(A) IN GENERAL.—At the option of the peanut producers on a farm, the Secretary shall pay 50 percent of the direct payment for a fiscal year for the producers on the farm on a date selected by the peanut producers on the farm.

''(B) SELECTED DATE.—The selected date for a fiscal year shall be on or after December 1 of the fiscal year.

''(C) SUBSEQUENT FISCAL YEARS.—The peanut producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

''(3) REPAYMENT OF ADVANCE PAYMENTS.—If any peanut producer on a farm that receives an advance direct payment for a fiscal year ceases to be eligible for a direct payment before the date the direct payment would have been made by the Secretary under paragraph (1), the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment.

''SEC. 158D. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

''(a) IN GENERAL.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the income protection price for peanuts.

''(b) EFFECTIVE PRICE.—For the purposes of subsection (a), the effective price for peanuts is equal to the total of—

''(1) the greater of—

''(A) the national average market price received by peanut producers during the marketing season for peanuts, as determined by the Secretary; or

''(B) the national average loan rate for a marketing assistance loan for peanuts under section 158G in effect for the marketing season for peanuts under this chapter; and

''(2) the payment rate in effect for peanuts under section 158C for the purpose of making direct payments with respect to peanuts.

''(c) INCOME PROTECTION PRICE.—For the purposes of subsection (a), the income protection price for peanuts shall be equal to $520 per ton.

''(d) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product obtained by multiplying—

''(1) the payment rate specified in subsection (e);

''(2) the payment acres on the farm; by

''(3) the payment yield for the farm.

''(e) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to peanuts for a crop year shall be equal to the difference between—

''(1) the income protection price for peanuts; and

''(2) the effective price determined under subsection (b) for peanuts.

''(f) TIME FOR PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall make counter-cyclical payments to peanut producers on a farm under this section for a crop of peanuts as soon as practicable after determining under subsection (a) that the payments are required for the crop year.

''(2) PARTIAL PAYMENT.—

''(A) IN GENERAL.—At the option of the Secretary, the peanut producers on a farm may elect to receive up to 40 percent of the projected counter-cyclical payment to be made under this section for a crop of peanuts on completion of the first 2 months of the marketing season for the crop, as determined by the Secretary.

''(B) REPAYMENT.—The peanut producers on a farm shall repay to the Secretary the amount, if any, by which the payment received by producers on the farm (including any partial payments) exceeds the counter-cyclical payment the producers on the farm are eligible for under this section.

''SEC. 158E. PRODUCER AGREEMENTS.

''(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

''(1) REQUIREMENTS.—Before the peanut producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the peanut producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for the payments—

''(A) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

''(B) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

''(C) to comply with the planting flexibility requirements of section 158F; and

''(D) to use a quantity of the land on the farm equal to the peanut acres, for an agricultural or conserving use, and not for a non-agricultural commercial or industrial use, as determined by the Secretary.

''(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers necessary to ensure peanut producer compliance with paragraph (1).

''(b) FORECLOSURE.—

''(1) IN GENERAL.—The Secretary shall not require the peanut producers on a farm to repay a direct payment or counter-cyclical payment if a foreclosure has occurred with respect to the farm and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

''(2) COMPLIANCE WITH REQUIREMENTS.—

''(A) IN GENERAL.—This subsection shall not void the responsibilities of the peanut producers on a farm under subsection (a) if the peanut producers on the farm continue or resume operation, or control, of the farm.

''(B) APPLICABLE REQUIREMENTS.—On the resumption of operation or control over the farm by the peanut producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

''(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

''(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the peanut producers on a farm in peanut acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

''(2) EFFECTIVE DATE.—The termination takes effect on the date of the transfer or change.

''(3) TRANSFER OF PAYMENT BASE AND YIELD.—The Secretary shall not impose any restriction on the transfer of the peanut acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

''(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the purposes of subsection (a), as determined by the Secretary.

''(5) EXCEPTION.—If a peanut producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

''(d) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this chapter, the Secretary shall require the peanut producers on a farm to submit to the Secretary acreage reports for the farm.

''(e) TENANTS AND SHARECROPPERS.—In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

''(f) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the peanut producers on a farm on a fair and equitable basis.

''SEC. 158F. PLANTING FLEXIBILITY.

''(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on peanut acres on a farm.

''(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

''(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on peanut acres:

''(A) Fruits.

''(B) Vegetables (other than lentils, mung beans, and dry peas).

''(C) In the case of the 2003 and subsequent crops of an agricultural commodity, wild rice.

''(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

''(A) in any region in which there is a history of double-cropping of peanuts with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

''(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on peanut acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

''(C) by the peanut producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

''(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

''(ii) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

''SEC. 158G. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

''(a) NONRECOURSE LOANS AVAILABLE.—

''(1) AVAILABILITY.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm nonrecourse marketing assistance loans for peanuts produced on the farm.

''(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

''(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under this section for any quantity of peanuts produced on the farm.

''(4) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this section, the Secretary shall make loans to peanut producers on a farm that would be eligible to obtain a marketing assistance loan but for the fact the peanuts owned by the peanut producers on the farm are commingled with other peanuts of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producers on a farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 158E.

''(5) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the peanut producers on a farm through—

''(A) a designated marketing association of peanut producers that is approved by the

Secretary, which may own or construct necessary storage facilities;

''(B) the Farm Service Agency; or

''(C) a loan servicing agent approved by the Secretary.

''(b) LOAN RATE.—The loan rate for a marketing assistance loan for peanuts under subsection (a) shall be equal to $400 per ton.

''(c) TERM OF LOAN.—

''(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

''(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

''(d) REPAYMENT RATE.—The Secretary shall permit peanut producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

''(1) the loan rate established for peanuts under subsection (b), plus interest (as determined by the Secretary); or

''(2) a rate that the Secretary determines will—

''(A) minimize potential loan forfeitures;

''(B) minimize the accumulation of stocks of peanuts by the Federal Government;

''(C) minimize the cost incurred by the Federal Government in storing peanuts; and

''(D) allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

''(e) LOAN DEFICIENCY PAYMENTS.—

''(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to the peanut producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for payments under this subsection.

''(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

''(A) the loan payment rate determined under paragraph (3) for peanuts; by

''(B) the quantity of the peanuts produced by the peanut producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under subsection (a).

''(3) LOAN PAYMENT RATE.—For the purposes of this subsection, the loan payment rate shall be the amount by which—

''(A) the loan rate established under subsection (b); exceeds

''(B) the rate at which a loan may be repaid under subsection (d).

''(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the peanut producers on a farm with respect to a quantity of peanuts as of the earlier of—

''(A) the date on which the peanut producers on the farm marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary; or

''(B) the date the peanut producers on the farm request the payment.

''(f) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the peanut producers on a farm shall comply during the term of the loan with—

''(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

''(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

''(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.—To the maximum extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

''SEC. 158H. QUALITY IMPROVEMENT.

''(a) OFFICIAL INSPECTION.—All peanuts placed under a marketing assistance loan under section 158G or otherwise sold or marketed shall be officially inspected and graded by a Federal or State inspector.

SA 2670. Mrs. BOXER submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

On page 202, strike line 24 and insert the following:

(a) REGIONAL EQUITY.—Section 1230(b) of the Food Security Act of 1985 (16 U.S.C. 3830(b)) is amended by adding at the end the following:

''(3) REGIONAL EQUITY.—Not later than 1 year after the date of enactment of this paragraph, the Secretary shall reform compensation, selection, and other policies and rules to ensure that the overall enrollment of land in the comprehensive conservation enhancement program—

''(A) is equitable on a regional basis;

''(B) promotes achievement of important environmental goals; and

''(C) does not discriminate against regions in which the cost of land is high.''.

(b) REAUTHORIZATION.—''.

SA 2671. Mr. COCHRAN (for himself and Mr. ROBERTS) proposed an amendment to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; as follows:

In lieu of the matter proposed to be inserted insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Agriculture, Conservation, and Rural Enhancement Act of 2001''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—COMMODITY PROGRAMS

Sec. 100. Definitions.

Subtitle A—Fixed Decoupled Payments and Farm Counter-Cyclical Savings Account Payments

Sec. 101. Payments to eligible producers.
Sec. 102. Payment yields.
Sec. 103. Base acres and payment acres for farms.
Sec. 104. Fixed, decoupled payments.
Sec. 105. Farm counter-cyclical savings accounts.
Sec. 106. Producer agreements.
Sec. 107. Planting flexibility.
Sec. 108. Production flexibility contracts.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

Sec. 121. Nonrecourse marketing assistance loans for covered commodities.
Sec. 122. Loan rates.
Sec. 123. Term of loans.
Sec. 124. Repayment of loans.
Sec. 125. Loan deficiency payments.
Sec. 126. Payments in lieu of loan deficiency payments for grazed acreage.
Sec. 127. Special marketing loan provisions for upland cotton.
Sec. 128. Special competitive provisions for extra long staple cotton.
Sec. 129. Recourse loans for high moisture feed grains and seed cotton and other fibers.
Sec. 130. Nonrecourse marketing assistance loans for wool and mohair.
Sec. 131. Nonrecourse marketing assistance loans for honey.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

Sec. 141. Milk price support program.
Sec. 142. Dairy export incentive and dairy indemnity programs.
Sec. 143. Fluid milk promotion.
Sec. 144. Dairy product mandatory reporting.
Sec. 145. Exemption of milk handlers from minimum price requirements.

CHAPTER 2—SUGAR

Sec. 151. Sugar program.
Sec. 152. Storage facility loans.
Sec. 153. Flexible marketing allotments for sugar.

CHAPTER 3—PEANUTS

Sec. 161. Definitions.
Sec. 162. Payment yields, peanut acres, and payment acres for farms.
Sec. 163. Fixed, decoupled payments for peanuts.
Sec. 164. Counter-cyclical payments for peanuts.
Sec. 165. Producer agreements.
Sec. 166. Planting flexibility.
Sec. 167. Marketing assistance loans and loan deficiency payments for peanuts.
Sec. 168. Quality improvement.
Sec. 169. Termination of marketing quotas for peanuts and compensation to peanut quota holders.

Subtitle D—Administration

Sec. 171. Administration.
Sec. 172. Adjustments of loans.
Sec. 173. Commodity Credit Corporation interest rate.
Sec. 174. Personal liability of producers for deficiencies.
Sec. 175. Commodity Credit Corporation sales price restrictions.
Sec. 176. Commodity certificates.
Sec. 177. Assignment of payments.
Sec. 178. Payment limitations.

Subtitle E—Price Support Authority

Sec. 181. Suspension and repeal of price support authority.

Subtitle F—Miscellaneous Commodity Provision

Sec. 191. Agricultural producers supplemental payments and assistance.

TITLE II—CONSERVATION

Subtitle A—Working Land Conservation Programs

Sec. 201. Environmental quality incentives program.
Sec. 202. Conservation reserve program.
Sec. 203. Wetlands reserve program.
Sec. 204. Farmland protection program.
Sec. 205. Wildlife habitat incentive program.
Sec. 206. Grassland reserve program.

Sec. 207. Resource conservation and development program.
Sec. 208. Conservation of private grazing land.
Sec. 209. Other conservation programs.

Subtitle B—Miscellaneous Reforms and Extensions

Sec. 211. Privacy of personal information relating to natural resources conservation programs.
Sec. 212. Administrative requirements for conservation programs.
Sec. 213. Reform and assessment of conservation programs.
Sec. 214. Certification of private providers of technical assistance.
Sec. 215. Extension of conservation authorities.
Sec. 216. Use of symbols, slogans, and logos.
Sec. 217. Technical amendments.
Sec. 218. Effect of amendments.

TITLE III—TRADE

Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

Sec. 301. United States policy.
Sec. 302. Provision of agricultural commodities.
Sec. 303. Generation and use of currencies by private voluntary organizations and cooperatives.
Sec. 304. Levels of assistance.
Sec. 305. Food Aid Consultative Group.
Sec. 306. Maximum level of expenditures.
Sec. 307. Administration.
Sec. 308. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable prepackaged foods.
Sec. 309. Sale procedure.
Sec. 310. Prepositioning.
Sec. 311. Expiration date.
Sec. 312. Micronutrient fortification program.
Sec. 313. Farmer-to-farmer program.

Subtitle B—Agricultural Trade Act of 1978

Sec. 321. Export credit guarantee program.
Sec. 322. Market access program.
Sec. 323. Export enhancement program.
Sec. 324. Foreign market development cooperator program.
Sec. 325. Food for progress and education programs.
Sec. 326. Exporter assistance initiative.

Subtitle C—Miscellaneous Agricultural Trade Provisions

Sec. 331. Bill Emerson Humanitarian Trust.
Sec. 332. Emerging markets.
Sec. 333. Biotechnology and agricultural trade program.
Sec. 334. Surplus commodities for developing or friendly countries.
Sec. 335. Agricultural trade with Cuba.

TITLE IV—NUTRITION PROGRAMS

Sec. 401. Short title.

Subtitle A—Food Stamp Program

Sec. 411. Encouragement of payment of child support.
Sec. 412. Simplified definition of income.
Sec. 413. Increase in benefits to households with children.
Sec. 414. Simplified determination of housing costs.
Sec. 415. Simplified utility allowance.
Sec. 416. Simplified procedure for determination of earned income.
Sec. 417. Simplified determination of deductions.
Sec. 418. Simplified definition of resources.
Sec. 419. Alternative issuance systems in disasters.
Sec. 420. State option to reduce reporting requirements.
Sec. 421. Benefits for adults without dependents.
Sec. 422. Preservation of access to electronic benefits.
Sec. 423. Cost neutrality for electronic benefit transfer systems.
Sec. 424. Alternative procedures for residents of certain group facilities.
Sec. 425. Availability of food stamp program applications on the Internet.
Sec. 426. Simplified determinations of continuing eligibility.
Sec. 427. Clearinghouse for successful nutrition education efforts.
Sec. 428. Transitional food stamps for families moving from welfare.
Sec. 429. Delivery to retailers of notices of adverse action.
Sec. 430. Reform of quality control system.
Sec. 431. Improvement of calculation of State performance measures.
Sec. 432. Bonuses for States that demonstrate high performance.
Sec. 433. Employment and training program.
Sec. 434. Reauthorization of food stamp program and food distribution program on Indian reservations.
Sec. 435. Coordination of program information efforts.
Sec. 436. Expanded grant authority.
Sec. 437. Access and outreach pilot projects.
Sec. 438. Consolidated block grants and administrative funds.
Sec. 439. Assistance for community food projects.
Sec. 440. Availability of commodities for the emergency food assistance program.
Sec. 441. Innovative programs for addressing common community problems.
Sec. 442. Report on use of electronic benefit transfer systems.
Sec. 443. Vitamin and mineral supplements.

Subtitle B—Miscellaneous Provisions

Sec. 451. Reauthorization of commodity programs.
Sec. 452. Partial restoration of benefits to legal immigrants.
Sec. 453. Commodities for school lunch programs.
Sec. 454. Eligibility for free and reduced price meals.
Sec. 455. Eligibility for assistance under the special supplemental nutrition program for women, infants, and children.
Sec. 456. Seniors farmers' market nutrition program.
Sec. 457. Fruit and vegetable pilot program.
Sec. 458. Congressional Hunger Fellows Program.
Sec. 459. Nutrition information and awareness pilot program.
Sec. 460. Effective date.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

Sec. 501. Direct loans.
Sec. 502. Financing of bridge loans.
Sec. 503. Limitations on amount of farm ownership loans.
Sec. 504. Joint financing arrangements.
Sec. 505. Guarantee percentage for beginning farmers and ranchers.
Sec. 506. Guarantee of loans made under State beginning farmer or rancher programs.
Sec. 507. Down payment loan program.
Sec. 508. Beginning farmer and rancher contract land sales program.

Subtitle B—Operating Loans

Sec. 511. Direct loans.
Sec. 512. Amount of guarantee of loans for tribal farm operations; waiver of limitations for tribal operations and other operations.

Subtitle C—Administrative Provisions

Sec. 521. Eligibility of limited liability companies for farm ownership loans, farm operating loans, and emergency loans.
Sec. 522. Debt settlement.
Sec. 523. Temporary authority to enter into contracts; private collection agencies.
Sec. 524. Interest rate options for loans in servicing.
Sec. 525. Annual review of borrowers.
Sec. 526. Simplified loan applications.
Sec. 527. Inventory property.
Sec. 528. Definitions.
Sec. 529. Loan authorization levels.
Sec. 530. Interest rate reduction program.
Sec. 531. Options for satisfaction of obligation to pay recapture amount for shared appreciation agreements.
Sec. 532. Waiver of borrower training certification requirement.
Sec. 533. Annual review of borrowers.

Subtitle D—Farm Credit

Sec. 541. Repeal of burdensome approval requirements.
Sec. 542. Banks for cooperatives.
Sec. 543. Insurance Corporation premiums.
Sec. 544. Board of Directors of the Federal Agricultural Mortgage Corporation.

Subtitle E—General Provisions

Sec. 551. Inapplicability of finality rule.
Sec. 552. Technical amendments.
Sec. 553. Effective date.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Empowerment of Rural America

Sec. 601. National Rural Cooperative and Business Equity Fund.
Sec. 602. Rural business investment program.
Sec. 603. Full funding of pending rural development loan and grant applications.
Sec. 604. Rural Endowment Program.
Sec. 605. Enhancement of access to broadband service in rural areas.
Sec. 606. Value-added agricultural product market development grants.
Sec. 607. National Rural Development Information Clearinghouse.

Subtitle B—National Rural Development Partnership

Sec. 611. Short title.
Sec. 612. National Rural Development Partnership.

Subtitle C—Consolidated Farm and Rural Development Act

Sec. 621. Water or waste disposal grants.
Sec. 622. Rural business opportunity grants.
Sec. 623. Rural water and wastewater circuit rider program.
Sec. 624. Multijurisdictional regional planning organizations.
Sec. 625. Certified nonprofit organizations sharing expertise.
Sec. 626. Loan guarantees for certain rural development loans.
Sec. 627. Rural firefighters and emergency personnel grant program.
Sec. 628. Emergency community water assistance grant program.
Sec. 629. Water and waste facility grants for Native American tribes.
Sec. 630. Water systems for rural and native villages in Alaska.
Sec. 631. Rural cooperative development grants.
Sec. 632. Grants to broadcasting systems.
Sec. 633. Business and industry loan modifications.
Sec. 634. Value-added intermediary relending program.
Sec. 635. Use of rural development loans and grants for other purposes.
Sec. 636. Simplified application forms for loan guarantees.
Sec. 637. Definition of rural and rural area.

Sec. 638. Rural entrepreneurs and microenterprise assistance program.
Sec. 639. Rural seniors.
Sec. 640. Children's day care facilities.
Sec. 641. Rural telework.
Sec. 642. Grants for emergency weather radio transmitters.
Sec. 643. Delta regional authority.
Sec. 644. SEARCH grants for small communities.

Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

Sec. 651. Alternative Agricultural Research and Commercialization Corporation.
Sec. 652. Telemedicine and distance learning services in rural areas.

Subtitle E—Rural Electrification Act of 1936

Sec. 661. Guarantees for bonds and notes issued for electrification or telephone purposes.
Sec. 662. Expansion of 911 access.

TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

Sec. 701. Definitions.
Sec. 702. National Agricultural Research, Extension, Education, and Economics Advisory Board.
Sec. 703. Grants and fellowships for food and agricultural sciences education.
Sec. 704. Competitive research facilities grant program.
Sec. 705. Grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
Sec. 706. Policy research centers.
Sec. 707. Human nutrition intervention and health promotion research program.
Sec. 708. Pilot research program to combine medical and agricultural research.
Sec. 709. Nutrition education program.
Sec. 710. Animal health and disease research programs.
Sec. 711. Research on national or regional problems.
Sec. 712. Education grants programs for Hispanic-serving institutions.
Sec. 713. Competitive grants for international agricultural science and education programs.
Sec. 714. Indirect costs.
Sec. 715. Research equipment grants.
Sec. 716. Agricultural research programs.
Sec. 717. Extension education.
Sec. 718. Availability of competitive grant funds.
Sec. 719. Joint requests for proposals.
Sec. 720. Supplemental and alternative crops.
Sec. 721. Aquaculture.
Sec. 722. Rangeland research.
Sec. 723. Biosecurity planning and response programs.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

Sec. 731. National genetic resources program.
Sec. 732. Biotechnology risk assessment research.
Sec. 733. High-priority research and extension initiatives.
Sec. 734. Nutrient management research and extension initiative.
Sec. 735. Organic agriculture research and extension initiative.
Sec. 736. Agricultural telecommunications program.
Sec. 737. Assistive technology program for farmers with disabilities.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

Sec. 741. Initiative for Future Agriculture and Food Systems.
Sec. 742. Partnerships for high-value agricultural product quality research.
Sec. 743. Precision agriculture.
Sec. 744. Biobased products.
Sec. 745. Thomas Jefferson Initiative for Crop Diversification.
Sec. 746. Integrated research, education, and extension competitive grants program.
Sec. 747. Support for research regarding diseases of wheat and barley caused by fusarium graminearum.
Sec. 748. Food Animal Residue Avoidance Database program.
Sec. 749. Office of Pest Management Policy.

Subtitle D—Land-Grant Funding

CHAPTER 1—1862 INSTITUTIONS

Sec. 751. Carryover.
Sec. 752. Reporting of technology transfer activities.
Sec. 753. Compliance with multistate and integration requirements.

CHAPTER 2—1994 INSTITUTIONS

Sec. 754. Extension at 1994 institutions.
Sec. 755. Equity in Educational Land-Grant Status Act of 1994.
Sec. 756. Eligibility for integrated grants program.

CHAPTER 3—1890 INSTITUTIONS

Sec. 757. Authorization percentages for research and extension formula funds.
Sec. 758. Carryover.
Sec. 759. Reporting of technology transfer activities.
Sec. 760. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
Sec. 761. National research and training centennial centers.
Sec. 762. Matching funds requirement for research and extension activities.

CHAPTER 4—LAND-GRANT INSTITUTIONS

SUBCHAPTER A—GENERAL

Sec. 771. Priority-setting process.
Sec. 772. Termination of certain schedule A appointments.

SUBCHAPTER B—LAND-GRANT INSTITUTIONS IN INSULAR AREAS

Sec. 775. Distance education grants program for insular area land-grant institutions.
Sec. 776. Matching requirements for research and extension formula funds for insular area land-grant institutions.

Subtitle E—Other Laws

Sec. 781. Critical agricultural materials.
Sec. 782. Research facilities.
Sec. 783. Federal agricultural research facilities.
Sec. 784. Competitive, special, and facilities research grants.
Sec. 785. Risk management education for beginning farmers and ranchers.
Sec. 786. Aquaculture.
Sec. 787. Carbon cycle research.

Subtitle F—New Authorities

Sec. 791. Definitions.
Sec. 792. Regulatory and inspection research.
Sec. 793. Emergency research transfer authority.
Sec. 794. Review of Agricultural Research Service.
Sec. 795. Technology transfer for rural development.
Sec. 796. Beginning farmer and rancher development program.
Sec. 797. Sense of Congress regarding doubling of funding for agricultural research.
Sec. 798. Priority for farmers and ranchers participating in conservation programs.
Sec. 798A. Organic production and market data initiatives.
Sec. 798B. Organically produced product research and education.
Sec. 798C. International organic research collaboration.

TITLE VIII—FORESTRY

Sec. 801. Office of International Forestry.
Sec. 802. McIntire-Stennis cooperative forestry research program.
Sec. 803. Sustainable forestry outreach initiative; renewable resources extension activities.
Sec. 804. Forestry incentives program.
Sec. 805. Forest land enhancement program.
Sec. 806. Sustainable forestry cooperative program.
Sec. 807. Stewardship incentive program.
Sec. 808. Forest fire research centers.
Sec. 809. Wildfire prevention and hazardous fuel purchase program.
Sec. 810. Enhanced community fire protection.
Sec. 811. Watershed forestry assistance program.
Sec. 812. General provisions.
Sec. 813. State forest stewardship coordinating committees.

TITLE IX—ENERGY

Sec. 901. Findings.
Sec. 902. Consolidated Farm and Rural Development Act.
Sec. 903. Biomass Research and Development Act of 2000.
Sec. 904. Rural Electrification Act of 1936.
Sec. 905. Carbon sequestration demonstration program.
Sec. 906. Sense of Congress concerning national renewable fuels standard.
Sec. 907. Sense of Congress concerning the bioenergy program of the Department of Agriculture.

TITLE X—MISCELLANEOUS

Subtitle A—Country of Origin and Quality Grade Labeling

Sec. 1001. Country of origin labeling.
Sec. 1002. Quality grade labeling of imported meat and meat food products.

Subtitle B—General Provisions

Sec. 1011. Unlawful stockyard practices involving nonambulatory livestock.
Sec. 1012. Cotton classification services.
Sec. 1013. Protection for purchasers of farm products.
Sec. 1014. Penalties and foreign commerce provisions of the Animal Welfare Act.
Sec. 1015. Outreach and assistance for socially disadvantaged farmers and ranchers.
Sec. 1016. Public disclosure requirements for county committee elections.
Sec. 1017. Pseudorabies eradication program.
Sec. 1018. Tree assistance program.
Sec. 1019. Humane methods of animal slaughter.

Subtitle C—Administration

Sec. 1031. Regulations.
Sec. 1032. Effect of amendments.

TITLE I—COMMODITY PROGRAMS

SEC. 100. DEFINITIONS.

In this title (other than chapter 3 of subtitle C and except as provided in section 105(a)(4)):

(1) AGRICULTURAL ACT OF 1949.—The term ''Agricultural Act of 1949'' means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as

in effect prior to the suspensions under section 181(b).

(2) AGRICULTURAL COMMODITY.—The term ''agricultural commodity'' means any agricultural commodity, food, feed, fiber, or livestock.

(3) BASE ACRES.—The term ''base acres'', with respect to a covered commodity on a farm, means the number of acres established under section 103 with respect to the covered commodity on the election made by the producers on the farm under section 103(a).

(4) COVERED COMMODITY.—The term ''covered commodity'' means—

(A) wheat, corn, grain sorghum, barley, oats, upland cotton, rice, and oilseeds; and

(B) in the case of subtitle B, extra long staple cotton, dry peas, lentils, and chickpeas.

(5) ELIGIBLE PRODUCER.—The term ''eligible producer'' means a producer described in section 101(a).

(6) EXTRA LONG STAPLE COTTON.—The term ''extra long staple cotton'' means cotton that—

(A) is produced from pure strain varieties of the Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

(B) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

(7) FARM COUNTER-CYCLICAL SAVINGS ACCOUNT.—The terms ''farm counter-cyclical savings account'' and ''account'' mean a farm counter-cyclical savings account established under section 105.

(8) FARM COUNTER-CYCLICAL SAVINGS ACCOUNT PAYMENT.—The term ''farm counter-cyclical savings account payment'' means a matching contribution made by the Secretary to a farm counter-cyclical savings account under section 105.

(9) FIXED, DECOUPLED PAYMENT.—The term ''fixed, decoupled payment'' means a payment made to producers under section 104.

(10) OILSEED.—The term ''oilseed'' means a crop of soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, another oilseed.

(11) PAYMENT ACRES.—The term ''payment acres'' means 85 percent of the base acres of a covered commodity on a farm, as established under section 103, on which fixed, decoupled payments are made.

(12) PAYMENT YIELD.—The term ''payment yield'' means the yield established under section 102 for a farm for a covered commodity.

(13) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and that is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

(B) HYBRID SEED.—In determining whether a grower of hybrid seed is a producer, the Secretary—

(i) shall not take into consideration the existence of a hybrid seed contract; and

(ii) shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(16) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

Subtitle A—Fixed Decoupled Payments and Farm Counter-Cyclical Savings Account Payments

SEC. 101. PAYMENTS TO ELIGIBLE PRODUCERS.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of each covered commodity, the Secretary shall make fixed decoupled payments and farm counter-cyclical savings account payments under this subtitle to—

(1) producers on a farm that were parties to a production flexibility contract under section 111 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211) for fiscal year 2002; and

(2) other producers on farms in the United States described in section 103(a).

(b) TENANTS AND SHARECROPPERS.—In carrying out this title, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(c) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of fixed, decoupled payments among the eligible producers on a farm on a fair and equitable basis.

SEC. 102. PAYMENT YIELDS.

(a) IN GENERAL.—For the purpose of making fixed, decoupled payments under this subtitle, the Secretary shall provide for the establishment of a payment yield for each farm for each covered commodity in accordance with this section.

(b) USE OF FARM PROGRAM PAYMENT YIELD.—Except as provided in this section, the payment yield for each of the 2002 through 2006 crops of a covered commodity for a farm shall be the farm program payment yield for the 2002 crop of the covered commodity (other than oilseeds) as determined under section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465).

(c) FARMS WITHOUT FARM PROGRAM PAYMENT YIELD.—In the case of a farm for which a farm program payment yield is unavailable for a covered commodity (other than oilseeds), the Secretary shall establish an appropriate payment yield for the covered commodity on the farm taking in consideration the farm program payment yields applicable to the commodity under subsection (b) for similar farms in the area.

(d) PAYMENT YIELDS FOR OILSEEDS.—

(1) IN GENERAL.—In the case of each oilseed, the Secretary shall determine the average yield for the oilseed on a farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to the oilseed was zero.

(2) ASSIGNED YIELDS.—If, for any of the crop years referred to in paragraph (1) in which the oilseed was planted, the producers on a farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277) with respect to the production of the oilseed, the Secretary shall assign a yield for the crop year equal to 65 percent of the county yield.

(3) ADJUSTMENT FOR PAYMENT YIELD.—The payment yield for a farm for an oilseed shall be equal to the product obtained by multiplying—

(A) the average yield for the oilseed determined under paragraphs (1) and (2); by

(B) the ratio resulting from dividing—

(i) the national average yield for the oilseed for the 1981 through 1985 crops; by

(ii) the national average yield for the oilseed for the 1998 through 2001 crops.

SEC. 103. BASE ACRES AND PAYMENT ACRES FOR FARMS.

(a) ELECTION BY PRODUCERS OF BASE ACRE CALCULATION METHOD.—For the purpose of making fixed, decoupled payments to producers on a farm, the Secretary shall provide producers on the farm with an opportunity to elect 1 of the following methods as the method by which the base acres of all covered commodities on the farm are determined:

(1) The 4-year average of—

(A) acreage actually planted to a covered commodity for harvest, grazing, haying, silage, or other similar purposes during the 1998 through 2001 crop years; and

(B) any acreage that was prevented from being planted during such crop years to the covered commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producers on the farm, as determined by the Secretary.

(2) The sum of—

(A) the contract acreage (as defined in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202)) that would have been used by the Secretary to calculate the payment for fiscal year 2002 under such section 102 for the contract commodity on the farm; and

(B) the 4-year average determined under paragraph (1) for each oilseed produced on the farm.

(b) SINGLE ELECTION; TIME FOR ELECTION.—

(1) SINGLE ELECTION.—The producers on a farm shall have 1 opportunity to make the election described in subsection (a).

(2) TIME FOR ELECTION.—Not later than 180 days after the date of the enactment of this Act, the producers on a farm shall notify the Secretary of the election made by the producers on the farm under subsection (a).

(c) EFFECT OF FAILURE TO MAKE ELECTION.—If the producers on a farm fail to make the election under subsection (a), or fail to timely notify the Secretary of the selected option as required by subsection (b), the producers on the farm shall be deemed to have made the election described in subsection (a)(2) for the purpose of determining the base acres for all covered commodities on the farm.

(d) APPLICATION OF ELECTION TO ALL COVERED COMMODITIES.—The election made under subsection (a) or deemed to be made under subsection (c) with respect to a farm shall apply to all of the covered commodities produced on the farm.

(e) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—In the case of producers on a farm that make the election described in subsection (a)(2), the Secretary shall provide for an adjustment in the base acres for the farm whenever either of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) ELECTION.—For the fiscal year and crop year in which a base acre adjustment under paragraph (1) is first made, the producers on the farm shall elect to receive—

(A) fixed, decoupled payments with respect to the acreage added to the farm under this subsection; or

(B) a prorated payment under the conservation reserve contract.

(f) PAYMENT ACRES.—The payment acres for a covered commodity on a farm shall be equal to 85 percent of the base acres for the covered commodity.

(g) PREVENTION OF EXCESS BASE ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for a farm, together with the acreage described in paragraph (3), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of base acres for 1 or more covered commodities for the farm or peanut acres for the farm as necessary so that the sum of the base acres and acreage described in paragraph (3) does not exceed the actual cropland acreage of the farm.

(2) SELECTION OF ACRES.—The Secretary shall give the producers on the farm the opportunity to select the base acres or peanut acres against which the reduction will be made.

(3) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include—

(A) any peanut acres for the farm under chapter 3 of subtitle C;

(B) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

(C) any other acreage on the farm enrolled in a voluntary conservation program under which production of any agricultural commodity is prohibited.

(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

SEC. 104. FIXED, DECOUPLED PAYMENTS.

(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make fixed, decoupled payments available to producers on a farm with base acres under section 103, and a payment yield under section 102, with respect to a covered commodity.

(b) PAYMENT RATE.—The payment rates used to make fixed, decoupled payments with respect to covered commodities for a crop year are as follows:

(1) Wheat:

(A) In the case of each of the 2002 through 2005 crops, $0.7657 per bushel.

(B) In the case of the 2006 crop, $0.6308 per bushel.

(2) Corn:

(A) In the case of each of the 2002 through 2005 crops, $0.4334 per bushel.

(B) In the case of the 2006 crop, $0.3571 per bushel.

(3) Grain sorghum:

(A) In the case of each of the 2002 through 2005 crops, $0.5201 per bushel.

(B) In the case of the 2006 crop, $0.4284 per bushel.

(4) Barley:

(A) In the case of each of the 2002 through 2005 crops, $0.3612 per bushel.

(B) In the case of the 2006 crop, $0.2976 per bushel.

(5) Oats:

(A) In the case of each of the 2002 through 2005 crops, $0.0361 per bushel.

(B) In the case of the 2006 crop, $0.0298 per bushel.

(6) Upland cotton:

(A) In the case of each of the 2002 through 2005 crops, $0.1489 per pound.

(B) In the case of the 2006 crop, $0.1227 per pound.

(7) Rice:

(A) In the case of each of the 2002 through 2005 crops, $3.39 per hundredweight.

(B) In the case of the 2006 crop, $2.79 per hundredweight.

(8) Soybeans:

(A) In the case of each of the 2002 through 2005 crops, $0.6068 per bushel.

(B) In the case of the 2006 crop, $0.4999 per bushel.

(9) Oilseeds (other than soybeans):

(A) In the case of each of the 2002 through 2005 crops, $0.01021 per pound.

(B) In the case of the 2006 crop, $0.0088 per pound.

(c) PAYMENT AMOUNT.—The amount of the fixed, decoupled payment to be paid to the producers on a farm for a covered commodity for a fiscal year shall be equal obtained by multiplying—

(1) the payment rate specified in subsection (b);

(2) the payment acres of the covered commodity on the farm; by

(3) the payment yield for the covered commodity for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—The Secretary shall make fixed, decoupled payments—

(A) in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and

(B) in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

(2) ADVANCE PAYMENTS.—

(A) IN GENERAL.—At the option of the producers on a farm, the Secretary shall pay 50 percent of the fixed, decoupled payment for a fiscal year for the producers on the farm on a date selected by the producers on the farm.

(B) SELECTED DATE.—The selected date for a fiscal year shall be on or after December 1 of the fiscal year.

(C) SUBSEQUENT FISCAL YEARS.—The producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If any producer on a farm receives an advance fixed, decoupled payment for a fiscal year ceases to be eligible for a fixed, decoupled payment before the date the fixed, decoupled payment would have been made by the Secretary under paragraph (1), the producer shall be responsible for repaying the Secretary the full amount of the advance payment.

SEC. 105. FARM COUNTER-CYCLICAL SAVINGS ACCOUNTS.

(a) DEFINITIONS.—In this section:

(1) ADJUSTED GROSS REVENUE.—The term ''adjusted gross revenue'' means the adjusted gross income for all agricultural enterprises of a producer in a year, excluding revenue earned from nonagricultural sources, as determined by the Secretary—

(A) by taking into account gross receipts from the sale of crops and livestock on all agricultural enterprises of the producer, including insurance indemnities resulting from losses in the agricultural enterprises;

(B) by including all farm payments paid by the Secretary for all agricultural enterprises of the producer, including any marketing loan gains described in section 1001(3)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(3)(A));

(C) by deducting the cost or basis of livestock or other items purchased for resale, such as feeder livestock, on all agricultural enterprises of the producer; and

(D) as represented on—

(i) a schedule F of the Federal income tax returns of the producer; or

(ii) a comparable tax form related to the agricultural enterprises of the producer, as approved by the Secretary.

(2) AGRICULTURAL ENTERPRISE.—The term ''agricultural enterprise'' means the production and marketing of all agricultural commodities (including livestock but excluding tobacco) on a farm or ranch.

(3) AVERAGE ADJUSTED GROSS REVENUE.—The term ''average adjusted gross revenue'' means—

(A) the average of the adjusted gross revenue of a producer for each of the preceding 5 taxable years; or

(B) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, the estimated income of the producer that will be earned from all agricultural enterprises for the applicable year, as determined by the Secretary.

(4) PRODUCER.—The term ''producer'' means an individual or entity, as determined by the Secretary for an applicable year, that—

(A) shares in the risk of producing, or provides a material contribution in producing, an agricultural commodity for the applicable year;

(B) has a substantial beneficial interest in the agricultural enterprise in which the agricultural commodity is produced;

(C)(i) during each of the preceding 5 taxable years, has filed—

(I) a schedule F of the Federal income tax returns; or

(II) a comparable tax form related to the agricultural enterprises of the individual or entity, as approved by the Secretary; or

(ii) is a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, as determined by the Secretary; and

(D)(i) has earned at least $20,000 in average adjusted gross revenue for each of the preceding 5 taxable years;

(ii) is a limited resource farmer or rancher, as determined by the Secretary; or

(iii) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, has at least $20,000 in estimated income from all agricultural enterprises for the applicable year, as determined by the Secretary.

(b) ESTABLISHMENT.—A producer may establish a farm counter-cyclical savings account in the name of the producer in a bank or financial institution selected by the producer and approved by the Secretary.

(c) CONTENT OF ACCOUNT.—A farm counter-cyclical savings account shall consist of—

(1) contributions of the producer; and

(2) matching contributions of the Secretary.

(d) PRODUCER CONTRIBUTIONS.—

(1) IN GENERAL.—Subject to paragraph (2), a producer may deposit such amounts in the account of the producer as the producer considers appropriate.

(2) MAXIMUM ACCOUNT BALANCE.—The balance of an account of a producer may not exceed 150 percent of the average adjusted gross revenue of the producer for the previous 5 years.

(e) MATCHING CONTRIBUTIONS.—

(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall provide a matching contribution on the amount deposited by the producer into the account.

(2) FORMULA.—The Secretary shall establish a formula to determine the amount of matching contributions that will be provided by the Secretary under paragraph (1).

(3) MAXIMUM CONTRIBUTIONS FOR INDIVIDUAL PRODUCER.—The amount of matching contributions that may be provided by the Secretary for an individual producer under this subsection shall not exceed $10,000.

(4) MAXIMUM CONTRIBUTIONS FOR ALL PRODUCERS.—The total amount of matching contributions that may be provided by the Secretary for all producers under this subsection shall not exceed—

(A) $800,000,000 for fiscal year 2002;

(B) $900,000,000 for fiscal year 2003;

(C) $1,000,000,000 for fiscal year 2004;

(D) $1,100,000,000 for fiscal year 2005; and

(E) $1,200,000,000 for fiscal year 2006.

(5) DATE FOR MATCHING CONTRIBUTIONS.—The Secretary shall provide the matching

contributions required for a producer under paragraph (1) as of the date that a majority of the covered commodities grown by the producer are harvested.

(f) INTEREST.—Funds deposited into the account may earn interest at the commercial rates provided by the bank or financial institution in which the Account is established.

(g) USE.—Funds credited to the account—

(1) shall be available for withdrawal by a producer, in accordance with subsection (h); and

(2) may be used for purposes determined by the producer.

(h) WITHDRAWAL.—

(1) IN GENERAL.—Subject to paragraph (2), a producer may withdraw funds from the account if the adjusted gross revenue of the producer is less than 90 percent of average adjusted gross revenue of the producer for the previous 5 years.

(2) RETIREMENT.—

(A) IN GENERAL.—Subject to subparagraph (B), a producer that ceases to be actively engaged in farming, as determined by the Secretary—

(i) may withdraw the full balance from, and close, the account; and

(ii) may not establish another account.

(B) WAIVERS.—The Secretary shall promulgate regulations that provide for a waiver, in limited circumstances (as determined by the Secretary), of the application of subparagraph (B)(ii) to a producer.

(i) ADMINISTRATION.—The Secretary shall administer this section through the Farm Service Agency and local, county, and area offices of the Department of Agriculture.

SEC. 106. PRODUCER AGREEMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive fixed, decoupled payments with respect to the farm, the producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for the payments—

(A) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 107; and

(D) to use a quantity of land on the farm equal to the base acres, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers necessary to ensure producer compliance with paragraph (1).

(b) FORECLOSURES.—

(1) IN GENERAL.—The Secretary shall not require the producers on a farm to repay a fixed, decoupled payment if the farm has been foreclosed on and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

(2) COMPLIANCE WITH REQUIREMENTS.—

(A) IN GENERAL.—This subsection shall not void the responsibilities of the producers on a farm under subsection (a) if the producers on the farm continue or resume operation, or control, of the farm.

(B) APPLICABLE REQUIREMENTS.—On the resumption of operation or control over the farm by the producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the producers on a farm in base acres for which fixed, decoupled payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

(2) EFFECTIVE DATE.—The termination takes effect on the date of the transfer or change.

(3) TRANSFER OF PAYMENT BASE AND YIELD.—There is no restriction on the transfer of the base acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of subsection (a), as determined by the Secretary.

(5) EXCEPTION.—If a producer entitled to a fixed, decoupled payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

SEC. 107. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on base acres on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on base acres:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) Wild rice.

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

(A) in any region in which there is a history of double-cropping of covered commodities with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on base acres, except that fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

(C) by the producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the producers on the farm during the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

SEC. 108. PRODUCTION FLEXIBILITY CONTRACTS.

If, on or before the date of the enactment of this Act, the producers on a farm receive all or any portion of the payment authorized for fiscal year 2002 under a production flexibility contract entered into under section 111 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211), the Secretary shall reduce the amount of the fixed, decoupled payment otherwise due the producers on the farm for fiscal year 2002 by the amount of the fiscal year 2002 payment received by the producers on the farm under the production flexibility contract.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

SEC. 121. NONRECOURSE MARKETING ASSISTANCE LOANS FOR COVERED COMMODITIES.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2006 crops of each covered commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for covered commodities produced on the farm.

(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 122 for the covered commodity.

(b) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under subsection (a) for any quantity of a covered commodity produced on the farm.

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subtitle, the Secretary shall make loans to the producers on a farm that would be eligible to obtain a marketing assistance loan but for the fact the covered commodity owned by the producers on the farm is commingled with covered commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers on the farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 176.

(d) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the producers on a farm shall comply during the term of the loan with—

(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

SEC. 122. LOAN RATES.

(a) WHEAT.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for wheat shall be—

(A) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $2.58 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(A) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(b) FEED GRAINS.—

(1) LOAN RATE FOR CORN AND GRAIN SORGHUM.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for corn and grain sorghum shall be—

(A) not less than 85 percent of the simple average price received by producers of corn

or grain sorghum, respectively, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the covered commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $1.89 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn or grain sorghum to total use for the marketing year will be—

(A) equal to or greater than 25 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 12.5 percent, the Secretary may not reduce the loan rate for the covered commodity for the corresponding crop.

(3) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 121 for barley and oats shall be—

(A) established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn; but

(B) not more than—

(i)(I) $1.65 per bushel for barley,; or

(II) $1.70 per bushel for barley used only for feed purposes, as determined by the Secretary; and

(ii) $1.21 per bushel for oats.

(c) UPLAND COTTON.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the crop is planted, of the 5 lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year preceding the year in which the crop is planted between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(2) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 121 for extra long staple cotton shall be $0.7965 per pound.

(e) RICE.—The loan rate for a marketing assistance loan under section 121 for rice shall be $6.50 per hundredweight.

(f) OILSEEDS.—

(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 121 for soybeans shall be—

(A) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $4.92 per bushel.

(2) OTHER OILSEEDS.—The loan rate for a marketing assistance loan under section 121 for each oilseed (other than soybeans) shall be—

(A) not less than 85 percent of the simple average price received by producers of the oilseed, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.093 per pound.

(g) DRY PEAS, LENTILS, AND CHICKPEAS.—The loan rate for a marketing assistance loan under section 121 for dry peas, lentils, large chickpeas, and small chickpeas shall be—

(1) not less than 85 percent of the simple average price received by producers of dry peas, lentils, large chickpeas, and small chickpeas, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of dry peas, lentils, large chickpeas, and small chickpeas, individually, excluding the year in which the average price was the highest and the year in which the average rice was the lowest in the period; but

(2) not less than—

(A) in the case of dry peas—

(i) a loan rate established by the Secretary, taking into consideration the feed prices of dry peas; but

(ii) not less than $5.83 per hundredweight;

(B) in the case of lentils, $11.00 per hundredweight;

(C) in the case of large chickpeas, $15.00 per hundredweight; and

(D) in the case of small chickpeas, $7.00 per hundredweight.

SEC. 123. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each covered commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under section 121 shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(b) SPECIAL RULE FOR COTTON.—A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the month in which the loan is made.

(c) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for any covered commodity.

SEC. 124. REPAYMENT OF LOANS.

(a) REPAYMENT RATES FOR WHEAT, FEED GRAINS, OILSEEDS, DRY PEAS, LENTILS, AND CHICKPEAS.—The Secretary shall permit producers on a farm to repay a marketing assistance loan under section 121 for wheat, corn, grain sorghum, barley, oats, oilseeds, dry peas, lentils, and chickpeas at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity;

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally; and

(E) minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers on a farm to repay a marketing assistance loan under section 121 for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or

(2) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(c) REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 127, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for each covered commodity, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each covered commodity.

(e) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(1) IN GENERAL.—During the period beginning on the date of the enactment of this Act and ending July 31, 2007, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 122, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 3/32-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the ''Northern Europe price'').

(2) FURTHER ADJUSTMENT.—Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(A) The United States share of world exports.

(B) The current level of cotton export sales and cotton export shipments.

(C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(3) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under paragraph (2) may not exceed the difference between—

(A) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 3/32-inch cotton delivered C.I.F. Northern Europe; and

(B) the Northern Europe price.

(f) TIME FOR FIXING REPAYMENT RATE.—In the case of producers on a farm that marketed or otherwise lost beneficial interest in a covered commodity before repaying a marketing assistance loan made under section

121 with respect to the covered commodity, the Secretary shall permit the producers on the farm to repay the loan at the lowest repayment rate that was in effect for the covered commodity under this section as of the date that the producers on the farm lost beneficial interest, as determined by the Secretary.

SEC. 125. LOAN DEFICIENCY PAYMENTS.

(a) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to—

(1) producers on a farm that, although eligible to obtain a marketing assistance loan under section 121 with respect to a covered commodity, agree to forgo obtaining the loan for the covered commodity in return for payments under this section; and

(2) effective only for the 2000 and 2001 crop years, producers that, although not eligible to obtain such a marketing assistance loan under section 121, produce a covered commodity.

(b) AMOUNT.—A loan deficiency payment under this section shall be obtained by multiplying—

(1) the loan payment rate determined under subsection (c) for the covered commodity; by

(2) the quantity of the covered commodity produced by the producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under section 121.

(c) LOAN PAYMENT RATE.—For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 122 for the covered commodity; exceeds

(2) the rate at which a loan for the covered commodity may be repaid under section 124.

(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

(e) TIME FOR PAYMENT.—The Secretary shall make a payment under this section to the producers on a farm with respect to a quantity of a covered commodity as of the earlier of—

(1) the date on which the producers on the farm marketed or otherwise lost beneficial interest in the covered commodity, as determined by the Secretary; or

(2) the date the producers on the farm request the payment.

(f) LOST BENEFICIAL INTEREST.—Effective for the 2001 crop only, if a producer eligible for a payment under subsection (a) loses beneficial interest in the covered commodity, the producer shall be eligible for the payment determined as of the date the producer lost beneficial interest in the covered commodity, as determined by the Secretary.

SEC. 126. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of wheat, barley, grain sorghum, and oats, in the case of the producers on a farm that would be eligible for a loan deficiency payment under section 125 for wheat, barley, grain sorghum, or oats, but that elects to use acreage planted to the wheat, barley, grain sorghum, or oats for the grazing of livestock, the Secretary shall make a payment to the producers on the farm under this section if the producers on the farm enter into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, grain sorghum, or oats on the acreage.

(b) PAYMENT AMOUNT.—The amount of a payment made to the producers on a farm under this section shall be equal to the amount obtained by multiplying—

(1) the loan deficiency payment rate determined under section 125(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(2) the payment quantity obtained by multiplying—

(A) the quantity of the grazed acreage on the farm with respect to which the producers on the farm elect to forgo harvesting of wheat, barley, grain sorghum, or oats; and

(B) the payment yield for that covered commodity on the farm.

(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

(1) TIME AND MANNER.—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 125.

(2) AVAILABILITY.—The Secretary shall establish an availability period for the payment authorized by this section that is consistent with the availability period for wheat, barley, grain sorghum, and oats established by the Secretary for marketing assistance loans authorized by this subtitle.

(d) PROHIBITION ON CROP INSURANCE OR NONINSURED CROP ASSISTANCE.—The producers on a farm shall not be eligible for insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 192 with respect to a 2002 through 2006 crop of wheat, barley, grain sorghum, or oats planted on acreage that the producers on the farm elect, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop.

SEC. 127. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) COTTON USER MARKETING CERTIFICATES.—

(1) ISSUANCE.—During the period beginning on the date of the enactment of this Act and ending July 31, 2007, subject to paragraph (4), the Secretary shall issue marketing certificates or cash payments, at the option of the recipient, to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 122.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—Subject to paragraph (4), the value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) REDEMPTION, MARKETING, OR EXCHANGE.—

(i) IN GENERAL.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton.

(ii) PRICE RESTRICTIONS.—Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates

(C) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations promulgated by the Secretary.

(4) APPLICATION OF THRESHOLD.—

(A) 2002 MARKETING YEAR.—During the period beginning on the date of enactment of this Act and ending July 31, 2002, the Secretary shall make the calculations under paragraphs (1)(A) and (2) and subsection (b)(1)(B) without regard to the 1.25 cent threshold provided those paragraphs and subsection.

(B) 2003 THROUGH 2006 MARKETING YEARS.—During each 12-month period beginning August 1, 2002, through August 1, 2006, the Secretary may make the calculations under paragraphs (1)(A) and (2) and subsection (b)(1)(B) without regard to the 1.25 cent threshold provided those paragraphs and subsection.

(b) SPECIAL IMPORT QUOTA.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on the date of the enactment of this Act and ending July 31, 2007, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Except as provided in paragraph (1)(B) and subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(2) QUANTITY.—The quota shall be equal to 1 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(3) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after the date.

(4) OVERLAP.—A special quota period may be established that overlaps any existing

quota period if required by paragraph (1), except that a special quota period may not be established under this subsection if a quota period has been established under subsection (c).

(5) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(C) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) DEFINITION OF SPECIAL IMPORT QUOTA.—In this subsection, the term ''special import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.

(c) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.—

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

(A) QUANTITY.—The quantity of the quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(ii) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(iii) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term ''supply'' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) DEMAND.—The term ''demand'' means—

(I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent 3 months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding 6 marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term ''limited global import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

SEC. 128. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of the enactment of this Act and ending on July 31, 2007, the Secretary shall carry out a program—

(1) to maintain and expand the domestic use of extra long staple cotton produced in the United States;

(2) to increase exports of extra long staple cotton produced in the United States; and

(3) to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive 4-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) ELIGIBLE RECIPIENTS.—The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States that enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) PAYMENT AMOUNT.—Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the 4th week of the consecutive 4-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive 4-week period.

(e) FORM OF PAYMENT.—Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

SEC. 129. RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON AND OTHER FIBERS.

(a) HIGH MOISTURE FEED GRAINS.—

(1) RECOURSE LOANS AVAILABLE.—For each of the 2002 through 2006 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm that—

(A) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations promulgated by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

(2) ELIGIBILITY FOR ACQUIRED FEED GRAINS.—A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producers on the farm equivalent to a quantity obtained by multiplying—

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the farm; by

(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(3) DEFINITION OF HIGH MOISTURE STATE.—In this subsection, the term ''high moisture state'' means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 121.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—For each of the 2002 through 2006 crops of upland cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (as determined by the Secretary).

SEC. 130. NONRECOURSE MARKETING ASSISTANCE LOANS FOR WOOL AND MOHAIR.

(a) IN GENERAL.—For each of the 2002 through 2006 marketing years for wool and mohair, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for wool and mohair produced on the farm during that marketing year.

(b) LOAN RATES.—The loan rate for a loan under subsection (a) shall be not more than—

(1) $1.10 per pound for graded wool;

(2) $0.40 per pound for nongraded wool (including unshorn pelts); and

(3) $3.65 per pound for mohair.

(c) TERM OF LOAN.—A loan under subsection (a) shall have a term of 1 year beginning on the first day of the first month after the month in which the loan is made.

(d) REPAYMENT RATES.—The Secretary shall permit the producers on a farm to

repay a marketing assistance loan under subsection (a) for wool or mohair at a rate that is the lesser of—

(1) the loan rate established for the commodity under subsection (b), plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity; and

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—The Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan under this section, agree to forgo obtaining the loan in return for payments under this section.

(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

(A) the loan payment rate in effect under paragraph (3) for the commodity; by

(B) the quantity of the commodity produced by the producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under this subsection.

(3) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate for wool or mohair shall be the amount by which—

(A) the loan rate in effect for the commodity under subsection (b); exceeds

(B) the rate at which a loan for the commodity may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the producers on a farm with respect to a quantity of a wool or mohair as of the earlier of—

(A) the date on which the producers on the farm marketed or otherwise lost beneficial interest in the wool or mohair, as determined by the Secretary; or

(B) the date the producers on the farm request the payment.

SEC. 131. NONRECOURSE MARKETING ASSISTANCE LOANS FOR HONEY.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of honey, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for the crop of honey produced on the farm.

(b) LOAN RATE.—The loan rate for a marketing assistance loan for honey under subsection (a) shall be equal to $0.60 cents per pound.

(c) TERM OF LOAN.—A marketing assistance loan under subsection (a) shall have a term of 1 year beginning on the first day of the first month after the month in which the loan is made.

(d) REPAYMENT RATES.—The Secretary shall permit the producers on a farm to repay a marketing assistance loan for honey under subsection (a) at a rate that is the lesser of—

(1) the loan rate for honey, plus interest (as determined by the Secretary); or

(2) the prevailing domestic market price for honey, as determined by the Secretary.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—The Secretary may make loan deficiency payments available to producers on a farm of honey that, although eligible to obtain a marketing assistance loan under subsection (a), agree to forgo obtaining the loan in return for a payment under this subsection.

(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

(A) the loan payment rate determined under paragraph (3); by

(B) the quantity of honey that the producers on the farm are eligible to place under loan, but for which the producers on the farm forgo obtaining the loan in return for a payment under this subsection.

(3) LOAN PAYMENT RATE.—For the purposes of this subsection, the loan payment rate shall be the amount by which—

(A) the loan rate established under subsection (b); exceeds

(B) the rate at which a loan may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the producers on a farm with respect to a quantity of a honey as of the earlier—

(A) the date on which the producers on the farm marketed or otherwise lost beneficial interest in the honey, as determined by the Secretary; or

(B) the date the producers on the farm request the payment.

(f) PREVENTION OF FORFEITURES.—The Secretary shall carry out this section in such a manner as to minimize forfeitures of honey marketing assistance loans.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

SEC. 141. MILK PRICE SUPPORT PROGRAM.

(a) IN GENERAL.—During the period beginning on January 1, 2002, and ending on December 31, 2006, the Secretary shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) RATE.—During the period specified in subsection (a), the price of milk shall be supported at a rate equal to $9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) PURCHASE PRICES.—

(1) UNIFORM PRICES.—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary.

(2) AMOUNT.—The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK PURCHASE PRICES.—

(1) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate.

(2) NOTIFICATION OF CONGRESS.—Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation.

(3) ADMINISTRATION.—Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

(4) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

SEC. 142. DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.

(a) DAIRY EXPORT INCENTIVE PROGRAM.—Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking ''2002'' and inserting ''2006''.

(b) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 450l) is amended by striking ''1995'' and inserting ''2006''.

SEC. 143. FLUID MILK PROMOTION.

(a) DEFINITION OF FLUID MILK PRODUCT.—Section 1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402) is amended by striking paragraph (3) and inserting the following:

''(3) FLUID MILK PRODUCT.—The term 'fluid milk product' has the meaning given the term in—

''(A) section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made by the Secretary; or

''(B) any successor regulation providing a definition of that term that is promulgated pursuant to the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.''.

(b) DEFINITION OF FLUID MILK PROCESSOR.—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking ''500,000'' and inserting ''3,000,000''.

(c) ELIMINATION OF ORDER TERMINATION DATE.—Section 1999O of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6414) is amended—

(1) by striking subsection (a); and

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

SEC. 144. DAIRY PRODUCT MANDATORY REPORTING.

Section 273(b)(1)(B) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b(b)(1)(B)) is amended—

(1) by inserting ''and substantially identical products designated by the Secretary'' after ''dairy products'' the first place it appears; and

(2) by inserting ''and such substantially identical products'' after ''dairy products'' the second place it appears.

SEC. 145. EXEMPTION OF MILK HANDLERS FROM MINIMUM PRICE REQUIREMENTS.

(a) IN GENERAL.—Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

''(M) EXEMPTION OF MILK HANDLERS FROM MINIMUM PRICE REQUIREMENTS.—Notwithstanding any other provision of this section, no handler that sells Class I milk in a marketing area shall be exempt during any month from any minimum milk price requirement established under paragraph (A) if the total distribution of Class I milk produced on the farm of the handler in the marketing area during the preceding month exceeds the lesser of—

''(i) 3 percent of the total quantity of Class I milk distributed in the marketing area; or

''(ii) 5,000,000 pounds.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2002.

CHAPTER 2—SUGAR

SEC. 151. SUGAR PROGRAM.

(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound for raw cane sugar.

(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

(c) LOAN RATE ADJUSTMENTS.—

(1) DEFINITIONS.—In this subsection:

(A) AGREEMENT ON AGRICULTURE.—The term ''Agreement on Agriculture'' means the

Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

(B) MAJOR SUGAR COUNTRIES.—The term ''major sugar growing, producing, and exporting countries'' means—

(i) the countries of the European Union; and

(ii) the 10 foreign countries not covered by subparagraph (A) that the Secretary determines produce the greatest quantity of sugar.

(2) ADJUSTMENTS.—The Secretary may reduce the loan rate specified in subsection (a) for domestically grown sugarcane and subsection (b) for domestically grown sugar beets if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of other major sugar growing, producing, and exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture.

(3) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by other major sugar growing, producing, and exporting countries, based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

(4) ANNOUNCEMENT OF REDUCTION.—The Secretary shall announce any loan rate reduction to be made under this subsection as far in advance as is practicable.

(d) TERM OF LOANS.—

(1) IN GENERAL.—A loan under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

(A) the end of the 9-month period beginning on the first day of the first month after the month in which the loan is made; or

(B) the end of the fiscal year in which the loan is made.

(2) SUPPLEMENTAL LOANS.—In the case of a loan made under this section in the last 3 months of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

(A) be made at the loan rate in effect at the time the second loan is made; and

(B) mature in 9 months less the quantity of time that the first loan was in effect.

(e) LOAN TYPE; PROCESSOR ASSURANCES.—

(1) NONRECOURSE LOANS.—The Secretary shall carry out this section through the use of nonrecourse loans.

(2) PROCESSOR ASSURANCES.—

(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers served by the processor.

(B) MINIMUM PAYMENTS.—The Secretary may establish appropriate minimum payments for purposes of this paragraph.

(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification or similar administrative requirement that has the effect of preventing a processor from choosing to forfeit the loan collateral on the maturity of the loan.

(f) LOANS FOR IN-PROCESS SUGAR.—

(1) DEFINITION OF IN-PROCESS SUGARS AND SYRUPS.—In this subsection, the term ''in-process sugars and syrups'' does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished product that is otherwise eligible for a loan under subsection (a) or (b).

(2) AVAILABILITY.—The Secretary shall make nonrecourse loans available to processors of a crop of domestically grown sugarcane and sugar beets for in-process sugars and syrups derived from the crops.

(3) LOAN RATE.—The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, as determined on the basis of the source material for the in-process sugars and syrups.

(4) FURTHER PROCESSING ON FORFEITURE.—

(A) IN GENERAL.—As a condition on the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (2), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

(B) TRANSFER TO CORPORATION.—Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Corporation.

(C) PAYMENT TO PROCESSOR.—Subject to subsection (g), on transfer of the sugar, the Secretary shall make a payment to the processor in an amount equal to the difference between—

(i) the loan rate for raw cane sugar or refined beet sugar, as appropriate; and

(ii) the loan rate the processor received under paragraph (1).

(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (4), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may obtain a loan under subsection (a) or (b) on the raw cane sugar or refined beet sugar, as appropriate.

(g) FORFEITURE PENALTY.—

(1) IN GENERAL.—A penalty shall be assessed on the forfeiture of any sugar pledged as collateral for a nonrecourse loan under this section.

(2) CANE SUGAR.—The penalty for cane sugar shall be 1 cent per pound.

(3) BEET SUGAR.—The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.

(4) EFFECT OF FORFEITURE.—Any payments owed producers by a processor that forfeits any sugar pledged as collateral for a nonrecourse loan shall be reduced in proportion to the loan forfeiture penalty incurred by the processor.

(h) INFORMATION REPORTING.—

(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

(2) DUTY OF PRODUCERS TO REPORT.—

(A) PROPORTIONATE SHARE STATES.—The Secretary shall require a producer of sugarcane located in a State (other than Puerto Rico) in which there are in excess of 250 producers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by paragraph (1) to report, in a manner prescribed by the Secretary, the yields and acres planted to sugarcane or sugar beets, respectively, of the producer.

(3) DUTY OF IMPORTERS TO REPORT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall require an importer of sugars, syrups, or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption to report, in the manner prescribed by the Secretary, the quantities of the products imported by the importer and the sugar content or equivalent of the products.

(B) TARIFF-RATE QUOTAS.—Subparagraph (A) shall not apply to sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are at the lower rate of duties.

(4) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(5) MONTHLY REPORTS.—Taking into consideration the information received under this subsection, the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

(i) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

(1) NO COST.—Subject to subsection (e)(3), to the maximum extent practicable, the Secretary shall operate the program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

(2) INVENTORY DISPOSITION.—

(A) IN GENERAL.—To carry out paragraph (1), the Commodity Credit Corporation may accept bids to obtain raw cane sugar or refined beet sugar in the inventory of the Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (acting in conjunction with the producers of the sugarcane or sugar beets processed by the processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate.

(B) ADDITIONAL AUTHORITY.—The authority provided under this paragraph is in addition to any authority of the Corporation under any other law.

(j) CROPS.—This section shall be effective only for the 1996 through 2006 crops of sugar beets and sugarcane.

SEC. 152. STORAGE FACILITY LOANS.

(a) IN GENERAL.—Notwithstanding any other provision of law and as soon as practicable after the date of the enactment of this Act, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to build or upgrade storage and handling facilities for raw sugars and refined sugars.

(b) ELIGIBLE PROCESSORS.—A storage facility loan shall be made available to any processor of domestically produced sugarcane or sugar beets that (as determined by the Secretary)—

(1) has a satisfactory credit history;

(2) has a need for increased storage capacity, taking into account the effects of marketing allotments); and

(3) demonstrates an ability to repay the loan.

(c) TERM OF LOANS.—A storage facility loan shall—

(1) have a minimum term of 7 of seven years; and

(2) be in such amounts and on such terms and conditions (including down payment, security requirements, and eligible equipment) as are normal, customary, and appropriate for the size and commercial nature of the borrower.

SEC. 153. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

(a) INFORMATION REPORTING.—Section 359a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is repealed.

(b) ESTIMATES.—Section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended—

(1) in the section heading—

(A) by inserting ''**FLEXIBLE**'' before ''**MARKETING**''; and

(B) by striking ''**AND CRYSTALLINE FRUCTOSE**'';

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''Before'' and inserting ''Not later than August 1 before'';

(ii) by striking ''1992 through 1998'' and inserting ''2002 through 2006'';

(iii) in subparagraph (A), by striking ''(other than sugar'' and all that follows through ''stocks'';

(iv) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (E), respectively;

(v) by inserting after subparagraph (A) the following:

''(B) the quantity of sugar that would provide for reasonable carryover stocks;'';

(vi) in subparagraph (C) (as so redesignated)—

(I) by striking ''or'' and all that follows through ''beets''; and

(II) by striking ''and'' following the semicolon;

(vii) by inserting after subparagraph (C) (as so redesignated) the following:

''(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and''; and

(viii) in subparagraph (E) (as so redesignated)—

(I) by striking ''quantity of sugar'' and inserting ''quantity of sugars, syrups, and molasses'';

(II) by inserting ''human'' after ''imported for'' the first place it appears;

(III) by inserting after ''consumption'' the first place it appears the following: ''or to be used for the extraction of sugar for human consumption'';

(IV) by striking ''year'' and inserting ''year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff rate quota''; and

(V) by striking ''(other than sugar'' and all that follows through ''carry-in stocks'';

(B) by redesignating paragraph (2) as paragraph (3);

(C) by inserting after paragraph (1) the following:

''(2) EXCLUSION.—The estimates in this section shall not include sugar imported for the production of polyhydric alcohol or to be refined and re-exported in refined form or in products containing sugar.''; and

(D) in paragraph (3) (as so redesignated)—

(i) in the paragraph heading, by striking ''QUARTERLY REESTIMATES'' and inserting ''REESTIMATES''; and

(ii) by inserting ''as necessary, but'' after ''a fiscal year'';

(3) in subsection (b)—

(A) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—By the beginning of each fiscal year, the Secretary shall establish for that fiscal year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically-produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar established under section 151 of the Agriculture, Conservation, and Rural Enhancement Act of 2001.''; and

(B) in paragraph (2), by striking ''or crystalline fructose'';

(4) by striking subsection (c);

(5) by redesignating subsection (d) as subsection (c); and

(6) in subsection (c) (as so redesignated)—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (2) (as so redesignated)—

(i) by striking ''or manufacturer'' and all that follows through ''(2)''; and

(ii) by striking ''or crystalline fructose''.

(c) ESTABLISHMENT.—Section 359c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc) is amended—

(1) in the section heading, by inserting ''**FLEXIBLE**'' after ''**OF**'';

(2) in subsection (a), by inserting ''flexible'' after ''establish'';

(3) in subsection (b)—

(A) in paragraph (1)(A), by striking ''1,250,000'' and inserting ''1,532,000''; and

(B) in paragraph (2), by striking ''to the maximum extent practicable'';

(4) by striking subsection (c) and inserting the following:

''(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the fiscal year shall be allotted among—

''(1) sugar derived from sugar beets by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 54.35 percent; and

''(2) sugar derived from sugarcane by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 45.65 percent.'';

(5) by striking subsection (d) and inserting the following:

''(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—

''(1) CANE SUGAR.—Each marketing allotment for cane sugar established under this section may only be filled with sugar processed from domestically grown sugarcane.

''(2) BEET SUGAR.—Each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.'';

(6) by striking subsection (e);

(7) by redesignating subsection (f) as subsection (e);

(8) in subsection (e) (as so redesignated)—

(A) by striking ''The allotment'' and inserting the following:

''(1) IN GENERAL.—The allotment'';

(B) in paragraph (1) (as so redesignated)—

(i) by striking ''the 5'' and inserting ''the'';

(ii) by inserting after ''sugarcane is produced,'' the following: ''after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe,''; and

(iii) by striking ''on the basis of past marketings'' and all that follows through ''allotments'' and inserting ''as provided in this subsection and section 359d(a)(2)(A)(iv)''; and

(C) by inserting after paragraph (1) (as so designated) the following:

''(2) OFFSHORE ALLOTMENT.—

''(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.

''(B) INDIVIDUALLY.—The collective offshore State allotment provided for under subparagraph (A) shall be further allotted among the offshore States in which sugarcane is produced, after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

''(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

''(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and

''(iii) past processings of sugar from sugarcane based on the 3-year average of the crop years 1998 through 2000.

''(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

''(A) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

''(B) the ability of processors to market the sugar covered under the allotments for the crop year; and

''(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collectively) during the 1991 through 2000 crop years.'';

(9) by inserting after subsection (e) (as so redesignated) the following:

''(f) FILLING CANE SUGAR ALLOTMENTS.—Except as provided in section 359e, a State cane sugar allotment established under subsection (e) for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.'';

(10) in subsection (g)—

(A) in paragraph (1), by striking ''359b(a)(2)—'' and all that follows through the comma at the end of subparagraph (C) and inserting ''359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner'';

(B) in paragraph (2), by striking ''359f(b)'' and inserting ''359f(c)''; and

(C) in paragraph (3)—

(i) in the paragraph heading, by striking ''REDUCTIONS'' and inserting ''CARRY-OVER OF REDUCTIONS'';

(ii) by inserting after ''this subsection, if'' the following: ''at the time of the reduction'';

(iii) by striking ''price support'' and inserting ''nonrecourse'';

(iv) by striking ''206'' and all that follows through ''the allotment'' and inserting ''156 of the Agricultural Market Transition Act (7 U.S.C. 7272),''; and

(v) by striking '', if any,''; and

(11) by striking subsection (h) and inserting the following:

''(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates or reestimates under section 359b(a), or has reason to believe, that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1,532,000 short tons (raw value equivalent), and that the imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments until such time as the imports have been restricted, eliminated, or reduced to or below the level of 1,532,000 short tons (raw value equivalent).''.

(d) ALLOCATION.—Section 359d(a)(2) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by striking ''The Secretary'' and inserting the following:

''(i) IN GENERAL.—The Secretary'';

(B) in the first sentence of clause (i) (as so designated)—

(i) by striking ''interested parties'' and inserting ''the affected sugar cane processors and growers''; and

(ii) by striking ''by taking'' and all that follows through ''allotment allocated.'' and inserting ''under this subparagraph.''; and

(C) by inserting after clause (i) the following:

''(ii) MULTIPLE PROCESSOR STATES.—Except as provided in clauses (iii) and (iv), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—

''(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1996 through 2000 crops;

''(II) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year; and

''(III) past processings of sugar from sugarcane, based on the average of the 3 highest years from among the 1996 through 2000 crop years.

''(iii) TALISMAN PROCESSING FACILITY.—In the case of allotments under clause (ii) attributable to the former operations of the Talisman processing facility, the Secretary shall allocate the allotment among processors in the State under clause (i) in accordance with the agreements of March 25 and 26, 1999, between the affected processors and the Department of the Interior.

''(iv) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single state based on—

''(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1997 through 2001 crop years;

''(II) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and

''(III) past processings of sugar from sugarcane, based on the average of the 2 highest crop years from the 1997 through 2001 crop years.

''(v) NEW ENTRANTS.—

''(I) IN GENERAL.—Notwithstanding clauses (ii) and (iii), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this clause, and after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, may provide the processor with an allocation that provides a fair, efficient and equitable distribution of the allocations from the allotment for the State in which the processor is located.

''(II) PROPORTIONATE SHARE STATES.—In the case of proportionate share States, the Secretary shall establish proportionate shares in a quantity sufficient to produce the sugarcane required to satisfy the allocations.

''(III) LIMITATION.—The allotment for a new processor under this clause shall not exceed 50,000 short tons (raw value).

''(vi) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), in the event that a sugarcane processor is sold or otherwise transferred to another owner, or closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation for the processor to the purchaser, new owner, or successor in interest, as applicable, of the processor.''; and

(2) in subparagraph (B)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(i) IN GENERAL.—The Secretary'';

(B) in clause (i) (as so designated)—

(i) by striking ''interested parties'' and inserting ''the affected sugar beet processors and growers''; and

(ii) by striking ''processing capacity'' and all that follows through ''allotment allocated'' and inserting the following: ''the marketings of sugar processed from sugar beets of any or all of the 1996 through 2000 crops, and such other factors as the Secretary may consider appropriate after consultation with the affected sugar beet processors and growers.''; and

(C) by adding at the end the following:

''(ii) NEW PROCESSORS.—In the case of any processor that has started processing sugar beets after January 1, 1996, the Secretary shall provide the processor with an allocation that provides a fair, efficient and equitable distribution of the allocations.''.

(e) REASSIGNMENT.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking the ''and'' after the semicolon;

(B) by redesignating subparagraph (C) as subparagraph (D);

(C) by inserting after subparagraph (B) the following:

''(C) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(D) in subparagraph (D) (as so redesignated), by inserting ''and sales'' after ''reassignments''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking the ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''reassign the remainder to imports.'' and inserting ''use the estimated quantity of the deficit for the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(C) by inserting after subparagraph (B) the following:

''(C) if after the reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.''.

(f) PRODUCER PROVISIONS.—Section 359f of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is amended—

(1) in subsection (a)—

(A) in the second sentence, by striking ''processor's allocation'' and inserting ''allocation to the processor''; and

(B) by adding at the end the following: ''The arbitration should be completed not more than 45 days after the request and shall be completed not more than 60 days after the request.'';

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

''(b) SUGAR BEET PROCESSING FACILITY CLOSURES.—

''(1) IN GENERAL.—If a sugar beet processing facility is closed and the sugar beet growers that previously delivered beets to the facility desire to deliver their beets to another processing company, the growers may petition the Secretary to modify existing allocations to allow the delivery.

''(2) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers desire to deliver their sugar beets, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries.

''(3) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

''(4) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.''; and

(4) in subsection (c) (as so redesignated)—

(A) in paragraph (3)(A), by striking ''the preceding 5 years'' and inserting ''the 2 highest years from among the 1999, 2000, and 2001 crop years'';

(B) in paragraph (4)(A), by striking ''each'' and all that follows through ''in effect'' and inserting ''the 2 highest of the 1999, 2000, and 2001 crop years''; and

(C) by inserting after paragraph (7) the following:

''(8) PROCESSING FACILITY CLOSURES.—

''(A) IN GENERAL.—If a sugarcane processing facility subject to this subsection is closed and the sugarcane growers that previously delivered sugarcane to the facility desire to deliver their sugarcane to another processing company, the growers may petition the Secretary to modify existing allocations to allow the delivery.

''(B) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers desire to deliver the sugarcane, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries;

''(C) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

''(D) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.''.

(g) CONFORMING AMENDMENTS.—

(1) Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 359aa et seq.) is amended by striking the part heading and inserting the following:

''PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR''.

(2) Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended by inserting before section 359a (7 U.S.C. 1359aa) the following:

''SEC. 359. DEFINITIONS.

''In this part:

''(1) MAINLAND STATE.—The term 'mainland State' means a State other than an offshore State.

''(2) OFFSHORE STATE.—The term 'offshore State' means a sugarcane producing State located outside of the continental United States.

''(3) STATE.—Notwithstanding section 301, the term 'State' means the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

''(4) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.''.

(3) Section 359g of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—

(A) by striking ''359f'' each place it appears and inserting ''359f(c)'';

(B) in the first sentence of subsection (b), by striking ''3 consecutive'' and inserting ''5 consecutive''; and

(C) in subsection (c), by inserting ''or adjusted'' after ''share established''.

(4) Section 359j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359jj) is amended to striking subsection (c).

CHAPTER 3—PEANUTS

SEC. 161. DEFINITIONS.

In this chapter:

(1) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to peanut producers on a farm under section 164.

(2) EFFECTIVE PRICE.—The term ''effective price'' means the price calculated by the Secretary under section 164 for peanuts to determine whether counter-cyclical payments are required to be made under section 164 for a crop year.

(3) HISTORIC PEANUT PRODUCERS ON A FARM.—The term ''historic peanut producers on a farm'' means the peanut producers on a farm in the United States that produced or were prevented from planting peanuts during any of the 1998 through 2001 crop years.

(4) FIXED, DECOUPLED PAYMENT.—The term ''fixed, decoupled payment'' means a payment made to peanut producers on a farm under section 163.

(5) PAYMENT ACRES.—The term ''payment acres'' means 85 percent of the peanut acres on a farm, as established under section 162, on which fixed, decoupled payments and counter-cyclical payments are made.

(6) PEANUT ACRES.—The term ''peanut acres'' means the number of acres assigned to a particular farm by historic peanut producers on a farm pursuant to section 162(b).

(7) PAYMENT YIELD.—The term ''payment yield'' means the yield assigned to a farm by historic peanut producers on the farm pursuant to section 162(b).

(8) PEANUT PRODUCER.—The term ''peanut producer'' means an owner, operator, landlord, tenant, or sharecropper that—

(A) shares in the risk of producing a crop of peanuts in the United States; and

(B) is entitled to share in the crop available for marketing from the farm or would have shared in the crop had the crop been produced.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(10) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(11) TARGET PRICE.—The term ''target price'' means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

(12) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

SEC. 162. PAYMENT YIELDS, PEANUT ACRES, AND PAYMENT ACRES FOR FARMS.

(a) PAYMENT YIELDS AND PAYMENT ACRES.—

(1) AVERAGE YIELD.—

(A) IN GENERAL.—The Secretary shall determine, for each historic peanut producer, the average yield for peanuts on all farms of the historic peanut producer for the 1998 through 2001 crop years, excluding any crop year in which the producers did not produce peanuts. Crop years 1996 or 1997 may be used to subsitute for any one of the crop years described herein in a county provided such county was declared a disaster area during 1 or more of the 4 crop years 1998 through 2001.

(B) ASSIGNED YIELDS.—If, for any of the crop years referred to in subparagraph (A) in which peanuts were planted on a farm by the historic peanut producer, the historic peanut producer has satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), the Secretary shall assign to the historic peanut producer a yield for the farm for the crop year equal to 65 percent of the county yield, as determined by the Secretary.

(2) ACREAGE AVERAGE.—The Secretary shall determine, for the historic peanut producer, the 4-year average of—

(A) acreage planted to peanuts on all farms for harvest during the 1998 through 2001 crop years; and

(B) any acreage that was prevented from being planting to peanuts during the crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the historic peanut producer, as determined by the Secretary.

(3) MULTIPLE HISTORIC PEANUT PRODUCERS.—If more than 1 historic peanut producer shared in the risk of producing the crop on the farm, the historic peanut producers shall receive their proportional share of the number of acres planted (or prevented from being planted) to peanuts for harvest on the farm based on the sharing arrangement that was in effect among the producers for the crop.

(4) SELECTION BY PRODUCER.—If a county in which a historic peanut producer described in paragraph (1) is located is declared a disaster area during 1 or more of the 4 crop years described in paragraph (1), for purposes of determining the 4-year average acreage for the historic peanut producer, the historic peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

(A) the State average of acreage actually planted in peanuts; for

(B) the average of acreage for the historic peanut producer determined by the Secretary under paragraph (1).

(5) TIME FOR DETERMINATIONS; FACTORS.—

(A) TIMING.—The Secretary shall make the determinations required by this subsection not later than 90 days after the date of the enactment of this Act.

(B) FACTORS.—In making the determinations, the Secretary shall take into account changes in the number and identity of historic peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historic peanut producer is no longer living or an entity composed of historic peanut producers has been dissolved.

(b) ASSIGNMENT OF YIELD AND ACRES TO FARMS.—

(1) ASSIGNMENT BY HISTORIC PEANUT PRODUCERS.—The Secretary shall provide each historic peanut producer with an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the historic peanut producer to cropland on a farm for each crop year through 2006.

(2) PAYMENT YIELD.—The average of all of the yields assigned by historic peanut producers to a farm shall be considered to be the payment yield for the farm for the purpose of making fixed decoupled payments and counter-cyclical payments under this chapter.

(3) PEANUT ACRES.—Subject to subsection (e), the total number of acres assigned by historic peanut producers to a farm shall be considered to be the peanut acres for the farm for the purpose of making fixed decoupled payments and counter-cyclical payments under this chapter.

(c) ELECTION.—Not later than 180 days after the date of the enactment of this Act, a historic peanut producer shall notify the Secretary of the assignments described in subsection (b) for crop year 2002. For crop years 2003 through 2006 a historic peanut producer shall notify the Secretary of the assignments described in subsection (b) no later than 180 days after January 1 of each year.

(d) PAYMENT ACRES.—The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

(e) PREVENTION OF EXCESS PEANUT ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the peanut acres for a farm, together with the acreage described in paragraph (3), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or base acres for 1 or more covered commodities for the farm as necessary so that the sum of the peanut acres and acreage described in paragraph (3) does not exceed the actual cropland acreage of the farm.

(2) SELECTION OF ACRES.—The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or base acres against which the reduction will be made.

(3) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include—

(A) any base acres for the farm under subtitle A;

(B) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

(C) any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

SEC. 163. FIXED, DECOUPLED PAYMENTS FOR PEANUTS.

(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make fixed, decoupled payments to peanut producers on a farm with peanut acres under section 162 and a payment yield for peanuts under section 162.

(b) PAYMENT RATE.—The payment rate used to make fixed, decoupled payments with respect to peanuts for a fiscal year shall be equal to $0.018 per pound.

(c) PAYMENT AMOUNT.—The amount of the fixed, decoupled payment to be paid to the peanut producers on a farm for peanuts for a fiscal year shall be equal to the product obtained by multiplying—

(1) the payment rate specified in subsection (b);

(2) the payment acres on the farm; by

(3) the payment yield for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—The Secretary shall make fixed, decoupled payments—

(A) in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and

(B) in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

(2) ADVANCE PAYMENTS.—

(A) IN GENERAL.—At the option of the peanut producers on a farm, the Secretary shall pay 50 percent of the fixed, decoupled payment for a fiscal year for the producers on the farm on a date selected by the peanut producers on the farm.

(B) SELECTED DATE.—The selected date for a fiscal year shall be on or after December 1 of the fiscal year.

(C) SUBSEQUENT FISCAL YEARS.—The peanut producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If any peanut producer on a farm receives an advance fixed, decoupled payment for a fiscal year ceases to be eligible for a fixed, decoupled payment before the date the fixed, decoupled payment would have been made by the Secretary under paragraph (1), the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment.

SEC. 164. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the target price for peanuts.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for peanuts is equal to the sum of—

(1) the greater of—

(A) the national average market price received by peanut producers during the 5-month marketing season for peanuts, as determined by the Secretary; or

(B) the national average loan rate for a marketing assistance loan for peanuts in effect for the 5-month marketing season for peanuts under this chapter; and

(2) the payment rate in effect for peanuts under section 163 for the purpose of making fixed, decoupled payments with respect to peanuts.

(c) TARGET PRICE.—For purposes of subsection (a), the target price for peanuts shall be equal to $550 per ton.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to peanuts for a crop year shall be equal to the difference between—

(1) the target price for peanuts; and

(2) the effective price determined under subsection (b) for peanuts.

(e) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product obtained by multiplying—

(1) the payment rate specified in subsection (d);

(2) the payment acres on the farm; by

(3) the payment yield for the farm.

(f) TIME FOR PAYMENTS.—

(1) IN GENERAL.—The Secretary shall make counter-cyclical payments to peanut producers on a farm under this section for a crop of peanuts as soon as practicable after determining under subsection (a) that the payments are required for the crop year.

(2) PARTIAL PAYMENT.—

(A) IN GENERAL.—At the option of the Secretary, the peanut producers on a farm may elect to receive up to 40 percent of the projected counter-cyclical payment to be made under this section for a crop of peanuts on completion of the first 2 months of the 5-month marketing season for the crop, as determined by the Secretary.

(B) REPAYMENT.—The peanut producers on a farm shall repay to the Secretary the amount, if any, by which the payment received by producers on the farm (including any partial payments) exceeds the counter-cyclical payment the producers on the farm are eligible for under this section.

SEC. 165. PRODUCER AGREEMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the peanut producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the peanut producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for the payments—

(A) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 166; and

(D) to use a quantity of the land on the farm equal to the peanut acres, for an agricultural or conserving use, and not for a non-agricultural commercial or industrial use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers necessary to ensure peanut producer compliance with paragraph (1).

(b) FORECLOSURE.—

(1) IN GENERAL.—The Secretary shall not require the peanut producers on a farm to repay a fixed, decoupled payment or counter-cyclical payment if the farm has been foreclosed on and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

(2) COMPLIANCE WITH REQUIREMENTS.—

(A) IN GENERAL.—This subsection shall not void the responsibilities of the peanut producers on a farm under subsection (a) if the peanut producers on the farm continue or resume operation, or control, of the farm.

(B) APPLICABLE REQUIREMENTS.—On the resumption of operation or control over the farm by the peanut producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the peanut producers on a farm in peanut acres for which fixed, decoupled payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

(2) EFFECTIVE DATE.—The termination takes effect on the date of the transfer or change.

(3) TRANSFER OF PAYMENT BASE AND YIELD.—There is no restriction on the transfer of the peanut acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of subsection (a), as determined by the Secretary.

(5) EXCEPTION.—If a peanut producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

(d) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this chapter, the Secretary shall require the peanut producers on a farm to submit to the Secretary acreage reports for the farm.

(e) TENANTS AND SHARECROPPERS.—In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(f) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the peanut producers on a farm on a fair and equitable basis.

SEC. 166. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on peanut acres on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on peanut acres:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) Wild rice.

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

(A) in any region in which there is a history of double-cropping of peanuts with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on peanut acres, except that fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

(C) by the peanut producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the peanut producers on the farm during the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

SEC. 167. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm nonrecourse marketing assistance loans for peanuts produced on the farm.

(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under subsection (a) for any quantity of a peanuts produced on the farm.

(4) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subsection, the Secretary shall make loans to peanut producers on a farm that would be eligible to obtain a marketing assistance loan but for the fact the peanuts owned by the peanut producers on the farm are commingled with other peanuts of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producers on a farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 176.

(5) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the peanut producers on a farm through—

(A) a designated marketing association of peanut producers that is approved by the Secretary and that is operated primarily for the purpose of conducting loan activities on behalf of peanut producer members facilitating the use of commingled storage as a means of offering marketing alternatives. Such area marketing associations may construct or own storage facilities as necessary: *Provided further*, That separate marketing pools may be created for Valencia type peanuts produced in New Mexico;

(B) the Farm Service Agency; or

(C) a loan servicing agent approved by the Secretary.

(b) LOAN RATE.—The loan rate for a marketing assistance loan under for peanuts subsection (a) shall be equal to $400 per ton.

(c) TERM OF LOAN.—

(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

(d) REPAYMENT RATE.—The Secretary shall permit peanut producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

(1) the loan rate established for peanuts under subsection (b), plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of peanuts by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing peanuts; and

(D) allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to the peanut producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for payments under this subsection.

(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

(A) the loan payment rate determined under paragraph (3) for peanuts; by

(B) the quantity of the peanuts produced by the peanut producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under subsection (a).

(3) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate shall be the amount by which—

(A) the loan rate established under subsection (b); exceeds

(B) the rate at which a loan may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the peanut producers on a farm with respect to a quantity of peanuts as of the earlier of—

(A) the date on which the peanut producers on the farm marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary; or

(B) the date the peanut producers on the farm request the payment.

(f) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the peanut producers on a farm shall comply during the term of the loan with—

(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.—To the extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

SEC. 168. QUALITY IMPROVEMENT.

(a) OFFICIAL INSPECTION.—

(1) MANDATORY INSPECTION.—All edible peanuts shall be officially inspected and graded by a Federal or State inspector.

SEC. 169. TERMINATION OF MARKETING QUOTAS FOR PEANUTS AND COMPENSATION TO PEANUT QUOTA HOLDERS.

(a) REPEAL OF MARKETING QUOTAS FOR PEANUTS.—Effective beginning with the 2002 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is repealed.

(b) COMPENSATION OF QUOTA HOLDERS.—

(1) DEFINITIONS.—In this subsection:

(A) PEANUT QUOTA HOLDER.—

(i) IN GENERAL.—The term ''peanut quota holder'' means a person or entity that owns a farm that—

(I) held a peanut quota established for the farm for the 2001 crop of peanuts under part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) (as in effect before the amendment made by subsection (a));

(II) if there was not such a quota established for the farm for the 2001 crop of peanuts, would be eligible to have such a quota established for the farm for the 2002 crop of peanuts, in the absence of the amendment made by subsection (a); or

(III) is otherwise a farm that was eligible for such a quota as of the effective date of the amendments made by this section.

(ii) SEED OR EXPERIMENTAL PURPOSES.—The Secretary shall apply the definition of ''peanut quota holder'' without regard to temporary leases, transfers, or quotas for seed or experimental purposes.

(B) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(2) CONTRACTS.—The Secretary shall offer to enter into a contract with peanut quota holders for the purpose of providing compensation for the lost value of the quota as a result of the repeal of the marketing quota program for peanuts under the amendment made by subsection (a).

(3) PAYMENT PERIOD.—Under a contract, the Secretary shall make payments to an eligible peanut quota holder for each of fiscal years 2002 through 2005.

(4) TIME FOR PAYMENT.—The payments required under the contracts shall be provided in 4 equal installments not later than September 30 of each of fiscal years 2002 through 2005.

(5) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to a peanut quota holder under a contract shall be equal to the product obtained by multiplying—

(A) $0.1025 per pound; by

(B) the actual farm poundage quota (excluding any quantity of seed and experimental peanuts) established for the farm of a peanut quota holder under section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)) (as in effect prior to the amendment made by subsection (a)) for the 2001 marketing year.

(6) ASSIGNMENT OF PAYMENTS.—

(A) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to the payments made to peanut quota holders under the contracts.

(B) NOTICE.—The peanut quota holder making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this subsection.

(c) CONFORMING AMENDMENTS.—

(1) ADMINISTRATIVE PROVISIONS.—Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking ''peanuts,''.

(2) ADJUSTMENT OF QUOTAS.—Section 371 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371) is amended—

(A) in the first sentence of subsection (a), by striking ''peanuts,''; and

(B) in the first sentence of subsection (b), by striking ''peanuts''.

(3) REPORTS AND RECORDS.—Section 373 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373) is amended—

(A) in the first sentence of subsection (a)—

(i) by striking ''peanuts,'' each place it appears;

(ii) by inserting ''and'' after ''from producers,''; and

(iii) by striking ''for producers, all'' and all that follows through the period at the end of the sentence and inserting ''for producers.''; and

(B) in subsection (b), by striking ''peanuts,''.

(4) EMINENT DOMAIN.—Section 378(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1378(c)) is amended in the first sentence—

(A) by striking ''cotton,'' and inserting ''cotton and''; and

(B) by striking ''and peanuts,''.

(d) CROPS.—This section and the amendments made by this section apply beginning with the 2002 crop of peanuts.

Subtitle D—Administration

SEC. 171. ADMINISTRATION.

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity to carry out this title through the Commodity Credit Corporation.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(c) REGULATIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title.

(2) PROCEDURE.—The promulgation of the regulations shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(C) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

(d) PROTECTION OF PRODUCERS.—The protection afforded by section 525 of Public Law 106–170 (7 U.S.C. 7212 note) to producers on a farm that elect to accelerate the receipt of any payment under a production flexibility contract payable under subtitle B of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201 et seq.) shall apply to the advance payment of fixed, decoupled payments made under section 104 or 163 and counter-cyclical payments made under section 164.

SEC. 172. ADJUSTMENTS OF LOANS.

(a) IN GENERAL.—The Secretary may make appropriate adjustments in the loan rates for any covered commodity for differences in grade, type, quality, location, and other factors.

(b) MANNER.—The adjustments under this section shall, to the maximum extent practicable, be made in such manner that the average loan level for the covered commodity will, on the basis of the anticipated incidence of the factors described in subsection (a), be equal to the loan rate provided under this title.

(c) ADJUSTMENT ON COUNTY BASIS.—

(1) IN GENERAL.—The Secretary may establish loan rates for a crop of a covered commodity for producers on a farm in individual counties in a manner that results in the lowest such loan rate being 95 percent of the national average loan rate, except that the action shall not result in an increase in outlays.

(2) NATIONAL AVERAGE LOAN RATE.—Adjustments under this subsection shall not result in an increase in the national average loan rate for a covered commodity for any crop year.

SEC. 173. COMMODITY CREDIT CORPORATION INTEREST RATE.

(a) IN GENERAL.—Notwithstanding any other provision of law, the monthly Commodity Credit Corporation interest rate applicable to loans provided for agricultural commodities by the Corporation shall be 100 basis points greater than the rate determined under the applicable interest rate formula in effect on October 1, 1995.

(b) SUGAR.—For purposes of this section, raw cane sugar, refined beet sugar, and in process sugar eligible for a loan under section 156 shall not be considered an agricultural commodity.

SEC. 174. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

(a) IN GENERAL.—Except as provided in subsection (b), no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan made under this title unless the loan was obtained through a fraudulent representation by the producer.

(b) LIMITATIONS.—Subsection (a) shall not prevent the Commodity Credit Corporation or the Secretary from requiring a producer to assume liability for—

(1) a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer;

(2) a failure to properly care for and preserve a commodity; or

(3) a failure or refusal to deliver a commodity in accordance with a program established under this title.

(c) ACQUISITION OF COLLATERAL.—In the case of a nonrecourse loan made under this title or the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), if the Commodity Credit Corporation acquires title to the unredeemed collateral, the Corporation shall be under no obligation to pay for any market value that the collateral may have in excess of the loan indebtedness.

(d) SUGARCANE AND SUGAR BEETS.—A security interest obtained by the Commodity Credit Corporation as a result of the execution of a security agreement by the processor of sugarcane or sugar beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on the crops of sugarcane and sugar beets from which the sugar was derived.

(e) LOAN FORFEITURES.—Notwithstanding sections 106 through 106B of the Agricultural Act of 1949 (7 U.S.C. 1445 through 1445–2)—

(1) a producer-owned cooperative marketing association may fully settle, without further cost to the Association, a loan made for each of the 1994 and 1997 crops under sections 106 through 106B of that Act by forfeiting to the Commodity Credit Corporation the agricultural commodity covered by the loan regardless of the condition of the commodity;

(2) any losses to the Commodity Credit Corporation as a result of paragraph (1)—

(A) shall not be charged to the Account (as defined in section 106B(a) of that Act); and

(B) shall not affect the amount of any assessment imposed against the commodity under sections 106 through 106B of that Act; and

(3) the commodity forfeited pursuant to this section—

(A) shall not be counted for the purposes of any determination for any year pursuant to section 319 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314e); and

(B) may be disposed of in a manner determined by the Secretary of Agriculture, except that the commodity may not be sold for use in the United States for human consumption.

(f) DEFINITION.—Section 301(b)(14)(C) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(14)(C)) is amended—

(1) in clause (i), by striking ''100,000,000'' and inserting ''75,000,000''; and

(2) in clause (ii), by striking ''15 percent'' and inserting ''10 percent''.

SEC. 175. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

(a) GENERAL SALES AUTHORITY.—The Commodity Credit Corporation may sell any commodity owned or controlled by the Corporation at any price that the Secretary determines will maximize returns to the Corporation.

(b) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—Subsection (a) shall not apply to—

(1) a sale for a new or byproduct use;

(2) a sale of peanuts or oilseeds for the extraction of oil;

(3) a sale for seed or feed if the sale will not substantially impair any loan program;

(4) a sale of a commodity that has substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

(5) a sale for the purpose of establishing a claim arising out of a contract or against a person who has committed fraud, misrepresentation, or other wrongful act with respect to the commodity;

(6) a sale for export, as determined by the Corporation; and

(7) a sale for other than a primary use.

(c) PRESIDENTIAL DISASTER AREAS.—

(1) IN GENERAL.—Notwithstanding subsection (a), on such terms and conditions as the Secretary may consider in the public interest, the Corporation may make available any commodity or product owned or controlled by the Corporation for use in relieving distress—

(A) in any area in the United States (including the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic cause, if the President finds that the use will not displace or interfere with normal marketing of agricultural commodities; and

(B) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(2) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under paragraph (1) beyond the cost of the commodity to the Corporation incurred in—

(A) the storage of the commodity; and

(B) the handling and transportation costs in making delivery of the commodity to designated agencies at 1 or more central locations in each State or other area.

(d) EFFICIENT OPERATIONS.—Subsection (a) shall not apply to the sale of a commodity the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantity of the commodity involved, or because of the age, location, or questionable continued storability of the commodity.

SEC. 176. COMMODITY CERTIFICATES.

(a) IN GENERAL.—In making in-kind payments under subtitle C, the Commodity Credit Corporation may—

(1) acquire and use commodities that have been pledged to the Commodity Credit Corporation as collateral for loans made by the Corporation;

(2) use other commodities owned by the Commodity Credit Corporation; and

(3) redeem negotiable marketing certificates for cash under terms and conditions established by the Secretary.

(b) METHODS OF PAYMENT.—The Commodity Credit Corporation may make in-kind payments—

(1) by delivery of the commodity at a warehouse or other similar facility;

(2) by the transfer of negotiable warehouse receipts;

(3) by the issuance of negotiable certificates, which the Commodity Credit Corporation shall exchange for a commodity owned or controlled by the Corporation in accordance with regulations promulgated by the Corporation; or

(4) by such other methods as the Commodity Credit Corporation determines appropriate to promote the efficient, equitable, and expeditious receipt of the in-kind payments so that a person receiving the payments receives the same total return as if the payments had been made in cash.

(c) ADMINISTRATION.—

(1) FORM.—At the option of a person, the Commodity Credit Corporation shall make negotiable certificates authorized under subsection (b)(3) available to the person, in the form of program payments or by sale, in a manner that the Corporation determines will encourage the orderly marketing of commodities pledged as collateral for loans made by the Commodity Credit Corporation.

(2) TRANSFER.—A negotiable certificate issued in accordance with this subsection may be transferred to another person in accordance with regulations promulgated by the Secretary.

SEC. 177. ASSIGNMENT OF PAYMENTS.

(a) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under this title.

(b) NOTICE.—The producers on a farm making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

SEC. 178. PAYMENT LIMITATIONS.

(a) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (1)—

(A) by striking ''PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS'' and inserting ''FIXED, DECOUPLED PAYMENTS'';

(B) by striking ''contract payments made under the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts'' and inserting ''fixed, decoupled payments made to a person''; and

(C) by striking ''$40,000'' and inserting ''$80,000'';

(2) in paragraphs (2) and (3)—

(A) by striking ''payments specified'' and all that follows through ''and oilseeds'' and

inserting ''following payments that a person shall be entitled to receive'';

(B) by striking ''$75,000'' and inserting ''$75,000, with a separate limitation for all covered commodities, for wool and mohair, for honey, and for peanuts'';

(C) by striking the period at the end of paragraph (2) and all that follows through ''the following'' in paragraph (3);

(D) by striking ''section 131'' and all that follows through ''section 132'' and inserting ''section 121 of the Agriculture, Conservation, and Rural Enhancement Act of 2001 for a crop of any covered commodity at a lower level than the original loan rate established for the covered commodity under section 122''; and

(E) by striking ''section 135'' and inserting ''section 125''; and

(3) by inserting after paragraph (2) the following:

''(3) LIMITATION ON COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments that a person may receive during any crop year shall not exceed $75,000.''.

(b) DEFINITIONS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraph (4) and inserting the following:

''(4) DEFINITIONS.—In this title:

''(A) COVERED COMMODITY; FIXED, DECOUPLED PAYMENT.—The terms 'covered commodity' and 'fixed, decoupled payment' have the meaning given those terms in section 100 of the Agriculture, Conservation, and Rural Enhancement Act of 2001.

''(B) COUNTER-CYCLICAL PAYMENT.—The term 'counter-cyclical payment' has the meaning given those terms in section 161 of the Agriculture, Conservation, and Rural Enhancement Act of 2001.''.

(c) TRANSITION.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to fiscal year 2001 and the 2001 crop of any covered commodity.

Subtitle E—Price Support Authority

SEC. 181. SUSPENSION AND REPEAL OF PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2006 crops of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2006:

(1) Parts II through V of subtitle B of title III (7 U.S.C. 1326–1351).

(2) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

(3) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a).

(4) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

(5) Part VII of subtitle B of title III (7 U.S.C. 1359aa–1359jj), but only with respect to sugar marketings through fiscal year 2002.

(6) In the case of peanuts, part I of subtitle C of title III (7 U.S.C. 1361–1368).

(7) In the case of upland cotton, section 377 (7 U.S.C. 1377).

(8) Subtitle D of title III (7 U.S.C. 1379a–1379j).

(9) Title IV (7 U.S.C. 1401–1407).

(b) AGRICULTURAL ACT OF 1949.—

(1) SUSPENSIONS.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 1996 through 2006 crops of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2006:

(A) Section 101 (7 U.S.C. 1441).

(B) Section 103(a) (7 U.S.C. 1444(a)).

(C) Section 105 (7 U.S.C. 1444b).

(D) Section 107 (7 U.S.C. 1445a).

(E) Section 110 (7 U.S.C. 1445e).

(F) Section 112 (7 U.S.C. 1445g).

(G) Section 115 (7 U.S.C. 1445k).

(H) Section 201 (7 U.S.C. 1446).

(I) Title III (7 U.S.C. 1447–1449).

(J) Title IV (7 U.S.C. 1421–1433d), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431).

(K) Title V (7 U.S.C. 1461–1469).

(L) Title VI (7 U.S.C. 1471–1471j).

(2) CONFORMING AMENDMENTS.—The Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) is amended—

(A) in section 101(b) (7 U.S.C. 1441(b)), by striking ''and peanuts''; and

(B) in section 408(c) (7 U.S.C. 1428(c)), by striking ''peanuts,''.

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2006.

(d) AGRICULTURAL MARKET TRANSITION ACT.—

(1) IN GENERAL.—The Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) (other than sections 101, 192, and 196 of that Act (7 U.S.C. 7201, 7332, 7333) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) CROP INSURANCE.—Section 508(b)(7)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(7)(A)) is amended by striking ''Agricultural Market'' and inserting ''Agriculture, Conservation, and Rural Enhancement Act of 2001''.

(B) FLOOD RISK REDUCTION.—Section 385 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7334) is repealed.

(C) AGRICULTURAL MARKET TRANSITION ACT.—Section 101 of the Agricultural Market Transition Act (7 U.S.C. 7201) is amended—

(i) in the section heading, by striking ''**and purposes**'';

(ii) in subsection (a), by striking ''(a) SHORT TITLE.—''; and

(iii) by striking subsection (b).

(D) CONSERVATION FARM OPTION.—Section 1240M of the Food Security Act of 1985 (16 U.S.C. 3839bb) is repealed.

Subtitle F—Miscellaneous Commodity Provision

SEC. 191. AGRICULTURAL PRODUCERS SUPPLEMENTAL PAYMENTS AND ASSISTANCE.

(a) IN GENERAL.—The Secretary of Agriculture may use such funds of the Commodity Credit Corporation as are necessary to provide payments and assistance under Public Law 107–25 (115 Stat. 201) to persons that (as determined by the Secretary)—

(1) are eligible to receive the payments or assistance; but

(2) did not receive the payments or assistance because the Secretary failed to carry out Public Law 107–25 in a timely manner.

(b) LIMITATION.—The amount of payments or assistance provided under Public Law 107–25 and this section to an eligible person described in subsection (a) shall not exceed the amount of payments or assistance the person would have been eligible to receive if Public Law 107–25 had been implemented in a timely manner.

TITLE II—CONSERVATION

Subtitle A—Working Land Conservation Programs

SEC. 201. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) is amended to read as follows:

''CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1240. PURPOSES.

''The purposes of the environmental quality incentives program established by this chapter are to promote agricultural production and environmental quality as compatible national goals, and to maximize environmental benefits per dollar expended, by—

''(1) assisting producers in complying with this title, the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. 300f et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), and other Federal, State, and local environmental laws (including regulations);

''(2) avoiding, to the maximum extent practicable, the need for resource and regulatory programs by assisting producers in protecting soil, water, air, and related natural resources and meeting environmental quality criteria established by Federal, State, and local agencies;

''(3) providing flexible technical and financial assistance to producers to install and maintain conservation systems that enhance soil, water, related natural resources (including grazing land and wetland), and wildlife while sustaining production of food and fiber;

''(4) assisting producers to make beneficial, cost effective changes to cropping systems, grazing management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural land;

''(5) facilitating partnerships and joint efforts among producers and governmental and nongovernmental organizations; and

''(6) consolidating and streamlining conservation planning and regulatory compliance processes to reduce administrative burdens on producers and the cost of achieving environmental goals.

''SEC. 1240A. DEFINITIONS.

''In this chapter:

''(1) ELIGIBLE LAND.—The term 'eligible land' means agricultural land (including cropland, rangeland, pasture, private nonindustrial forest land, and other land on which crops or livestock are produced), including agricultural land that the Secretary determines poses a serious threat to soil, water, air, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

''(2) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, air quality management, or other land management practice carried out on eligible land that the Secretary determines is needed to protect, in the most cost-effective manner, soil, water, air, or related resources from degradation.

''(3) LIVESTOCK.—The term 'livestock' means dairy cattle, beef cattle, laying hens, broilers, turkeys, swine, sheep, and such other animals as determined by the Secretary.

''(4) MAXIMIZE ENVIRONMENTAL BENEFITS PER DOLLAR EXPENDED.—

''(A) IN GENERAL.—The term 'maximize environmental benefits per dollar expended' means to maximize environmental benefits to the extent the Secretary determines is practicable and appropriate, taking into account the amount of funding made available to carry out this chapter.

''(B) LIMITATION.—The term 'maximize environmental benefits per dollar expended' does not require the Secretary—

''(i) to provide the least cost practice or technical assistance; or

''(ii) to require the development of a plan under section 1240E as part of an application for payments or technical assistance.

''(5) PRACTICE.—The term 'practice' means 1 or more structural practices, land management practices, and, as determined by the Secretary, comprehensive nutrient management planning practices.

''(6) PRODUCER.—The term 'producer' means a person that is engaged in livestock or agricultural production, as determined by the Secretary.

''(7) STRUCTURAL PRACTICE.—The term 'structural practice' means—

''(A) the establishment on eligible land of a site-specific animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, permanent wildlife habitat, constructed wetland, or other structural practice that the Secretary determines is needed to protect, in the most cost-effective manner, soil, water, air, or related resources from degradation; and

''(B) the capping of abandoned wells on eligible land.

''SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During each of the 2002 through 2006 fiscal years, the Secretary shall provide technical assistance, cost-share payments, and incentive payments to producers, that enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) ELIGIBLE PRACTICES.—

''(A) STRUCTURAL PRACTICES.—A producer that implements a structural practice shall be eligible for any combination of technical assistance, cost-share payments, and education.

''(B) LAND MANAGEMENT PRACTICES.—A producer that performs a land management practice shall be eligible for any combination of technical assistance, incentive payments, and education.

''(C) COMPREHENSIVE NUTRIENT MANAGEMENT PLANNING.—A producer that develops a comprehensive nutrient management plan shall be eligible for any combination of technical assistance, incentive payments, and education.

''(3) EDUCATION.—The Secretary may provide conservation education at national, State, and local levels consistent with the purposes of the environmental quality incentives program to—

''(A) any producer that is eligible for assistance under this chapter; or

''(B) any producer that is engaged in the production of an agricultural commodity.

''(b) APPLICATION AND TERM.—With respect to practices implemented under this chapter—

''(1) a contract between a producer and the Secretary may—

''(A) apply to 1 or more structural practices, land management practices, and comprehensive nutrient management planning practices; and

''(B) have a term of not less than 3, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract; and

''(2) each farm may not adopt more than 1 structural practice involving nutrient management during the period of fiscal years 2002 through 2006.

''(c) APPLICATION AND EVALUATION.—

''(1) IN GENERAL.—The Secretary shall establish an application and evaluation process for awarding technical assistance, cost-share payments, and incentive payments to a producer in exchange for the performance of 1 or more practices that maximizes environmental benefits per dollar expended.

''(2) COMPARABLE ENVIRONMENTAL VALUE.—

''(A) IN GENERAL.—The Secretary shall establish a process for selecting applications for technical assistance, cost-share payments, and incentive payments when there are numerous applications for assistance for practices that would provide substantially the same level of environmental benefits.

''(B) CRITERIA.—The process under subparagraph (A) shall be based on—

''(i) a reasonable estimate of the projected cost of the proposals described in the applications; and

''(ii) the priorities established under this subtitle and other factors that maximize environmental benefits per dollar expended.

''(3) CONSENT OF OWNER.—If the producer making an offer to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the producer shall obtain the consent of the owner of the land with respect to the offer.

''(4) BIDDING DOWN.—If the Secretary determines that the environmental values of 2 or more applications for technical assistance, cost-share payments, or incentive payments are comparable, the Secretary shall not assign a higher priority to the application only because it would present the least cost to the program established under this chapter.

''(d) COST-SHARE PAYMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Federal share of cost-share payments to a producer proposing to implement 1 or more practices shall be not more than 75 percent of the projected cost of the practice, as determined by the Secretary.

''(2) EXCEPTIONS.—

''(A) LIMITED RESOURCE AND BEGINNING FARMERS; NATURAL DISASTERS.—The Secretary may increase the maximum Federal share under paragraph (1) to not more than 90 percent if the producer is a limited resource farmer or a beginning farmer or to address a natural disaster, as determined by the Secretary.

''(B) COST-SHARE ASSISTANCE FROM OTHER SOURCES.—Any cost-share payments received by a producer from a State or private organization or person for the implementation of 1 or more practices shall be in addition to the Federal share of cost-share payments provided to the producer under paragraph (1).

''(3) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for practices on eligible land under this chapter if the producer receives cost-share payments or other benefits for the same practice on the same land under chapter 1 and this chapter.

''(e) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more practices.

''(f) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for a fiscal year.

''(2) AMOUNT.—The allocated amount may vary according to—

''(A) the type of expertise required;

''(B) the quantity of time involved; and

''(C) other factors as determined appropriate by the Secretary.

''(3) LIMITATION.—Funding for technical assistance under this chapter shall not exceed the projected cost to the Secretary of the technical assistance provided for a fiscal year.

''(4) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the producer to receive technical assistance under other authorities of law available to the Secretary.

''(5) NON-FEDERAL ASSISTANCE.—

''(A) IN GENERAL.—The Secretary may request the services of, and enter into a cooperative agreement with, a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or nongovernmental organization or person considered appropriate to assist in providing the technical assistance necessary to develop and implement conservation plans under the program.

''(B) PRIVATE SOURCES.—

''(i) IN GENERAL.—The Secretary shall ensure that the processes of writing and developing proposals and plans for contracts under this chapter, and of assisting in the implementation of practices covered by the contracts, are open to qualified private persons, including—

''(I) agricultural producers;

''(II) representatives from agricultural cooperatives;

''(III) agricultural input retail dealers;

''(IV) certified crop advisers;

''(V) persons providing technical consulting services; and

''(VI) other persons, as determined appropriate by the Secretary.

''(ii) OTHER CONSERVATION PROGRAMS.—The requirements of this subparagraph shall also apply to each other conservation program of the Department of Agriculture.

''(6) INCENTIVE PAYMENTS FOR TECHNICAL ASSISTANCE.—

''(A) IN GENERAL.—A producer that is eligible to receive technical assistance for a practice involving the development of a comprehensive nutrient management plan may obtain an incentive payment that can be used to obtain technical assistance from a private source associated with the development of any component of the comprehensive nutrient management plan.

''(B) PURPOSE.—The purpose of the payment shall be to provide a producer the option of obtaining technical assistance for developing any component of a comprehensive nutrient management plan from a private person.

''(C) PAYMENT.—The incentive payment shall be—

''(i) in addition to cost-share or incentive payments that a producer would otherwise receive for structural practices and land management practices;

''(ii) used only to procure technical assistance from a private source that is necessary to develop any component of a comprehensive nutrient management plan; and

''(iii) in an amount determined appropriate by the Secretary, taking into account—

''(I) the extent and complexity of the technical assistance provided;

''(II) the costs that the Secretary would have incurred in providing the technical assistance; and

''(III) the costs incurred by the private provider in providing the technical assistance.

''(D) ELIGIBLE PRACTICES.—The Secretary may determine, on a case by case basis, whether the development of a comprehensive nutrient management plan is eligible for an incentive payment under this paragraph.

''(E) ADVANCE PAYMENT.—On the determination of the Secretary that the proposed comprehensive nutrient management of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified private provider.

''(F) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the

Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

''(i) completion of the technical assistance; and

''(ii) the actual cost of the technical assistance.

''(g) PARTNERSHIPS AND COOPERATION.—

''(1) PURPOSES.—The Secretary may designate special projects, as recommended by the State Conservationist, with advice from the State technical committee, to enhance technical and financial assistance provided to several producers within a specific area to address environmental issues affected by agricultural production with respect to—

''(A) meeting the purposes and requirements of—

''(i) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or comparable State laws in impaired or threatened watersheds;

''(ii) the Safe Drinking Water Act (42 U.S.C. 300f et seq.) or comparable State laws in watersheds providing water for drinking water supplies; or

''(iii) the Clean Air Act (42 U.S.C. 7401 et seq.) or comparable State laws; or

''(B) watersheds of special significance or other geographic areas of environmental sensitivity; or

''(C) enhancing the technical capacity of producers to facilitate community-based planning, implementation of special projects, and conservation education involving multiple producers within an area.

''(2) INCENTIVES.—To realize the objectives of the special projects under paragraph (1), the Secretary shall provide incentives to producers participating in the special projects to encourage partnerships and sharing of technical and financial resources among producers and among producers and governmental organizations.

''(3) FUNDING.—

''(A) IN GENERAL.—The Secretary shall make available 5 percent of funds provided for each fiscal year under this chapter to carry out this subsection.

''(B) SPECIAL PROJECTS.—The purposes of the special projects under this subsection shall be to encourage—

''(i) producers to cooperate in the installation and maintenance of conservation systems that affect multiple agricultural operations;

''(ii) sharing of information and technical and financial resources; and

''(iii) cumulative environmental benefits across operations of producers.

''(4) FLEXIBILITY.—

''(A) IN GENERAL.—The Secretary may enter into agreements with States, local governmental and nongovernmental organizations, and persons to allow greater flexibility to adjust the application of eligibility criteria, approved practices, innovative conservation practices, and other elements of the programs described in subparagraph (B) to better reflect unique local circumstances and goals in a manner that is consistent with the purposes of this chapter.

''(B) APPLICABLE PROGRAMS.—Subparagraph (A) shall apply to—

''(i) the environmental quality incentives program established by this chapter;

''(ii) the program to establish conservation buffers described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program;

''(iii) the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program; and

''(iv) the wetlands reserve program established under subchapter C of chapter 1.

''(5) UNUSED FUNDING.—Any funds made available for a fiscal year under this subsection that are not obligated by June 1 of the fiscal year may be used to carry out other activities under this chapter during the fiscal year in which the funding becomes available.

''(h) MODIFICATION OR TERMINATION OF CONTRACTS.—

''(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

''(A) the producer agrees to the modification or termination; and

''(B) the Secretary determines that the modification or termination is in the public interest.

''(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

''SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

''In evaluating applications for technical assistance, cost-share payments, and incentive payments, the Secretary shall accord a higher priority to assistance and payments that—

''(1) maximize environmental benefits per dollar expended; and

''(2)(A) address national conservation priorities involving—

''(i) water quality, particularly in impaired watersheds;

''(ii) soil erosion;

''(iii) air quality; or

''(iv) assist producers in complying with—

''(I) this title;

''(II) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

''(III) the Safe Drinking Water Act (42 U.S.C. 300f et seq.);

''(IV) the Clean Air Act (42 U.S.C. 7401 et seq.); and

''(V) other Federal, State, and local environmental laws (including regulations);

''(B) are provided in conservation priority areas established under section 1230(c); or

''(C) are provided in special projects under section 1240B(g) with respect to which State or local governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes.

''SEC. 1240D. DUTIES OF PRODUCERS.

''To receive technical assistance, cost-share payments, or incentive payments under this chapter, a producer shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental goals to be achieved through 1 or more practices that are approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of this chapter;

''(3) on the violation of a term or condition of the contract at any time the producer has control of the land, to refund any cost-share or incentive payment received with interest, and forfeit any future payments under this chapter, as determined by the Secretary;

''(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments and incentive payments received under this chapter, as determined by the Secretary;

''(5) to supply information as required by the Secretary to determine compliance with the environmental quality incentives program plan and requirements of the program; and

''(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the environmental quality incentives program plan.

''SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''(a) IN GENERAL.—To be eligible to receive technical assistance, cost-share payments, or incentive payments under the environmental quality incentives program, an owner or producer of a livestock or agricultural operation must submit to the Secretary for approval a plan of operations that incorporates practices covered under this chapter, and is based on such principles, as the Secretary considers necessary to carry out the program, including a description of the practices to be implemented and the objectives to be met by the implementation of the plan.

''(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the environmental quality incentives program and comparable conservation programs.

''SEC. 1240F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of an environmental quality incentives program plan by—

''(1) providing technical assistance in developing and implementing the plan;

''(2) providing technical assistance, cost-share payments, or incentive payments for developing and implementing 1 or more practices, as appropriate;

''(3) providing the producer with information, education, and training to aid in implementation of the plan; and

''(4) encouraging the producer to obtain technical assistance, cost-share payments, or grants from other Federal, State, local, or private sources.

''SEC. 1240G. LIMITATION ON PAYMENTS.

''(a) IN GENERAL.—Subject to subsection (b), the total amount of cost-share and incentive payments paid to a producer under this chapter may not exceed—

''(1) $50,000 for any fiscal year; or

''(2) $150,000 for any multiyear contract.

''(b) ATTRIBUTION.—An individual or entity may not receive, directly or indirectly, payments under this chapter that exceed $50,000 for any fiscal year.

''(c) VERIFICATION.—The Secretary shall identify individuals and entities that are eligible for a payment under this chapter using social security numbers and taxpayer identification numbers, respectively.

''SEC. 1240H. CONSERVATION INNOVATION GRANTS.

''(a) IN GENERAL.—From funds made available to carry out this chapter, the Secretary shall use $100,000,000 for each fiscal year to pay the Federal share of competitive grants that are intended to stimulate innovative approaches to leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production, through the environmental quality incentives program.

''(b) USE.—The Secretary shall award grants under this section to governmental organizations, State agencies, and other persons, on a competitive basis, to carry out projects that—

''(1) involve producers that are eligible for payments or technical assistance under this chapter;

''(2) implement innovative projects, such as—

''(A) market systems for pollution reduction; and

''(B) provision of funds to promote adoption of best management practices and the storing of carbon in the soil; and

''(3) leverage funds made available to carry out this chapter with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production.

''(c) FEDERAL SHARE.—The Federal share of a grant made to carry out a project under this section shall not exceed 50 percent of the cost of the project.

''(d) UNUSED FUNDING.—Any funds made available for a fiscal year under this section that are not obligated by June 1 of the fiscal year may be used to carry out other activities under this chapter during the fiscal year in which the funding becomes available.

''SEC. 1240I. WORKING LAND ENVIRONMENTAL IMPROVEMENT OPTION.

''(a) PURPOSES.—The purposes of this section are—

''(1) to provide incentives to producers on agricultural working land to attain increased environmental benefits by implementing a systems approach to the conservation needs on the farm or ranch of the producer;

''(2) to target conservation systems instead of individual conservation practices;

''(3) to emphasize more comprehensive, multiyear agreements that enable a more integrated natural resource plan for the farm or ranch of the producer; and

''(4) to emphasize conservation systems that are based on land management instead of structural practices or land retirement.

''(b) DEFINITION OF CONSERVATION SYSTEM.—In this section, the term 'conservation system' means a set of multiple conservation practices that—

''(1) address 1 or more natural resources on a farm or ranch of a producer;

''(2) requires planning, implementation, management, and maintenance;

''(3) promotes 1 or more conservation purposes identified in the plan developed and approved by the Secretary under section 1240D;

''(4)(A) has not been implemented on the applicable agricultural land of the producer before receipt of a payment under this section; or

''(B) significantly enhances the existing conservation system; and

''(5) involves—

''(A) a basic conservation activity, such as pest management, contour farming, residue management, nutrient management, or similar activities, as determined by the Secretary;

''(B) a land use adjustment or protection activity, such as resource-conserving crop rotation, controlled, rotational grazing, or similar activities, as determined by the Secretary; or

''(C) an activity that fosters the long-term sustainability of all natural resources on the agricultural operation, as determined by the Secretary.

''(c) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish a program that is designed to—

''(A) function as part of the environmental quality incentives program under this chapter; and

''(B) provide an option for producers to receive a bonus payment for engaging in new and more environmentally beneficial conservation practices on agricultural working land.

''(2) CONTRACT.—

''(A) IN GENERAL.—In exchange for a producer entering into a working land environmental improvement option contract, the Secretary shall provide an annual bonus payment, in an amount determined by the Secretary, to the producer in accordance with the contract.

''(B) RELATION TO EQUIP.—A contract under this section may be a component of, or separate from, a contract under section 1240B.

''(C) TERM.—A contract entered into under this section shall have a term of not less than 3, nor more than 10, years.

''(D) LINKAGE.—The Secretary shall not require that any producer enter into a contract under any other program under this chapter to be eligible to receive a bonus payment under a contract entered into under this section.

''(3) CONSERVATION SYSTEM PLAN.—

''(A) IN GENERAL.—A conservation system plan developed under this section that incorporates an integrated approach to conservation of natural resources on the farm or ranch of a producer may be included in a plan developed under section 1240D, under which conservation goals are achieved through individual practices.

''(B) ELIGIBLE SYSTEMS.—A conservation system that is eligible for a bonus payment under this section may be associated with a land management practice, structural practice, or comprehensive nutrient management practice that has been otherwise approved by the Secretary under this chapter.

''(4) IDENTIFICATION OF CONSERVATION SYSTEMS.—The State Conservationist and State Technical Committee for each State shall identify conservation activities that, in combination—

''(A) address the geographical, agronomic, and environmental conditions that are unique to the State or area; and

''(B) qualify as conservation systems under this section.

''(5) BONUS PAYMENTS.—A producer that implements a conservation system shall be eligible to receive an annual bonus payment that is in addition to any incentive payment, cost share payment, or technical assistance available to the producer under this chapter.

''(d) EVALUATION OF CONTRACT OFFERS.—

''(1) EVALUATION FACTORS.—In order to maximize environmental benefits per dollar expended under this section, the Secretary shall establish a list of multiple evaluation factors that are to be used to evaluate and rank the conservation systems proposed by producers.

''(2) REQUIRED PRIORITY FACTORS.—The Secretary shall give priority to offers that—

''(A) demonstrate the prior use of a conservation activity, such as conservation tillage;

''(B) address multiple natural resource conservation goals;

''(C) implement more comprehensive conservation systems; or

''(D) are submitted by a limited resource farmer, beginning farmer, or Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), as determined by the Secretary.

''(3) DISCRETIONARY FACTORS.—Additional evaluation factors may include—

''(A) the number of farms and ranches within the soil and water conservation district in which the agricultural operation of the producer is located;

''(B) with respect to the agricultural operation of the producer—

''(i) soil erosion;

''(ii) the potential for pesticide and nutrient leaching;

''(iii) animal waste generation; and

''(iv) wetland; and

''(C) other factors, as determined by the Secretary.

''(4) POINTS.—Each evaluation factor shall be accorded a point value as determined by the Secretary.

''(5) OFFERS.—Each offer of a producer to enter into a contract under this section shall be ranked by the Secretary according to the number of points assigned the conservation system proposed in the offer.

''(e) PROCEDURE FOR RANKING AND SELECTING OFFERS.—

''(1) LOCAL ENVIRONMENTAL PROBLEMS AND PRIORITIES.—Each soil and water conservation district, or local working group, as designated by the Secretary, shall—

''(A) identify the environmental problems that exist within the district; and

''(B) determine which conservation systems and practices would best ameliorate the environmental problems of the district; and

''(C) make recommendations to the State conservationist and State technical committee of the respective State concerning the issues described in subparagraphs (A) and (B).

''(2) STATE CONSERVATIONIST.—The State conservationist for each State, in consultation with the State technical committee, shall—

''(A) summarize the information and recommendations provided by each soil and water conservation district of the State; and

''(B) transmit the information and recommendations to the Secretary (including a detailed description of intended priorities for funding within the State).

''(3) STATE FUNDING ALLOCATIONS.—

''(A) IN GENERAL.—The Secretary may use the information and recommendations supplied by each State Conservationist, including natural resource inventories, statistical studies, and reports, to determine funding allocations under this section for each State.

''(B) ELEMENTS OF ALLOCATION DETERMINATIONS.—A funding allocation shall be determined on the basis of—

''(i) the evaluation factors described in subsection (d); and

''(ii) the information and recommendations summarized by State conservationists under paragraph (2)(A).

''(C) NOTIFICATION.—The State conservationist for each State shall be notified of the funding allocation for the State.

''(4) RANKING, SELECTION OF OFFERS, AND AWARD OF BONUS PAYMENTS.—

''(A) RANKING OFFERS.—The State conservationist of the appropriate State, in consultation with the State technical committee and the soil and water conservation district in which the agricultural operation of a producer is located, shall rank each offer according to—

''(i) the criteria established by the Secretary; and

''(ii) the number of points awarded to the offer.

''(B) ACCEPTANCE OF OFFERS.—Based on the ranking of each offer of a producer by the State and the availability of funds for the State, the State conservationist may accept offers of producers that will receive bonus payments.

''(C) DETERMINATION OF BONUS PAYMENTS.—The State conservationist, in consultation with the State technical committee, and in consultation with the soil and water conservation district in which the agricultural operation of a producer is located, shall determine the amount of the bonus payment applicable to the conservation system that the producer offers to implement.

''(D) DETERMINATION OF AMOUNT OF BONUS PAYMENTS.—The amount of an annual bonus payment, to the extent practicable, shall be determined by the State conservationist, in consultation with the State technical committee and the soil and water conservation district in which the agricultural operation of the producer is located, using criteria established under the guidelines described in subparagraph (E).

''(E) GUIDELINES.—The criteria used to determine the amount of a bonus payment may be—

''(i) as objective and transparent as practicable; and

''(ii) based on—

''(I) to the maximum extent practicable, outcome-based factors relating to the natural resource and environmental benefits that result from the adoption, maintenance,

and improvement in implementation of the conservation practice carried out by the producer;

''(II) system-based factors, including—

''(aa) the level and extent of conservation systems to be established or maintained;

''(bb) the cost of the adoption, maintenance, and improvement in implementation of the conservation system;

''(cc) the income loss that would be experienced, or economic value that would be forgone, by the producer because of land use adjustments resulting from the adoption, maintenance, and improvement of the conservation system; and

''(dd) the extent to which compensation would ensure maintenance and improvement of the conservation system; and

''(III) such other factors as the Secretary determines to be appropriate to encourage participation under this section.

''(f) LIMITATION ON ASSISTANCE.—The total amount of bonus payments a producer may receive under this section shall not exceed $25,000 for any fiscal year.

''(g) FUNDING.—Of the funds made available to carry out this chapter, the Secretary shall use to carry out this section—

''(1) $100,000,000 for fiscal year 2002;

''(2) $150,000,000 for fiscal year 2003; and

''(3) $200,000,000 for each of fiscal years 2004 and 2005; and

''(4) $300,000,000 for fiscal year 2006.''.

(b) FUNDING.—Section 1241(b) of the Food Security Act of 1985 (16 U.S.C. 3841(b)) is amended—

(1) in paragraph (1), by striking ''$130,000,000'' and all that follows through ''2002,'' and inserting ''$750,000,000 for fiscal year 2002, $1,000,000,000 for fiscal year 2003, $1,350,000,000 for fiscal year 2004, $1,450,000,000 for fiscal year 2005, and $1,650,000,000 for fiscal year 2006''; and

(2) by striking paragraph (2) and inserting the following:

''(2) OBLIGATION OF FUNDS.—

''(A) IN GENERAL.—If a contract under the environmental quality incentives program under chapter 4 of subtitle D is terminated prior to the end of the term of the contract and funds obligated for the contract are remaining, the remaining funds may be used to carry out any other contract under the program during the same fiscal year in which the original contract was terminated.

''(B) ADDITIONAL USES OF FUNDS.—Funding for contracts that terminate under the program administered under subchapter B of chapter 1 may be transferred to, and used to carry out, the program under chapter 4 of subtitle D.''.

(c) COOPERATION WITH OTHER GOVERNMENT AGENCIES.—Section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) is amended in the last sentence by inserting ''but excluding transfers and allotments for conservation technical assistance'' after ''activities''.

SEC. 202. CONSERVATION RESERVE PROGRAM.

(a) EXTENSION OF PROGRAM.—

(1) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(A) in subsections (a) and (b)(3), by striking ''2002'' each place it appears and inserting ''2006'';

(B) in subsection (d)—

(i) by striking ''2002'' and inserting ''2006''; and

(ii) by striking ''36,400,000'' and inserting ''40,000,000''; and

(C) in subsection (h)(1), by striking ''the 2001 and 2002'' and inserting ''each of the 2001 through 2006''.

(2) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''2002'' and inserting ''2006''.

(b) CONSERVATION BUFFERS AND CONSERVATION RESERVE ENHANCEMENT PROGRAM.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) in paragraph (4)(D), by striking the period at the end and inserting ''; or''; and

(2) by adding at the end the following:

''(5) land that the Secretary determines is—

''(A) part of a field; and

''(B) no longer feasible to farm as a result of the remainder of the field having been enrolled—

''(i) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(ii) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(c) DURATION OF CONTRACTS; HARDWOOD TREES.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C. 3831(e)) is amended—

(1) in paragraph (1), by striking ''shall enter into contracts of not less than 10, nor more than 15, years.'' and inserting the following: ''may enter into contracts—

''(A) for land enrolled in the conservation reserve program that is not covered by a hardwood tree contract, covering not to exceed 3,000,000 acres, for 30 or more years; and

''(B) covering any remaining acreage, with terms of not less than 10, nor more than 15, years.''; and

(2) in paragraph (2)—

(A) by striking ''In the'' and inserting the following:

''(A) IN GENERAL.—In the'';

(B) by striking ''The Secretary'' and inserting the following:

''(B) EXISTING HARDWOOD TREE CONTRACTS.—The Secretary''; and

(C) by adding at the end the following:

''(C) EXTENSION OF HARDWOOD TREE CONTRACTS.—

''(i) IN GENERAL.—In the case of land devoted to hardwood trees under a contract entered into under this subchapter before the date of enactment of this subparagraph, the Secretary may extend the contract for a term of not more than 15 years.

''(ii) BASE PAYMENTS.—The amount of a base payment for a contract extended under clause (i)—

''(I) shall be determined by the Secretary; but

''(II) shall not exceed 50 percent of the base payment that was applicable to the contract before the contract was extended.''.

(d) EXPANSION OF PILOT PROGRAM TO ALL STATES.—Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) in paragraph (1), by striking ''and 2002'' and all that follows through ''South Dakota'' and inserting ''through 2006 calendar years, the Secretary shall carry out a program in each State'';

(2) in paragraph (3)(C), by striking ''—'' and all that follows and inserting ''not more than 150,000 acres in any 1 State.''; and

(3) by striking paragraph (2) and redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively.

(e) HAYING AND GRAZING ON BUFFER STRIPS.—Section 1232(a)(7) of the Food Security Act of 1985 (16 U.S.C. 3832(a)(7)) is amended—

(1) by striking ''except that the Secretary—'' and inserting ''except that—'';

(2) in subparagraph (A)—

(A) by striking ''(A) may'' and inserting ''(A) the Secretary may'';

(B) in clause (i), by inserting ''subject to approval by the appropriate State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)),'' before ''harvesting or grazing''; and

(C) by striking ''and'' at the end;

(3) in subparagraph (B)—

(A) by striking ''(B) shall'' and inserting ''(B) the Secretary shall''; and

(B) by striking the period at the end and inserting a semicolon;

(4) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(5) by adding at the end the following:

''(D) for maintenance purposes, the Secretary shall—

''(i) permit harvesting or grazing or other commercial uses of forage, in a manner that is consistent with the purposes of this subchapter and a conservation plan approved by the Secretary, on acres enrolled—

''(I) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; and

''(II) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program; and

''(ii) notwithstanding the amount of a rental payment limited by section 1234(c)(2) and specified in a contract entered into under this chapter, reduce the amount of the rental payment paid to a producer of land the forage of which is used for commercial purposes under clause (i) by an amount determined by the Secretary to be commensurate with the value of the reduction of benefit gained by enrollment of the land under clause (i).''.

(f) COST SHARE FOR HARDWOOD TREES.—Section 1234(b)(3) of the Food Security Act of 1985 (16 U.S.C. 3834(b)(3)) is amended by striking ''4-year'' and inserting ''5-year''.

(g) BASE HISTORY.—Section 1236 of the Food Security Act of 1985 (16 U.S.C. 3836) is amended by striking subsection (d) and inserting the following:

''(d) REDUCTION OR TERMINATION OF CROPLAND.—

''(1) IN GENERAL.—In addition to any other remedy available under any other law, the Secretary may reduce or terminate the quantity of cropland base and allotment history preserved under subsection (c) for acreage with respect to which a violation of a term or condition of a contract covering that acreage occurs.

''(2) REQUIRED TERMINATION.—The Secretary shall terminate the cropland base and allotment history for all cropland—

''(A) enrolled under this subchapter; and

''(B) used for—

''(i) the planting of hardwood trees under section 1231(e)(2);

''(ii) the pilot program under section 1231(h); or

''(iii) enrollment—

''(I) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(II) in the program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(h) FUNDING.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) by striking ''1996 through 2002'' and inserting ''2002 through 2006'';

(2) by inserting ''(including the provision of technical assistance)'' before ''authorized by''; and

(3) in paragraph (2), by striking ''subchapter C'' and inserting ''subchapters C and D''.

(i) STUDY ON ECONOMIC EFFECTS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture,

Nutrition, and Forestry of the Senate a report that describes the economic effects on rural communities resulting from the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 203. WETLANDS RESERVE PROGRAM.

(a) TECHNICAL ASSISTANCE.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by inserting ''(including the provision of technical assistance)'' before the period at the end.

(b) MAXIMUM ENROLLMENT.—Section 1237(b) of the Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended by striking paragraph (1) and inserting the following:

''(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the wetlands reserve program shall not exceed 2,225,000 acres, of which not more than 250,000 acres may be enrolled in any calendar year.''.

(c) REAUTHORIZATION.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended by striking ''2002'' and inserting ''2006''.

(d) MONITORING AND MAINTENANCE.—Section 1237C(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3837c(a)(2)) is amended by striking ''assistance'' and inserting ''assistance (including monitoring and maintenance)''.

SEC. 204. FARMLAND PROTECTION PROGRAM.

(a) REMOVAL OF ACREAGE LIMITATION; EXPANSION OF PURPOSES.—Subsection (a) of section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) is amended—

(1) by striking ''not less than 170,000, nor more than 340,000 acres of''; and

(2) by inserting ''(including ranchland), or agricultural land that contains historic or archaeological resources,'' after ''other productive soil''.

(b) ELIGIBLE ENTITIES.—Such section is further amended—

(1) in subsection (a), by striking ''a State or local government'' and inserting ''an eligible entity''; and

(2) by adding at the end the following:

''(d) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means—

''(1) any agency of any State or local government, or federally recognized Indian tribe, including farmland protection boards and land resource councils established under State law; and

''(2) any organization that—

''(A) is organized for, and at all times since the formation of the organization has been operated principally for, one or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

''(B) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code;

''(C) is described in section 509(a)(2) of that Code; or

''(D) is described in section 509(a)(3) of that Code and is controlled by an organization described in section 509(a)(2) of that Code.

''(e) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this subchapter shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conservion of the cropland to less intensive uses.

''(f) FUNDING.—

''(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to provide technical assistance and purchase conservation easements under this section—

''(A) $65,000,000 for fiscal year 2002;

''(B) $90,000,000 for each of fiscal years 2003 through 2005; and

''(C) $100,000,000 for fiscal year 2006.

''(2) COST SHARING.—

''(A) FEDERAL SHARE.—The Federal share of the cost of purchasing a conservation easement or other interest described in subsection (b) shall not exceed 50 percent.

''(B) NON-FEDERAL SHARE.—The non-Federal share of the cost of any project relating to the purchase of a conservation easement under this section may be made in the form of donations from any non-Federal source (including donations of conservation easements in a project area) that materially advance the goals of the project, as determined by the Secretary.''.

SEC. 205. WILDLIFE HABITAT INCENTIVE PROGRAM.

Section 387 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3836a) is amended by striking subsection (c) and inserting the following:

''(c) FUNDING.—Of the funds made available to carry out subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.), the Secretary of Agriculture shall use to carry out this section—

''(1) $50,000,000 for fiscal year 2002;

''(2) $60,000,000 for fiscal year 2003;

''(3) $65,000,000 for fiscal year 2004;

''(4) $75,000,000 for fiscal year 2005; and

''(5) $100,000,000 for fiscal year 2006.''.

SEC. 206. GRASSLAND RESERVE PROGRAM.

Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at the end the following:

''Subchapter D—Grassland Reserve Program

''SEC. 1238. GRASSLAND RESERVE PROGRAM.

''(a) ESTABLISHMENT.—The Secretary, acting through the Natural Resource Conservation Service, shall establish a grassland reserve program (referred to in this subchapter as 'the program') to assist owners in restoring and protecting eligible land described in subsection (c).

''(b) ENROLLMENT CONDITIONS.—

''(1) IN GENERAL.—The Secretary shall enroll in the program, from willing owners, not less than—

''(A) 100 contiguous acres of land west of the 90th meridian; or

''(B) 50 contiguous acres of land east of the 90th meridian.

''(2) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 2,000,000 acres.

''(3) METHODS OF ENROLLMENT.—The Secretary shall enroll land in the program through—

''(A) permanent easements or 30-year easements;

''(B) in a State that imposes a maximum duration for such an easement, an easement for the maximum duration allowed under State law; or

''(C) a 30-year rental agreement.

''(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is—

''(1) natural grassland or shrubland;

''(2) land that—

''(A) is located in an area that has been historically dominated by natural grassland or shrubland; and

''(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to natural grassland or shrubland; or

''(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of the easement.

''SEC. 1238A. EASEMENTS AND AGREEMENTS.

''(a) IN GENERAL.—To be eligible to enroll land in the program, the owner of the land shall enter into an agreement with the Secretary—

''(1) to grant an easement that runs with the land to the Secretary;

''(2) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

''(3) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

''(4) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement; and

''(5) to comply with the terms of the easement and restoration agreement.

''(b) TERMS OF EASEMENT.—An easement under subsection (a) shall—

''(1) permit—

''(A) grazing on the land in a manner that is consistent with maintaining the viability of natural grass and shrub species indigenous to that locality;

''(B) haying (including haying for seed production) or mowing, except during the nesting season for birds in the area that are in significant decline, as determined by the Natural Resources Conservation Service State conservationist, or are protected Federal or State law; and

''(C) fire rehabilitation, construction of fire breaks, and fences (including placement of the posts necessary for fences);

''(2) prohibit—

''(A) the production of row crops, fruit trees, vineyards, or any other agricultural commodity that requires breaking the soil surface; and

''(B) except as permitted under paragraph (1)(C), the conduct of any other activities that would disturb the surface of the land covered by the easement, including—

''(i) plowing; and

''(ii) disking; and

''(3) include such additional provisions as the Secretary determines are appropriate to carry out this subchapter or to facilitate the administration of this subchapter.

''(c) EVALUATION AND RANKING OF EASEMENT APPLICATIONS.—

''(1) IN GENERAL.—The Secretary, in conjunction with State technical committees, shall establish criteria to evaluate and rank applications for easements under this subchapter.

''(2) CRITERIA.—In establishing the criteria, the Secretary shall emphasize support for grazing operations, plant and animal biodiversity, and grassland and shrubland under the greatest threat of conversion.

''(d) RESTORATION AGREEMENTS.—

''(1) IN GENERAL.—The Secretary shall prescribe the terms by which grassland and shrubland subject to an easement under an agreement entered into under the program shall be restored.

''(2) REQUIREMENTS.—The restoration agreement shall describe the respective duties of the owner and the Secretary (including paying the Federal share of the cost of restoration and the provision of technical assistance).

''(e) VIOLATIONS.—

''(1) IN GENERAL.—On the violation of the terms or conditions of an easement or restoration agreement entered into under this section—

''(A) the easement shall remain in force; and

''(B) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.

''(2) PERIODIC INSPECTIONS.—

''(A) IN GENERAL.—After providing notice to the owner, the Secretary shall conduct periodic inspections of land subject to easements under this subchapter to ensure that the terms of the easement and restoration agreement are being met.

''(B) LIMITATION.—The Secretary may not prohibit the owner, or a representative of the owner, from being present during a periodic inspection.

''SEC. 1238B. DUTIES OF SECRETARY.

''(a) IN GENERAL.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall, in accordance with this section—

''(1) make easement payments;

''(2) pay the Federal share of the cost of restoration; and

''(3) provide technical assistance to the owner.

''(b) PAYMENT SCHEDULE.—

''(1) EASEMENT PAYMENTS.—

''(A) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

''(i) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

''(ii) in the case of a 30-year easement or an easement for the maximum duration allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

''(B) SCHEDULE.—Easement payments may be provided in not less than 1 payment nor more than 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

''(2) RENTAL AGREEMENT PAYMENTS.—

''(A) AMOUNT.—If an owner enters into a 30-year rental agreement authorized under section 1238(b)(3)(C), the Secretary shall make 30 annual rental payments to the owner in an amount that equals, to the maximum extent practicable, the 30-year easement payment amount under paragraph (1)(A)(ii).

''(B) ASSESSMENT.—Not less than once every 5 years throughout the 30-year rental period, the Secretary shall assess whether the value of the rental payments under subparagraph (A) equals, to the maximum extent practicable, the 30-year easement payments as of the date of the assessment.

''(C) ADJUSTMENT.—If on completion of the assessment under subparagraph (B), the Secretary determines that the rental payments do not equal, to the maximum extent practicable, the value of payments under a 30-year easement, the Secretary shall adjust the amount of the remaining payments to equal, to the maximum extent practicable, the value of a 30-year easement over the entire 30-year rental period.

''(c) FEDERAL SHARE OF COST OF RESTORATION.—The Secretary shall make payments to the owner of not more than 75 percent of the cost of carrying out measures and practices necessary to restore grassland and shrubland functions and values.

''(d) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall provide owners with technical assistance to execute easement documents and restore the grassland and shrubland.

''(2) REIMBURSEMENT BY COMMODITY CREDIT CORPORATION.—The Commodity Credit Corporation shall reimburse the Secretary, acting through the Natural Resources Conservation Service, for not more than 10 percent of the cost of acquisition of the easement and the Federal share of the cost of restoration obligated for that fiscal year.

''(e) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

''(f) OTHER PAYMENTS.—Easement payments received by an owner under this subchapter shall be in addition to, and not affect, the total amount of payments that the owner is otherwise eligible to receive under other Federal laws.

''SEC. 1238C. ADMINISTRATION.

''(a) DELEGATION TO PRIVATE ORGANIZATIONS.—

''(1) IN GENERAL.—The Secretary shall permit a private conservation or land trust organization or a State agency to hold and enforce an easement under this subchapter, in lieu of the Secretary, if—

''(A) the Secretary determines that granting such permission is likely to promote grassland and shrubland protection; and

''(B) the owner authorizes the private conservation or land trust or a State agency to hold and enforce the easement.

''(2) APPLICATION.—An organization that desires to hold an easement under this subchapter shall apply to the Secretary for approval.

''(3) APPROVAL BY SECRETARY.—The Secretary shall approve an organization under this subchapter that is constituted for conservation or ranching purposes and is competent to administer grassland and shrubland easements.

''(4) REASSIGNMENT.—If an organization holding an easement on land under this subchapter terminates—

''(A) the owner of the land shall reassign the easement to another organization described in paragraph (1) or to the Secretary; and

''(B) the owner and the new organization shall notify the Secretary in writing that a reassignment for termination has been made.

''(b) REGULATIONS.—Not later than 180 days after the date of enactment of this subchapter, the Secretary shall issue such regulations as are necessary to carry out this subchapter.''.

SEC. 207. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

Subtitle H of title XV of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read as follows:

''Subtitle H—Resource Conservation and Development Program

''SEC. 1528. DEFINITIONS.

''In this subtitle:

''(1) AREA PLAN.—The term 'area plan' means a resource conservation and use plan that is developed by a council for a designated area of a State or States through a planning process and that includes 1 or more of the following elements:

''(A) A land conservation element, the purpose of which is to control erosion and sedimentation.

''(B) A water management element that provides 1 or more clear environmental or conservation benefits, the purpose of which is to provide for—

''(i) the conservation, use, and quality of water, including irrigation and rural water supplies;

''(ii) the mitigation of floods and high water tables;

''(iii) the repair and improvement of reservoirs;

''(iv) the improvement of agricultural water management; and

''(v) the improvement of water quality.

''(C) A community development element, the purpose of which is to improve—

''(i) the development of resources-based industries;

''(ii) the protection of rural industries from natural resource hazards;

''(iii) the development of adequate rural water and waste disposal systems;

''(iv) the improvement of recreation facilities;

''(v) the improvement in the quality of rural housing;

''(vi) the provision of adequate health and education facilities;

''(vii) the satisfaction of essential transportation and communication needs; and

''(viii) the promotion of food security, economic development, and education.

''(D) A land management element, the purpose of which is—

''(i) energy conservation;

''(ii) the protection of agricultural land, as appropriate, from conversion to other uses;

''(iii) farmland protection; and

''(iv) the protection of fish and wildlife habitats.

''(2) BOARD.—The term 'Board' means the Resource Conservation and Development Policy Advisory Board established under section 1533(a).

''(3) COUNCIL.—The term 'council' means a nonprofit entity (including an affiliate of the entity) operating in a State that is—

''(A) established by volunteers or representatives of States, local units of government, Indian tribes, or local nonprofit organizations to carry out an area plan in a designated area; and

''(B) designated by the chief executive officer or legislature of the State to receive technical assistance and financial assistance under this subtitle.

''(4) DESIGNATED AREA.—The term 'designated area' means a geographic area designated by the Secretary to receive technical assistance and financial assistance under this subtitle.

''(5) FINANCIAL ASSISTANCE.—The term 'financial assistance' means a grant or loan provided by the Secretary (or the Secretary and other Federal agencies) to, or a cooperative agreement entered into by the Secretary (or the Secretary and other Federal agencies) with, a council, or association of councils, to carry out an area plan in a designated area, including assistance provided for planning, analysis, feasibility studies, training, education, and other activities necessary to carry out the area plan.

''(6) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(7) LOCAL UNIT OF GOVERNMENT.—The term 'local unit of government' means—

''(A) any county, city, town, township, parish, village, or other general-purpose subdivision of a State; and

''(B) any local or regional special district or other limited political subdivision of a State, including any soil conservation district, school district, park authority, and water or sanitary district.

''(8) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that is—

''(A) described in section 501(c) of the Internal Revenue Code of 1986; and

''(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

''(9) PLANNING PROCESS.—The term 'planning process' means actions taken by a council to develop and carry out an effective area plan in a designated area, including development of the area plan, goals, purposes, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in the actions.

''(10) PROJECT.—The term 'project' means a project that is carried out by a council to achieve any of the elements of an area plan.

''(11) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(12) STATE.—The term 'State' means—

''(A) any State;

''(B) the District of Columbia; or

''(C) any territory or possession of the United States.

''(13) TECHNICAL ASSISTANCE.—The term 'technical assistance' means any service provided by the Secretary or agent of the Secretary, including—

''(A) inventorying, evaluating, planning, designing, supervising, laying out, and inspecting projects;

''(B) providing maps, reports, and other documents associated with the services provided;

''(C) providing assistance for the long-term implementation of area plans; and

''(D) providing services of an agency of the Department of Agriculture to assist councils in developing and carrying out area plans.

''SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

''The Secretary shall establish a resource conservation and development program under which the Secretary shall provide technical assistance and financial assistance to councils to develop and carry out area plans and projects in designated areas—

''(1) to conserve and improve the use of land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in primarily rural areas of the United States; and

''(2) to encourage and improve the capability of State, units of government, Indian tribes, nonprofit organizations, and councils to carry out the purposes described in paragraph (1).

''SEC. 1530. SELECTION OF DESIGNATED AREAS.

''The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements of area plans.

''SEC. 1531. POWERS OF THE SECRETARY.

''In carrying out this subtitle, the Secretary may—

''(1) provide technical assistance to any council to assist in developing and implementing an area plan for a designated area;

''(2) cooperate with other departments and agencies of the Federal Government, States, local units of government, local Indian tribes, and local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

''(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical assistance and financial assistance to any council; and

''(4) enter into agreements with councils in accordance with section 1532.

''SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.

''(a) ELIGIBILITY.—Technical assistance and financial assistance may be provided by the Secretary under this subtitle to any council to assist in carrying out a project specified in an area plan approved by the Secretary only if—

''(1) the council agrees in writing—

''(A) to carry out the project; and

''(B) to finance or arrange for financing of any portion of the cost of carrying out the project for which financial assistance is not provided by the Secretary under this subtitle;

''(2) the project is included in an area plan and is approved by the council;

''(3) the Secretary determines that assistance is necessary to carry out the area plan;

''(4) the project provided for in the area plan is consistent with any comprehensive plan for the area;

''(5) the cost of the land or an interest in the land acquired or to be acquired under the plan by any State, local unit of government, Indian tribe, or local nonprofit organization is borne by the State, local unit of government, Indian tribe, or local nonprofit organization, respectively; and

''(6) the State, local unit of government, Indian tribe, or local nonprofit organization participating in the area plan agrees to maintain and operate the project.

''(b) LOANS.—

''(1) IN GENERAL.—Subject to paragraphs (2) and (3), a loan made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe.

''(2) TERM.—A loan for a project made under this subtitle shall have a term of not more than 30 years after the date of completion of the project.

''(3) INTEREST RATE.—A loan made under this subtitle shall bear interest at the average rate of interest paid by the United States on obligations of a comparable term, as determined by the Secretary of the Treasury.

''(c) APPROVAL BY SECRETARY.—Technical assistance and financial assistance under this subtitle may not be made available to a council to carry out an area plan unless the area plan has been submitted to and approved by the Secretary.

''(d) WITHDRAWAL.—The Secretary may withdraw technical assistance and financial assistance with respect to any area plan if the Secretary determines that the assistance is no longer necessary or that sufficient progress has not been made toward developing or implementing the elements of the area plan.

''(e) USE OF OTHER ENTITIES AND PERSONS.—A council may use another person or entity to assist in developing and implementing an area plan and otherwise carrying out this subtitle.

''SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT POLICY ADVISORY BOARD.

''(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Advisory Board.

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Board shall be composed of at least 7 employees of the Department of Agriculture selected by the Secretary.

''(2) CHAIRPERSON.—A member of the Board shall be designated by the Secretary to serve as chairperson of the Board.

''(c) DUTIES.—The Board shall advise the Secretary regarding the administration of this subtitle, including the formulation of policies for carrying out this subtitle.

''SEC. 1534. EVALUATION OF PROGRAM.

''(a) IN GENERAL.—The Secretary, in consultation with councils, shall evaluate the program established under this subtitle to determine whether the program is effectively meeting the needs of, and the purposes identified by, States, units of government, Indian tribes, nonprofit organizations, and councils participating in, or served by, the program.

''(b) REPORT.—Not later than June 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation, together with any recommendations of the Secretary for continuing, terminating, or modifying the program.

''SEC. 1535. LIMITATION ON ASSISTANCE.

''In carrying out this subtitle, the Secretary shall provide technical assistance and financial assistance with respect to not more than 450 active designated areas.

''SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SECRETARY.

''The authority of the Secretary under this subtitle to assist councils in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

''SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be such sums as are necessary to carry out this subtitle.

''(b) LOANS.—The Secretary shall not use more than $15,000,000 of any funds made available for a fiscal year to make loans under this subtitle.

''(c) AVAILABILITY.—Funds appropriated to carry out this subtitle shall remain available until expended.''.

SEC. 208. CONSERVATION OF PRIVATE GRAZING LAND.

(a) IN GENERAL.—Section 386 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b) is amended by striking subsection (f) and inserting the following:

''(f) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $40,000,000 for each of fiscal years 2002 through 2006.''.

(b) CONFORMING AMENDMENT.—Section 386(d)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b(d)(2)) is amended by striking ''ELEMENTS.—'' and all that follows through ''EDUCATION.—Personnel'' and inserting ''ELEMENTS.—Personnel''.

SEC. 209. OTHER CONSERVATION PROGRAMS.

Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended to read as follows:

''CHAPTER 5—OTHER CONSERVATION PROGRAMS

''SEC. 1240M. WATERSHED RISK REDUCTION.

''(a) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service (referred to in this section as the 'Secretary'), in cooperation with landowners and land users, may carry out such projects and activities (including the purchase of floodplain easements for runoff retardation and soil erosion prevention) as the Secretary determines to be necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed in any case in which fire, flood, or any other natural occurrence is causing or has caused a sudden impairment of that watershed.

''(b) PRIORITY.—In carrying out this section, the Secretary shall give priority to any project or activity described in subsection (a) that is carried out on a floodplain adjacent to a major river, as determined by the Secretary.

''(c) PROHIBITION ON DUPLICATIVE FUNDS.—No project or activity under subsection (a) that is carried out using funds made available under this section may be carried out using funds made available under any Federal disaster relief program relating to floods.

''(d) FUNDING.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.''.

Subtitle B—Miscellaneous Reforms and Extensions

SEC. 211. PRIVACY OF PERSONAL INFORMATION RELATING TO NATURAL RESOURCES CONSERVATION PROGRAMS.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended—

(1) by redesignating sections 1244 and 1245 (16 U.S.C. 3844, 3845) as sections 1246 and 1247, respectively; and

(2) by inserting after section 1243 (16 U.S.C. 3843) the following:

"SEC. 1244. PRIVACY OF PERSONAL INFORMATION RELATING TO NATURAL RESOURCES CONSERVATION PROGRAMS.

''(a) INFORMATION RECEIVED FOR TECHNICAL AND FINANCIAL ASSISTANCE.—

''(1) IN GENERAL.—In accordance with section 552(b)(3) of title 5, United States Code, except as provided in subsection (c), information described in paragraph (2)—

''(A) shall not be considered to be public information; and

''(B) shall not be released to any person or Federal, State, local, or tribal agency outside the Department of Agriculture.

''(2) INFORMATION.—The information referred to in paragraph (1) is information—

''(A) provided to, or developed by, the Secretary (including a contractor of the Secretary) for the purpose of providing technical or financial assistance to an owner or producer with respect to any natural resources conservation program administered by the Natural Resources Conservation Service or the Farm Service Agency; and

''(B) that is proprietary to the agricultural operation or land that is a part of an agricultural operation of the owner or producer.

''(b) INVENTORY, MONITORING, AND SITE SPECIFIC INFORMATION.—Except as provided in subsection (c) and notwithstanding any other provision of law, in order to maintain the personal privacy, confidentiality, and cooperation of owners and producers, and to maintain the integrity of sample sites, the specific geographic locations of the National Resources Inventory of the Department of Agriculture data gathering sites and the information generated by those sites—

''(1) shall not be considered to be public information; and

''(2) shall not be released to any person or Federal, State, local, or tribal agency outside the Department of Agriculture.

''(c) EXCEPTIONS.—

''(1) RELEASE AND DISCLOSURE FOR ENFORCEMENT.—The Secretary may release or disclose to the Attorney General information covered by subsection (a) or (b) to the extent necessary to enforce the natural resources conservation programs referred to in subsection (a).

''(2) DISCLOSURE TO COOPERATING PERSONS AND AGENCIES.—

''(A) IN GENERAL.—The Secretary may release or disclose information covered by subsection (a) or (b) to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary in providing technical and financial assistance described in subsection (a) or collecting information from National Resources Inventory data gathering sites.

''(B) USE OF INFORMATION.—The person or Federal, State, local, or tribal agency that receives information described in subparagraph (A) may release the information only for the purpose of assisting the Secretary—

''(i) in providing the requested technical or financial assistance; or

''(ii) in collecting information from National Resources Inventory data gathering sites.

''(3) STATISTICAL AND AGGREGATE INFORMATION.—Information covered by subsection (a) or (b) may be disclosed to the public if the information has been transformed into a statistical or aggregate form that does not allow the identification of any individual owner, producer, or specific data gathering site.

''(4) CONSENT OF OWNER OR PRODUCER.—

''(A) IN GENERAL.—An owner or producer may consent to the disclosure of information described in subsection (a) or (b).

''(B) CONDITION OF OTHER PROGRAMS.—The participation of the owner or producer in, and the receipt of any benefit by the owner or producer under, this title or any other program administered by the Secretary may not be conditioned on the owner or operator providing consent under this paragraph.

''(d) VIOLATIONS; PENALTIES.—Section 1770(c) shall apply with respect to the release of information collected in any manner or for any purpose prohibited by this section.''.

SEC. 212. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) (as redesignated and amended by section 211) is amended by inserting after section 1244 the following:

"SEC. 1245. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

''(a) GOOD FAITH RELIANCE.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, except as provided in paragraph (4), the Secretary shall provide equitable relief to an owner or operator that has entered into a contract under a conservation program administered by the Secretary, and that is subsequently determined to be in violation of the contract, if the owner or operator in attempting to comply with the terms of the contract and enrollment requirements—

''(A) took actions in good faith reliance on the action or advice of an employee of the Secretary; and

''(B) had no knowledge that the actions taken were in violation of the contract.

''(2) TYPES OF RELIEF.—The Secretary shall—

''(A) to the extent the Secretary determines that an owner or operator has been injured by good faith reliance described in paragraph (1), allow the owner or operator—

''(i) to retain payments received under the contract;

''(ii) to continue to receive payments under the contract;

''(iii) to keep all or part of the land covered by the contract enrolled in the applicable program under this chapter;

''(iv) to reenroll all or part of the land covered by the contract in the applicable program under this chapter; or

''(v) to receive any other equitable relief the Secretary considers appropriate; and

''(B) require the owner or operator to take such actions as are necessary to remedy any failure to comply with the contract.

''(3) RELATIONSHIP TO OTHER LAW.—The authority to provide relief under this subsection shall be in addition to any other authority provided in this or any other Act.

''(4) EXCEPTIONS.—This section shall not apply to—

''(A) any pattern of conduct in which an employee of the Secretary takes actions or provides advice with respect to an owner or operator that the employee and the owner or operator know are inconsistent with applicable law (including regulations); or

''(B) an owner or operator takes any action, independent of any advice or authorization provided by an employee of the Secretary, that the owner or operator knows or should have known to be inconsistent with applicable law (including regulations).

''(5) APPLICABILITY OF RELIEF.—Relief under this section shall be available for contracts in effect on the date of enactment of this section.

''(b) EDUCATION, OUTREACH, MONITORING, AND EVALUATION.—In carrying out any conservation program administered by the Secretary, the Secretary—

''(1) shall provide education, outreach, monitoring, evaluation, and related services to agricultural producers (including owners and operators of small and medium-sized farms, socially disadvantaged agricultural producers, and limited resource agricultural producers);

''(2) may enter into contracts with private nonprofit, community-based organizations and educational institutions with demonstrated experience in providing the services described in paragraph (1), to provide those services; and

''(3) shall use such sums as are necessary from funds of the Commodity Credit Corporation to carry out activities described in paragraphs (1) and (2).

''(c) SOCIALLY DISADVANTAGED AND LIMITED RESOURCE OWNERS AND OPERATORS.—The Secretary shall provide outreach, training, and technical assistance specifically to encourage and assist socially disadvantaged and limited resource owners and operators to participate in conservation programs administered by the Secretary.

''(d) PROGRAM EVALUATION.—The Secretary shall maintain data concerning conservation security plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.

''(e) MEDIATION AND INFORMAL HEARINGS.—If the Secretary makes a decision under a conservation program administered by the Secretary that is adverse to an owner or operator, at the request of the owner or operator, the Secretary shall provide the owner or operator with mediation services or an informal hearing on the decision.

''(f) REPORTS.—Not later than 18 months after the date of enactment of this subsection and at the end of each 2-year period thereafter, the Secretary shall submit to Congress a report evaluating the results of each conservation program administered by the Secretary, including—

''(1) an evaluation of the scope, quality, and outcomes of the conservation practices carried out under the program; and

''(2) recommendations for achieving specific and quantifiable improvements for the purposes of each of the programs.

''(g) INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary on land under the jurisdiction of an Indian tribe, the Secretary shall cooperate with the tribal government of the Indian tribe to ensure, to the maximum extent practicable, that the program is administered in a fair and equitable manner.

''(h) BEGINNING FARMERS AND RANCHERS AND INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary, the Secretary may provide to beginning farmers and ranchers (as identified by the Secretary) and Indian tribes, incentives to participate in the conservation program to—

''(1) foster new farming opportunities; and

''(2) enhance environmental stewardship over the long term.''.

SEC. 213. REFORM AND ASSESSMENT OF CONSERVATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Agriculture shall develop a plan for—

(1) coordinating conservation programs administered by the Secretary that are targeted at agricultural land to—

(A) eliminate redundancy; and

(B) improve delivery; and

(2) to the maximum extent practicable—

(A) designing forms that are applicable to all such conservation programs;

(B) reducing and consolidating paperwork requirements for such programs;

(C) developing universal classification systems for all information obtained on the forms that can be used by other agencies of the Department of Agriculture;

(D) ensuring that the information and classification systems developed under this paragraph can be shared with other agencies of the Department through computer technologies used by agencies; and

(E) developing 1 format for a conservation plan that can be applied to all conservation programs targeted at agricultural land.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the plan developed under subsection (a), including any recommendations for implementation of the plan.

(c) NATIONAL CONSERVATION PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a plan and estimated budget for implementing the appraisal of the soil, water, air, and related resources of the Nation contained in the National Conservation Program under section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004) as the primary vehicle for managing conservation on agricultural land in the United States.

(2) REPORT ON IMPLEMENTATION.—Not later than April 30, 2005, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the status of the implementation of the plan described in paragraph (1).

SEC. 214. CERTIFICATION OF PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.

The Soil Conservation and Domestic Allotment Act is amended by inserting after section 15 (16 U.S.C. 590o) the following:

"SEC. 16. CERTIFICATION OF PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.

''(a) IN GENERAL.—The Secretary shall, to the maximum extent practicable, subject to subsections (b), (c), and (d), establish a more effective and more broadly functioning system for the delivery of technical assistance in support of the conservation programs administered by the Secretary by—

''(1) integrating the use of third party technical assistance providers (including farmers and ranchers) into the technical assistance delivery system; and

''(2) using, to the maximum extent practicable, private, third party providers.

''(b) PURPOSE.—To achieve the timely completion of conservation plans and other technical assistance functions, third party providers described in subsection (a)(1) shall be used to—

''(1) prepare conservation plans, including agronomically sound nutrient management plans;

''(2) design, install and certify conservation practices;

''(3) train producers; and

''(4) carry out such other activities as the Secretary determines to be appropriate.

''(c) OUTSIDE ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may contract directly with qualified persons not employed by the Department to provide conservation technical assistance.

''(2) PAYMENT BY SECRETARY.—

''(A) IN GENERAL.—The Secretary shall provide a payment or voucher to an owner or operator enrolled in a conservation program administered by the Secretary if the owner or operator elects to obtain technical assistance from a person certified to provide technical assistance under this section.

''(B) DETERMINATION.—In determining whether to provide a payment or voucher under subparagraph (A), the Secretary shall seek to maximize the assistance received from qualified private, third party providers to most expeditiously and efficiently achieve the objectives of this title.

''(d) CERTIFICATION OF PUBLIC AND PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.—

''(1) ESTABLISHMENT OF PROCEDURES.—The Secretary shall establish procedures for ensuring that only persons with the training, experience, and capability to provide professional, high quality assistance are certified by the Secretary to provide, to agricultural producers and landowners participating, or seeking to participate, in a conservation program administered by the Secretary, technical assistance in planning, designing, or certifying any aspect of a particular project under the conservation program.

''(2) PUBLIC AND PRIVATE PROVIDERS.—Certified technical assistance providers shall include—

''(A) agricultural producers;

''(B) agribusiness representatives;

''(C) representatives from agricultural cooperatives;

''(D) agricultural input retail dealers;

''(E) certified crop advisers;

''(F) employees of the Department; or

''(G) any group recognized by a Memorandum of Understanding with the Department relating to certification.

''(3) EQUIVALENCE.—The Secretary shall ensure that any certification program of the Department for public and private technical service providers shall meet or exceed the testing and continuing education standards of the Certified Crop Adviser program.

''(4) STANDARDS.—The Secretary shall establish standards for the conduct of—

''(A) the certification process conducted by the Secretary; and

''(B) periodic recertification by the Secretary of providers.

''(5) CERTIFICATION REQUIRED.—A provider may not provide to any producer technical assistance described in paragraph (2) unless the provider is certified by the Secretary.

''(6) NONDUPLICATION OF PREVIOUS CERTIFICATION.—The Secretary shall consider, as certified, a provider that has skills and qualifications in a particular area of technical expertise if the skills and qualifications of the provider have been certified by another entity the certification program of which meets nationally recognized and accepted standards for training, testing and otherwise establishing professional qualifications (including the Certified Crop Adviser program).

''(7) FEE.—

''(A) PAYMENT.—

''(i) IN GENERAL.—Except as provided in clause (ii), in exchange for certification or recertification, a private provider shall pay to the Secretary a fee in an amount determined by the Secretary.

''(ii) PRIOR CERTIFICATION.—The Secretary shall not require a provider to pay a fee under clause (i) for the certification of skills and qualifications that have already been certified by another entity under this section.

''(B) ACCOUNT.—A fee paid to the Secretary under subparagraph (A) shall be—

''(i) credited to the account in the Treasury that incurs costs relating to implementing this section; and

''(ii) made available to the Secretary for use for conservation programs administered by the Secretary, without further appropriation, until expended.

''(8) NATIONAL TRAINING CENTERS.—

''(A) IN GENERAL.—The Secretary, acting in equal parthership with the Certified Crop Adviser program, shall establish training centers to facilitate the training and certification of technical assistance providers under this section.

''(B) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this paragraph.

''(9) OTHER REQUIREMENTS.—The Secretary may establish such other requirements as the Secretary determines are necessary to carry out this section.

''(10) REGULATIONS.—Not later than 180 days after the date of enactment of this subchapter, the Secretary shall promulgate regulations to carry out this section.''.

SEC. 215. EXTENSION OF CONSERVATION AUTHORITIES.

(a) ECARP AUTHORITY.—Section 1230(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3830(a)(1)) is amended by striking ''2002'' and inserting ''2006''.

(b) FLOOD RISK REDUCTION.—Section 385(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7334(a)) is amended by striking ''2002'' and inserting ''2006''.

(c) RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.—Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended in the first sentence by striking ''for each of the fiscal years 1996 through 2002'' and inserting ''for each fiscal year''.

SEC. 216. USE OF SYMBOLS, SLOGANS, AND LOGOS.

Section 356 of the Federal Agriculture Improvement Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

(1) in subsection (c)—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

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

''(4) on the written approval of the Secretary, to use, license, or transfer symbols, slogans, and logos of the Department;''; and

(2) in subsection (d), by adding at the end the following:

''(3) USE OF SYMBOLS, SLOGANS, AND LOGOS.—

''(A) IN GENERAL.—The Secretary may authorize the Foundation to use, license, or transfer symbols, slogans, and logos of the Department.

''(B) INCOME.—

''(i) IN GENERAL.—All revenue received by the Foundation from the use, licensing, or transfer of symbols, slogans, and logos of the Department shall be transferred to the Secretary.

''(ii) CONSERVATION OPERATIONS.—The Secretary shall transfer all revenue received under clause (i) to the account within the Natural Resources Conservation Service that is used to carry out conservation operations.''.

SEC. 217. TECHNICAL AMENDMENTS.

(a) DELINEATION OF WETLANDS; EXEMPTIONS TO PROGRAM INELIGIBILITY.—

(1) REFERENCES TO PRODUCER.—Section 322(e) of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 991) is amended by inserting ''each place it appears'' before ''and inserting''.

(2) GOOD FAITH EXEMPTION.—Section 1222(h)(2) of the Food Security Act of 1985 (16 U.S.C. 3822(h)(2)) is amended by striking ''to actively'' and inserting ''to be actively''.

(3) DETERMINATIONS.—Section 1222(j) of the Food Security Act of 1985 (16 U.S.C. 3822(j)) is amended by striking ''National'' and inserting ''Natural''.

(b) WILDLIFE HABITAT INCENTIVE PROGRAM.—Section 387 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3836a) is amended in the section heading by striking ''**INCENTIVES**'' and inserting ''**INCENTIVE**''.

SEC. 218. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this

title and the amendments made by this title shall not affect the authority of the Secretary of Agriculture to carry out a conservation program for any of the 1996 through 2002 fiscal or calendar years under a provision of law in effect immediately before the date of enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect immediately before the date of enactment of this Act.

TITLE III—TRADE

Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 301. UNITED STATES POLICY.

Section 2(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended by inserting before the semicolon at the end the following: ''and conflict prevention''.

SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) in subsection (b), by adding at the end the following:

''(3) PROGRAM DIVERSITY.—The Administrator shall—

''(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

''(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities to assist development in foreign countries.'';

(2) in subsection (e)(1), by striking ''not less than $10,000,000, and not more than $28,000,000,'' and inserting ''not less than 5 percent nor more than 10 percent of the funds''; and

(3) by adding at the end the following:

''(h) CERTIFIED INSTITUTIONAL PARTNERS.—

''(1) IN GENERAL.—The Administrator or the Secretary, as applicable, shall promulgate regulations and issue guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Administrator a certification of organizational capacity that describes—

''(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(B) the capacity of the organization or cooperative to carry out projects in particular countries.

''(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(B) receive expedited review and approval of the proposal; and

''(C) receive commodities and assistance under this section for use in 1 or more countries.''.

SEC. 303. GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in the section heading, by striking ''**FOREIGN**'';

(2) in subsection (a), by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or 1 or more countries'';

(3) in subsection (b)—

(A) by striking ''in recipient countries, or in countries'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(B) by striking ''foreign currency'';

(4) in subsection (c)—

(A) by striking ''foreign currency''; and

(B) by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or in 1 or more countries''; and

(5) in subsection (d)—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds'';

(B) in paragraph (2)—

(i) by striking ''income generating'' and inserting ''income-generating''; and

(ii) by striking ''the recipient country or within a country'' and inserting ''1 or more recipient countries or within 1 or more countries''; and

(C) in paragraph (3)—

(i) by inserting a comma after ''invested''; and

(ii) by inserting a comma after ''used''.

SEC. 304. LEVELS OF ASSISTANCE.

Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1), by striking ''that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.'' and inserting ''that is not less than—

''(A) 2,100,000 metric tons for fiscal year 2002;

''(B) 2,200,000 metric tons for fiscal year 2003;

''(C) 2,300,000 metric tons for fiscal year 2004;

''(D) 2,400,000 metric tons for fiscal year 2005; and

''(E) 2,500,000 metric tons for fiscal year 2006.''; and

(2) in paragraph (2), by striking ''1996 through 2002'' and inserting ''2002 through 2006''.

SEC. 305. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

(1) in subsection (a), by inserting '', policies, guidelines,'' after ''regulations'';

(2) in subsection (d), by inserting ''policies,'' after ''regulations,'' each place it appears; and

(3) in subsection (f), by striking ''2002'' and inserting ''2006''.

SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.

Section 206(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726(a)) is amended by striking ''$1,000,000,000'' and inserting ''$2,000,000,000''.

SEC. 307. ADMINISTRATION.

Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (2) as paragraph (3); and

(B) by striking paragraph (1) and inserting the following:

''(1) RECIPIENT COUNTRIES.—A proposal to enter into a nonemergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

''(2) TIMING.—Not later than 120 days after the date of submission to the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall determine whether to accept the proposal.'';

(2) in subsection (b), by striking ''guideline'' each place it appears and inserting ''guideline or policy determination'';

(3) in subsection (d), by striking ''a United States field mission'' and inserting ''an eligible organization with an approved program under this title''; and

(4) by adding at the end the following:

''(e) TIMELY APPROVAL.—

''(1) IN GENERAL.—The Administrator shall finalize program agreements and resource requests for programs under this section before the beginning of each fiscal year.

''(2) REPORT.—Not later than December 1 of each year, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

''(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

''(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.

''(f) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subsection, the Secretary may approve an agreement that provides for direct delivery of agricultural commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in foreign countries, with the proceeds of transactions transferred in cash to eligible organizations described in section 202(d) to carry out approved projects.''.

SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 309. SALE PROCEDURE.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended by adding at the end the following:

''(l) SALE PROCEDURE.—

''(1) IN GENERAL.—Subsection (b) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under—

''(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

''(B) title VIII of the Agricultural Trade Act of 1978.

''(2) CURRENCIES.—Sales of commodities described in paragraph (1) may be in United States dollars or in a different currency.

''(3) SALE PRICE.—Sales of commodities described in paragraph (1) shall be made at a reasonable market price in the economy where the commodity is to be sold, as determined by the Secretary or the Administrator, as appropriate.''.

SEC. 310. PREPOSITIONING.

Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 311. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''2002'' and inserting ''2006''.

SEC. 312. MICRONUTRIENT FORTIFICATION PROGRAM.

Section 415 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking ''a micronutrient fortification pilot program'' and inserting ''micronutrient fortification programs''; and

(B) in the second sentence—

(i) by striking ''the program'' and inserting ''a program'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2)—

(I) by striking ''whole''; and

(II) by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) encourage technologies and systems for the improved quality and safety of fortified grains and other commodities that are readily transferable to developing countries.'';

(2) in the first sentence of subsection (c)—

(A) by striking ''the pilot program, whole'' and inserting ''a program,'';

(B) by striking ''the pilot program may'' and inserting ''a program may''; and

(C) by striking ''including'' and inserting ''such as''; and

(3) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 313. FARMER-TO-FARMER PROGRAM.

Section 501(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(c)) is amended—

(1) by striking ''0.4'' and inserting ''0.5,''; and

(2) by striking ''2002'' and inserting ''2006''.

Subtitle B—Agricultural Trade Act of 1978

SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.

(a) TERM OF SUPPLIER CREDIT PROGRAM.—Section 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(a)(2)) is amended by striking ''180'' and inserting ''360''.

(b) PROCESSED AND HIGH-VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '', 2001, and 2002'' and inserting ''through 2006''.

(c) REPORT.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended by adding at the end the following:

''(l) REPORT ON AGRICULTURAL EXPORT CREDIT PROGRAMS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Secretary shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report on the status of multilateral negotiations regarding agricultural export credit programs at the World Trade Organization and the Organization of Economic Cooperation and Development in fulfillment of Article 10.2 of the Agreement on Agriculture (as described in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2))).

''(2) CLASSIFIED INFORMATION.—The report under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.''.

(d) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 322. MARKET ACCESS PROGRAM.

(a) IN GENERAL.—Section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking ''The Commodity'' and inserting the following:

''(1) IN GENERAL.—The Commodity'';

(3) by striking subparagraph (A) (as so redesignated) and inserting the following:

''(A) in addition to any funds that may be specifically appropriated to implement a market access program, not more than $100,000,000 for fiscal year 2002, $120,000,000 for fiscal year 2003, $140,000,000 for fiscal year 2004, $160,000,000 for fiscal year 2005, and $190,000,000 for fiscal year 2006, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, except that this paragraph shall not apply to section 203(h); and''; and

(4) by adding at the end the following:

''(2) PROGRAM PRIORITIES.—Of funds made available under paragraph (1)(A) in excess of $90,000,000 for any fiscal year, priority shall be given to proposals—

''(A) made by eligible trade organizations that have never participated in the market access program under this title; or

''(B) for market access programs in emerging markets.''.

(b) UNITED STATES QUALITY EXPORT INITIATIVE.—

(1) FINDINGS.—Congress finds that—

(A) the market access program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) and foreign market development cooperator program established under title VII of that Act (7 U.S.C. 7251 et seq.) target generic and value-added agricultural products, with little emphasis on the high quality of United States agricultural products; and

(B) new promotional tools are needed to enable United States agricultural products to compete in higher margin, international markets on the basis of quality.

(2) INITIATIVE.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is amended by adding at the end the following:

''(h) UNITED STATES QUALITY EXPORT INITIATIVE.—

''(1) IN GENERAL.—Subject to the availability of appropriations, using the authorities under this section, the Secretary shall establish a program under which, on a competitive basis, using practical and objective criteria, several agricultural products are selected to carry the 'U.S. Quality' seal.

''(2) PROMOTIONAL ACTIVITIES.—Agricultural products selected under paragraph (1) shall be promoted using the 'U.S. Quality' seal at trade fairs in key markets through electronic and print media.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.''.

SEC. 323. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by striking ''fiscal year 2002'' and inserting ''each of fiscal years 2002 through 2006''.

(b) UNFAIR TRADE PRACTICES.—Section 102(5)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A)) is amended—

(1) in clause (i), by striking ''or'' at the end;

(2) in clause (ii), by striking the period at the end and inserting '', including, in the case of a state trading enterprise engaged in the export of an agricultural commodity, pricing practices that are not consistent with sound commercial practices conducted in the ordinary course of trade; or''; and

(3) by adding at the end the following:

''(iii) changes United States export terms of trade through a deliberate change in the dollar exchange rate of a competing exporter.''.

SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723) is amended to read as follows:

''SEC. 703. FUNDING.

''(a) IN GENERAL.—To carry out this title, the Secretary shall use funds of the Commodity Credit Corporation, or commodities of the Commodity Credit Corporation of a comparable value, in the following amounts:

''(1) For fiscal year 2002, $37,500,000.

''(2) For fiscal year 2003, $40,000,000.

''(3) For fiscal year 2004 and each subsequent fiscal year, $42,500,000.

''(b) PROGRAM PRIORITIES.—Of funds or commodities provided under subsection (a) in excess of $35,000,000 for any fiscal year, priority shall be given to proposals—

''(1) made by eligible trade organizations that have never participated in the program established under this title; or

''(2) for programs established under this title in emerging markets.''.

SEC. 325. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

(a) IN GENERAL.—The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VIII—FOOD FOR PROGRESS AND EDUCATION PROGRAMS

''SEC. 801. DEFINITIONS.

''In this title:

''(1) COOPERATIVE.—The term 'cooperative' means a private sector organization the members of which—

''(A) own and control the organization;

''(B) share in the profits of the organization; and

''(C) are provided services (such as business services and outreach in cooperative development) by the organization.

''(2) CORPORATION.—The term 'Corporation' means the Commodity Credit Corporation.

''(3) DEVELOPING COUNTRY.—The term 'developing country' means a foreign country that has—

''(A) a shortage of foreign exchange earnings; and

''(B) difficulty meeting all of the food needs of the country through commercial channels and domestic production.

''(4) ELIGIBLE COMMODITY.—The term 'eligible commodity' means an agricultural commodity (including vitamins and minerals) acquired by the Secretary or the Corporation for disposition in a program authorized under this title through—

''(A) commercial purchases; or

''(B) inventories of the Corporation.

''(5) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a private voluntary organization, cooperative, nongovernmental organization, or foreign country, as determined by the Secretary.

''(6) EMERGING AGRICULTURAL COUNTRY.—The term 'emerging agricultural country' means a foreign country that—

''(A) is an emerging democracy; and

''(B) has made a commitment to introduce or expand free enterprise elements in the agricultural economy of the country.

''(7) FOOD SECURITY.—The term 'food security' means access by all people at all times to sufficient food and nutrition for a healthy and productive life.

''(8) NONGOVERNMENTAL ORGANIZATION.—

''(A) IN GENERAL.—The term 'nongovernmental organization' means an organization that operates on a local level to solve development problems in a foreign country in which the organization is located.

''(B) EXCLUSION.—The term 'nongovernmental organization' does not include an organization that is primarily an agency or instrumentality of the government of a foreign country.

''(9) PRIVATE VOLUNTARY ORGANIZATION.—The term 'private voluntary organization' means a nonprofit, nongovernmental organization that—

''(A) receives—

''(i) funds from private sources; and

''(ii) voluntary contributions of funds, staff time, or in-kind support from the public;

''(B) is engaged in or is planning to engage in nonreligious voluntary, charitable, or development assistance activities; and

''(C) in the case of an organization that is organized under the laws of the United States or a State, is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code.

''(10) PROGRAM.—The term 'program' means a food or nutrition assistance or development initiative proposed by an eligible organization and approved by the Secretary under this title.

''(11) RECIPIENT COUNTRY.—The term 'recipient country' means an emerging agricultural country that receives assistance under a program.

''SEC. 802. FOOD FOR PROGRESS AND EDUCATION PROGRAMS.

''(a) IN GENERAL.—To provide agricultural commodities to support the introduction or expansion of free trade enterprises in national economies in recipient countries, and to provide food or nutrition assistance in recipient countries, the Secretary shall establish food for progress and education programs under which the Secretary may enter into agreements (including multiyear agreements and for programs in more than 1 country) with—

''(1) the governments of emerging agricultural countries;

''(2) private voluntary organizations;

''(3) nonprofit agricultural organizations and cooperatives;

''(4) nongovernmental organizations; and

''(5) other private entities.

''(b) CONSIDERATIONS.—In determining whether to enter into an agreement to establish a program under subsection (a), the Secretary shall take into consideration whether an emerging agricultural country is committed to carrying out, or is carrying out, policies that promote—

''(1) economic freedom;

''(2) private production of food commodities for domestic consumption; and

''(3) the creation and expansion of efficient domestic markets for the purchase and sale of those commodities.

''(c) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

''(1) IN GENERAL.—In cooperation with other countries, the Secretary shall establish an initiative within the food for progress and education programs under this title to be known as the 'International Food for Education and Nutrition Program', through which the Secretary may provide to eligible organizations agricultural commodities and technical and nutritional assistance in connection with education programs to improve food security and enhance educational opportunities for preschool age and primary school age children in recipient countries.

''(2) AGREEMENTS.—In carrying out this subsection, the Secretary—

''(A) shall administer the programs under this subsection in manner that is consistent with this title; and

''(B) may enter into agreements with eligible organizations—

''(i) to purchase, acquire, and donate eligible commodities to eligible organizations to carry out agreements in recipient countries; and

''(ii) to provide technical and nutritional assistance to carry out agreements in recipient countries.

''(3) OTHER DONOR COUNTRIES.—The Secretary shall encourage other donor countries, directly or through eligible organizations—

''(A) to donate goods and funds to recipient countries; and

''(B) to provide technical and nutritional assistance to recipient countries.

''(4) PRIVATE SECTOR.—The President and the Secretary are urged to encourage the support and active involvement of the private sector, foundations, and other individuals and organizations in programs and activities assisted under this subsection.

''(5) GRADUATION.—An agreement with an eligible organization under this subsection shall include provisions—

''(A)(i) to sustain the benefits to the education, enrollment, and attendance of children in schools in the targeted communities when the provision of commodities and assistance to a recipient country under the program under this subsection terminates; and

''(ii) to estimate the period of time required until the recipient country or eligible organization is able to provide sufficient assistance without additional assistance under this subsection; or

''(B) to provide other long-term benefits to targeted populations of the recipient country.

''(6) ANNUAL REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report that describes—

''(A) the results of the implementation of this subsection during the year covered by the report, including the impact on the enrollment, attendance, and performance of children in preschools and primary schools targeted under the program under this subsection; and

''(B) the level of commitments by, and the potential for obtaining additional goods and assistance from, other countries for subsequent years.

''(d) TERMS.—

''(1) IN GENERAL.—The Secretary may provide agricultural commodities under this title on—

''(A) a grant basis; or

''(B) subject to paragraph (2), credit terms.

''(2) CREDIT TERMS.—Payment for agricultural commodities made available under this title that are purchased on credit terms shall be made on the same basis as payments made under section 103 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703).

''(3) NO EFFECT ON DOMESTIC PROGRAMS.—The Secretary shall not make an agricultural commodity available for disposition under this section in any amount that will reduce the amount of the commodity that is traditionally made available through donations to domestic feeding programs or agencies, as determined by the Secretary.

''(e) REPORTS.—Each eligible organization that enters into an agreement under this title shall submit to the Secretary, at such time as the Secretary may request, a report containing such information as the Secretary may request relating to the use of agricultural commodities and funds provided to the eligible organization under this title.

''(f) COORDINATION.—To ensure that the provision of commodities under this section is coordinated with and complements other foreign assistance provided by the United States, assistance under this section shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(g) QUALITY ASSURANCE.—

''(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that each eligible organization participating in 1 or more programs under this section—

''(A) uses eligible commodities made available under this title—

''(i) in an effective manner;

''(ii) in the areas of greatest need; and

''(iii) in a manner that promotes the purposes of this title;

''(B) in using eligible commodities, assesses and takes into account the needs of recipient countries and the target populations of the recipient countries;

''(C) works with recipient countries, and indigenous institutions or groups in recipient countries, to design and carry out mutually acceptable programs authorized in subsection (h)(2)(C)(i);

''(D) monitors and reports on the distribution or sale of eligible commodities provided under this title using methods that, as determined by the Secretary, facilitate accurate and timely reporting;

''(E) periodically evaluates the effectiveness of the program of the eligible organization, including, as applicable, an evaluation of whether the development or food and nutrition purposes of the program can be sustained in a recipient country if the assistance provided to the recipient country is reduced and eventually terminated; and

''(F) considers means of improving the operation of the program of the eligible organization.

''(2) CERTIFIED INSTITUTIONAL PARTNERS.—

''(A) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(B) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

''(i) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(ii) the capacity of the organization or cooperative to carry out projects in particular countries.

''(C) MULTICOUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(i) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(ii) receive expedited review and approval of the proposal; and

''(iii) request commodities and assistance under this section for use in 1 or more countries.

''(D) MULTIYEAR AGREEMENTS.—In carrying out this title, on request and subject to the availability of commodities, the Secretary is encouraged to approve agreements that provide for commodities to be made available for distribution on a multiyear basis, if the agreements otherwise meet the requirements of this title.

''(h) TRANSSHIPMENT AND RESALE.—

''(1) IN GENERAL.—The transshipment or resale of an eligible commodity to a country other than a recipient country shall be prohibited unless the transshipment or resale is approved by the Secretary.

''(2) MONETIZATION.—

''(A) IN GENERAL.—Subject to subparagraphs (B) through (D), an eligible commodity provided under this section may be sold for foreign currency or United States dollars or bartered, with the approval of the Secretary.

''(B) SALE OR BARTER OF FOOD ASSISTANCE.—The sale or barter of eligible commodities under this title may be conducted only within (as determined by the Secretary)—

''(i) a recipient country or country nearby to the recipient country; or

''(ii) another country, if—

''(I) the sale or barter within the recipient country or nearby country is not practicable; and

''(II) the sale or barter within countries other than the recipient country or nearby country will not disrupt commercial markets for the agricultural commodity involved.

''(C) HUMANITARIAN OR DEVELOPMENT PURPOSES.—The Secretary may authorize the use of proceeds or exchanges to reimburse, within a recipient country or other country in the same region, the costs incurred by an eligible organization for—

''(i)(I) programs targeted at hunger and malnutrition; or

''(II) development programs involving food security or education;

''(ii) transportation, storage, and distribution of eligible commodities provided under this title; and

''(iii) administration, sales, monitoring, and technical assistance.

''(D) EXCEPTION.—The Secretary shall not approve the use of proceeds described in subparagraph (C) to fund any administrative expenses of a foreign government.

''(E) PRIVATE SECTOR ENHANCEMENT.—As appropriate, the Secretary may provide eligible commodities under this title in a manner that uses commodity transactions as a means of developing in the recipient countries a competitive private sector that can provide for the importation, transportation, storage, marketing, and distribution of commodities.

''(i) DISPLACEMENT OF COMMERCIAL SALES.—In carrying out this title, the Secretary shall, to the maximum extent practicable consistent with the purposes of this title, avoid—

''(1) displacing any commercial export sale of United States agricultural commodities that would otherwise be made;

''(2) disrupting world prices of agricultural commodities; or

''(3) disrupting normal patterns of commercial trade of agricultural commodities with foreign countries.

''(j) DEADLINE FOR PROGRAM ANNOUNCEMENTS.—

''(1) IN GENERAL.—Before the beginning of the applicable fiscal year, the Secretary shall, to the maximum extent practicable—

''(A) make all determinations concerning program agreements and resource requests for programs under this title; and

''(B) announce those determinations.

''(2) REPORT.—Not later than November 1 of the applicable fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of programs, countries, and commodities, and the total amount of funds for transportation and administrative costs, approved to date under this title.

''(k) MILITARY DISTRIBUTION OF ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that agricultural commodities made available under this title are provided without regard to—

''(A) the political affiliation, geographic location, ethnic, tribal, or religious identity of the recipient; or

''(B) any other extraneous factors, as determined by the Secretary.

''(2) PROHIBITION ON HANDLING OF COMMODITIES BY THE MILITARY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall not enter into an agreement under this title to provide agricultural commodities if the agreement requires or permits the distribution, handling, or allocation of agricultural commodities by the military forces of any foreign government or insurgent group.

''(B) EXCEPTION.—The Secretary may authorize the distribution, handling, or allocation of commodities by the military forces of a country in exceptional circumstances in which—

''(i) nonmilitary channels are not available for distribution, handling, or allocation;

''(ii) the distribution, handling, or allocation is consistent with paragraph (1); and

''(iii) the Secretary determines that the distribution, handling, or allocation is necessary to meet the emergency health, safety, or nutritional requirements of the population of a recipient country.

''(3) ENCOURAGEMENT OF SAFE PASSAGE.—In entering into an agreement under this title that involves 1 or more areas within a recipient country that is experiencing protracted warfare or civil unrest, the Secretary shall, to the maximum extent practicable, encourage all parties to the conflict to—

''(A) permit safe passage of the commodities and other relief supplies; and

''(B) establish safe zones for—

''(i) medical and humanitarian treatment; and

''(ii) evacuation of injured persons.

''(l) LEVEL OF ASSISTANCE.—The cost of commodities made available under this title, and the expenses incurred in connection with the provision of those commodities shall be in addition to the level of assistance provided under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(m) COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to paragraphs (6) through (8), the Secretary may use the funds, facilities, and authorities of the Corporation to carry out this title.

''(2) MINIMUM TONNAGE.—Subject to paragraphs (5) and (7)(B), not less than 400,000 metric tons of commodities may be provided under this title for each of fiscal years 2002 through 2006.

''(3) AUTHORIZATION OF APPROPRIATIONS.—In addition to tonnage authorized under paragraph (2), there are authorized to be appropriated such sums as are necessary to carry out this title.

''(4) TITLE I FUNDS.—In addition to tonnage and funds authorized under paragraphs (2), (3), and (7)(B), the Corporation may use funds appropriated to carry out title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.)) in carrying out this section with respect to commodities made available under this title.

''(5) INTERNATIONAL FOOD FOR EDUCATION AND NUTRITION PROGRAM.—

''(A) IN GENERAL.—Of the funds that would be available to carry out paragraph (2), the Secretary may use not more than $200,000,000 for each fiscal year to carry out the initiative established under subsection (c).

''(B) REALLOCATION.—Tons not allocated under subsection (c) by June 30 of each fiscal year shall be made available for proposals submitted under the food for progress and education programs under subsection (a).

''(6) LIMITATION ON PURCHASES OF COMMODITIES.—The Corporation may purchase agricultural commodities for disposition under this title only if Corporation inventories are insufficient to satisfy commitments made in agreements entered into under this title.

''(7) ELIGIBLE COSTS AND EXPENSES.—

''(A) IN GENERAL.—Subject to subparagraph (B), with respect to an eligible commodity made available under this title, the Corporation may pay—

''(i) the costs of acquiring the eligible commodity;

''(ii) the costs associated with packaging, enriching, preserving, and fortifying of the eligible commodity;

''(iii) the processing, transportation, handling, and other incidental costs incurred before the date on which the commodity is delivered free on board vessels in United States ports;

''(iv) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;

''(v) the costs associated with transporting the eligible commodity from United States ports to designated points of entry abroad in a case in which—

''(I) a recipient country is landlocked;

''(II) ports of a recipient country cannot be used effectively because of natural or other disturbances;

''(III) carriers to a specific country are unavailable; or

''(IV) substantial savings in costs or time may be gained by the use of points of entry other than ports;

''(vi) the transportation and associated distribution costs incurred in moving the commodity (including repositioned commodities) from designated points of entry or ports of entry abroad to storage and distribution sites;

''(vii) in the case of an activity under subsection (c), the internal transportation, storage, and handling costs incurred in moving the eligible commodity, if the Secretary determines that payment of the costs is appropriate and that the recipient country is a low income, net food-importing country that—

''(I) meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference; and

''(II) has a national government that is committed to or is working toward, through a national action plan, the World Declaration on Education for All convened in 1990 in Jomtien, Thailand, and the followup Dakar Framework for Action of the World Education Forum in 2000;

''(viii) the charges for general average contributions arising out of the ocean transport of commodities transferred; and

''(ix) the costs, in addition to costs authorized by clauses (i) through (viii), of providing—

''(I) assistance in the administration, sale, and monitoring of food assistance activities under this title; and

''(II) technical assistance for monetization programs.

''(B) FUNDING.—Except for costs described in subparagraph (A)(i), not more than $80,000,000 of funds that would be made available to carry out paragraph (2) may be used to cover costs under this paragraph unless authorized in advance in an appropriation Act.

''(8) PAYMENT OF ADMINISTRATIVE COSTS.—An eligible organization that receives payment for administrative costs through monetization of the eligible commodity under subsection (h)(2) shall not be eligible to receive payment for the same administrative costs through direct payments under paragraph (7)(A)(ix)(I).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 416(b)(7)(D)(iii) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(iii)) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(2) The Act of August 19, 1958 (7 U.S.C. 1431 note; Public Law 85–683) is amended by striking ''the Food for Progress Act of 1985'' and inserting ''title VIII of the Agricultural Trade Act of 1978''.

(3) Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is repealed.

SEC. 326. EXPORTER ASSISTANCE INITIATIVE.

(a) FINDINGS.—Congress find that—

(1) information in the possession of Federal agencies other than the Department of Agriculture that is necessary for the export of agricultural commodities and products is available only from multiple disparate sources; and

(2) because exporters often need access to information quickly, exporters lack the time to search multiple sources to access necessary information, and exporters often are unaware of where the necessary information can be located.

(b) INITIATIVE.—Title I of the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

"SEC. 107. EXPORTER ASSISTANCE INITIATIVE.

''(a) IN GENERAL.—In order to create a single source of information for exports of United States agricultural commodities, the Secretary shall develop a website on the Internet that collates onto a single website all information from all agencies of the Federal Government that is relevant to the export of United States agricultural commodities.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out subsection (a)—

''(1) $1,000,000 for each of fiscal years 2002 through 2004; and

''(2) $500,000 for each of fiscal years 2005 and 2006.''.

Subtitle C—Miscellaneous Agricultural Trade Provisions

SEC. 331. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended by striking ''2002'' each place it appears in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) and inserting ''2006''.

SEC. 332. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by striking ''2002'' each place it appears in subsections (a) and (d)(1)(A)(i) and inserting ''2006''.

SEC. 333. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by adding at the end the following:

''(g) BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.—

''(1) IN GENERAL.—The Secretary of Agriculture shall establish a program to enhance foreign acceptance of agricultural biotechnology and United States agricultural products developed through biotechnology.

''(2) FOCUS.—The program shall address the continuing and increasing market access, regulatory, and marketing issues relating to export commerce of United States agricultural biotechnology products.

''(3) EDUCATION AND OUTREACH.—

''(A) FOREIGN MARKETS.—Support for United States agricultural market development organizations to carry out education and other outreach efforts concerning biotechnology shall target such educational initiatives directed toward—

''(i) producers, buyers, consumers, and media in foreign markets through initiatives in foreign markets; and

''(ii) government officials, scientists, and trade officials from foreign countries through exchange programs.

''(B) FUNDING FOR EDUCATION AND OUTREACH.—Funding for activities under subparagraph (A) may be—

''(i) used through—

''(I) the emerging markets program under this section; or

''(II) the Cochran Fellowship Program under section 1543; or

''(ii) applied directly to foreign market development cooperators through the foreign market development cooperator program established under section 702.

''(4) RAPID RESPONSE.—The Secretary shall assist exporters of United States agricultural commodities in cases in which the exporters are harmed by unwarranted and arbitrary barriers to trade due to—

''(A) marketing of biotechnology products;

''(B) food safety;

''(C) disease; or

''(D) other sanitary or phytosanitary concerns.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $16,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 334. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking ''foreign currency'' each place it appears;

(2) in clause (ii)—

(A) in the first sentence, by striking ''Foreign currencies'' and inserting ''Proceeds''; and

(B) in the second sentence, by striking ''foreign currency''; and

(3) in clause (iv)—

(A) by striking ''Foreign currency proceeds'' and inserting ''Proceeds''; and

(B) by striking ''; or'' and all that follows and inserting a period.

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by striking ''(8)(A)'' and all that follows through ''(B) The Secretary'' and inserting the following:

''(8) ADMINISTRATIVE PROVISIONS.—

''(A) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subparagraph, the Secretary may approve an agreement that provides for direct delivery of eligible commodities to milling or processing facilities more than 40 percent of the interest in which is owned by United States citizens in recipient countries, with the proceeds of transactions transferred in cash to eligible organizations to carry out approved projects.

''(B) REGULATIONS.—The Secretary''.

(c) CERTIFIED INSTITUTIONAL PARTNERS.—Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end the following:

''(c) CERTIFIED INSTITUTIONAL PARTNERS.—

''(1) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

''(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

''(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

''(B) the capacity of the organization or cooperative to carry out projects in particular countries.

''(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

''(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

''(B) receive expedited review and approval of the proposal; and

''(C) request commodities and assistance under this section for use in 1 or more countries.''.

SEC. 335. AGRICULTURAL TRADE WITH CUBA.

(a) IN GENERAL.—Section 908 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207), is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—Section 908(a) of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207(a)) (as amended by subsection (a)), is amended—

(1) by striking ''(a)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding'';

(2) by striking ''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1)'' and inserting the following:

''(b) RULE OF CONSTRUCTION.—Nothing in subsection (a)''; and

(3) by striking ''(3) WAIVER.—The President may waive the application of paragraph (1)'' and inserting the following:

''(c) WAIVER.—The President may waive the application of subsection (a)''.

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Reauthorization Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUPPORT.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''and child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

''(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies, at the option of the State agencies, to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

''(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may

provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).''.

SEC. 412. SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), and (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow for each household a standard deduction that is equal to the greater of—

''(i) the applicable percentage specified in subparagraph (C) of the applicable income standard of eligibility established under subsection (c)(1); or

''(ii) the minimum deduction specified in subparagraph (D).

''(B) GUAM.—The Secretary shall allow for each household in Guam a standard deduction that is—

''(i) equal to the applicable percentage specified in subparagraph (C) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (D).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for each of fiscal years 2002 through 2007;

''(ii) 8.25 percent for fiscal year 2008;

''(iii) 8.5 percent for each of fiscal years 2009 and 2010; and

''(iv) 9 percent for fiscal year 2011 and each fiscal year thereafter.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking ''A household'' and inserting the following:

''(i) IN GENERAL.—A household''; and

(B) by adding at the end the following:

''(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges.''; and

(2) by adding at the end the following:

''(D) HOMELESS HOUSEHOLDS.—

''(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

''(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).''.

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking ''subsection (e)(7)'' and inserting ''subsection (e)(6)''.

SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 414(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 417. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) (as amended by section 416) is amended by adding at the end the following:

''(D) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next redetermination of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

''(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

''(I) any reported change of residence; or

''(II) under standards prescribed by the Secretary, any change in earned income.''.

SEC. 418. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

''(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

''(i) cash;

''(ii) licensed vehicles;

''(iii) amounts in any account in a financial institution that are readily available to the household; or

''(iv) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.''.

SEC. 419. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting ''issuance methods and'' after ''shall adjust''; and

(2) in the second sentence, by inserting '', any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable,'' after ''personnel''.

SEC. 420. STATE OPTION TO REDUCE REPORTING REQUIREMENTS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking ''on a monthly basis''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the

income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 421. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C)—

(i) by striking ''subsection (d)(4),'' and inserting ''subsection (d)(4)''; and

(ii) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) a job search program or job search training program if—

''(i) the program meets standards established by the Secretary to ensure that the participant is continuously and actively seeking employment in the private sector; and

''(ii) no position is currently available for the participant in an employment or training program that meets the requirements of subparagraph (C).'';

(2) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''24-month''; and

(B) by striking ''3'' and inserting ''6'';

(3) by striking paragraph (5) and inserting the following:

''(5) ELIGIBILITY OF INDIVIDUALS WHILE MEETING WORK REQUIREMENT.—Notwithstanding paragraph (2), an individual who would otherwise be ineligible under that paragraph shall be eligible to participate in the food stamp program during any period in which the individual meets the work requirement of subparagraph (A), (B), or (C) of that paragraph.''; and

(4) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV)—

(i) by striking ''3'' and inserting ''6''; and

(ii) by striking ''; and'' and inserting a period; and

(C) by striking subclause (V).

(b) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 422. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

''(E) ACCESS TO EBT SYSTEMS.—

''(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

''(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

''(I) explains how to reactivate the benefits; and

''(II) offers assistance if the household is having difficulty accessing the benefits of the household.''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each State agency beginning on the date on which the State agency, after the date of enactment of this Act, enters into a contract to operate an electronic benefit transfer system.

SEC. 423. COST NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 424. ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

''(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

''(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

''(3) ISSUANCE OF ALLOTMENT.—

''(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

''(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

''(4) DEPARTURES OF COVERED RESIDENTS.—

''(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

''(i) notify the State agency promptly on the departure of the resident; and

''(ii) notify the resident, before the departure of the resident, that the resident—

''(I) is eligible for continued benefits under the food stamp program; and

''(II) should contact the State agency concerning continuation of the benefits.

''(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

''(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

''(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

''(C) STATE OPTION.—The State agency may elect not to issue an allotment under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

''(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking ''(i) 'Household' means (1) an'' and inserting the following:

''(i)(1) 'Household' means—

''(A) an'';

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following:

''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking ''the last sentence of section 3(i)'' and inserting ''section 3(i)(5)''.

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking ''the last 2 sentences of section 3(i)'' and inserting ''paragraphs (4) and (5) of section 3(i)''.

SEC. 425. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

(1) by inserting ''(I)'' after ''(ii)'';

(2) in subclause (I) (as designated by paragraph (1)), by adding ''and'' at the end; and

(3) by adding at the end the following:

''(II) if the State agency maintains a website for the State agency, shall make the application available on the website in each language in which the State agency makes a printed application available;''.

SEC. 426. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 414(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 427. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION EDUCATION EFFORTS.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by striking paragraph (2) and inserting the following:

''(2) NUTRITION EDUCATION CLEARINGHOUSE.—The Secretary shall—

''(A) request State agencies to submit to the Secretary descriptions of successful nutrition education programs designed for use in the food stamp program and other nutrition assistance programs;

''(B) make the descriptions submitted under subparagraph (A) available on the website of the Department of Agriculture; and

''(C) inform State agencies of the availability of the descriptions on the website.''.

SEC. 428. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for—

''(A) the change in household income as a result of the termination of cash assistance; and

''(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require the household to cooperate in a redetermination of eligibility; and

''(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

''(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

''(A) loses eligibility under section 6;

''(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

''(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 429. DELIVERY TO RETAILERS OF NOTICES OF ADVERSE ACTION.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended by striking paragraph (2) and inserting the following:

''(2) DELIVERY OF NOTICES.—A notice under paragraph (1) shall be delivered by any form of delivery that the Secretary determines will provide evidence of the delivery.''.

SEC. 430. REFORM OF QUALITY CONTROL SYSTEM.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)—

(A) by striking ''enhances payment accuracy'' and all that follows through ''(A) the Secretary'' and inserting the following: ''enhances payment accuracy and that has the following elements:

''(A) ENHANCED ADMINISTRATIVE FUNDING.—With respect to fiscal year 2001, the Secretary'';

(B) in subparagraph (A)—

(i) by striking ''one percentage point to a maximum of 60'' and inserting ''½ of 1 percentage point to a maximum of 55''; and

(ii) by striking the semicolon at the end and inserting a period; and

(C) by striking subparagraph (B) and all that follows and inserting the following:

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

''(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

''(i) the value of all allotments issued by the State agency in the fiscal year;

''(ii) the lesser of—

''(I) the ratio that—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

''(bb) 10 percent; or

''(II) 1; and

''(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.

''(D) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.'';

(2) in paragraph (2)(A), by inserting before the semicolon the following: '', as adjusted downward as appropriate under paragraph (10)'';

(3) in paragraph (4), by striking ''(4)'' and all that follows through the end of the first sentence and inserting the following:

''(4) REPORTING REQUIREMENTS.—The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, claim for payment error under paragraph (1), or performance under the performance measures under paragraph (11).'';

(4) in paragraph (5), by striking ''(5)'' and all that follows through the end of the second sentence and inserting the following:

''(5) PROCEDURES.—To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the

Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of enhanced administrative funding under paragraph (1)(A), high performance bonus payments under paragraph (11), or claims under subparagraph (B) or (C) of paragraph (1).'';

(5) in paragraph (6)—

(A) in the first and third sentences, by striking ''paragraph (5)'' each place it appears and inserting ''paragraph (8)''; and

(B) in the first sentence, by inserting ''(but determined without regard to paragraph (10))'' before ''times that''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) FISCAL YEAR 2002.—

''(i) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH EARNED INCOME.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with earned income than the lesser of—

''(I) the percentage of households with earned income that receive food stamps in all States; or

''(II) the percentage of households with earned income that received food stamps in the State in fiscal year 1992.

''(ii) ADJUSTMENT FOR HIGHER PERCENTAGE OF HOUSEHOLDS WITH NONCITIZEN MEMBERS.—Subject to subparagraph (B), with respect to fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under paragraph (2)(A) as necessary to take into account any increases in errors that result from the State agency's serving a higher percentage of households with 1 or more members who are not United States citizens than the lesser of—

''(I) the percentage of households with 1 or more members who are not United States citizens that receive food stamps in all States; or

''(II) the percentage of households with 1 or more members who are not United States citizens that received food stamps in the State in fiscal year 1998.

''(B) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in subparagraph (A) shall apply to the State agency for the fiscal year.

''(C) ADDITIONAL ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may make such additional adjustments to the payment error rate determined under paragraph (2)(A) as the Secretary determines to be consistent with achieving the purposes of this Act.''.

(b) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 431. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking ''180 days after the end of the fiscal year'' and inserting ''the first May 31 after the end of the fiscal year referred to in subparagraph (A)''; and

(2) in subparagraph (C), by striking ''30 days thereafter'' and inserting ''the first June 30 after the end of the fiscal year referred to in subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 432. BONUSES FOR STATES THAT DEMONSTRATE HIGH PERFORMANCE.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 430(a)(6)) is amended by adding at the end the following:

''(11) HIGH PERFORMANCE BONUS PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall—

''(i) with respect to fiscal year 2002 and each fiscal year thereafter, measure the performance of each State agency with respect to each of the performance measures specified in subparagraph (B); and

''(ii) in fiscal year 2003 and each fiscal year thereafter, subject to subparagraphs (C) and (D), make high performance bonus payments to the State agencies with the highest or most improved performance with respect to those performance measures.

''(B) PERFORMANCE MEASURES.—The performance measures specified in this subparagraph are—

''(i) the ratio, expressed as a percentage, that—

''(I) the number of households in the State that—

''(aa) receive food stamps;

''(bb) have incomes less than 130 percent of the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902));

''(cc) have annual earnings equal to at least 1000 times the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.); and

''(dd) have children under age 18; bears to

''(II) the number of households in the State that meet the criteria specified in items (bb) through (dd) of subclause (I); and

''(ii) 4 additional performance measures, established by the Secretary in consultation with the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures not later than 180 days after the date of enactment of this paragraph, of which not less than 1 performance measure shall relate to provision of timely and appropriate services to applicants for and recipients of food stamp benefits.

''(C) HIGH PERFORMANCE BONUS PAYMENTS.—

''(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(6)(A).

''(ii) AMOUNT OF PAYMENTS.—

''(I) IN GENERAL.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall—

''(aa) make 1 high performance bonus payment of $6,000,000 for each of the 5 performance measures under subparagraph (B); and

''(bb) allocate the high performance bonus payment with respect to each performance measure in accordance with subclauses (II) and (III).

''(II) PAYMENTS FOR PERFORMANCE MEASURES.—In fiscal year 2003 and each fiscal year thereafter, the Secretary shall allocate, in accordance with subclause (III), the high performance bonus payment made for each performance measure under subparagraph (B) among the 6 State agencies with, as determined by the Secretary by regulation—

''(aa) the greatest improvement in the level of performance with respect to the performance measure between the 2 most recent years for which the Secretary determines that reliable data are available;

''(bb) the highest performance in the performance measure for the most recent year for which the Secretary determines that reliable data are available; or

''(cc) a combination of the greatest improvement described in item (aa) and the highest performance described in item (bb).

''(III) ALLOCATION AMONG STATE AGENCIES ELIGIBLE FOR PAYMENTS.—A high performance bonus payment under subclause (II) made for a performance measure shall be allocated among the 6 State agencies eligible for the payment in the ratio that—

''(aa) the caseload of each of the 6 State agencies eligible for the payment; bears to

''(bb) the caseloads of the 6 State agencies eligible for the payment.

''(D) PROHIBITION ON RECEIPT OF HIGH PERFORMANCE BONUS PAYMENTS BY STATE AGENCIES SUBJECT TO SANCTIONS.—If, for any fiscal year, a State agency is subject to a sanction under paragraph (1), the State agency shall not be eligible for a high performance bonus payment for the fiscal year.

''(E) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.''.

(b) APPLICABILITY.—The amendment made by subsection (a) takes effect on the date of enactment of this Act.

SEC. 433. EMPLOYMENT AND TRAINING PROGRAM.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking '', to remain available until expended,''; and

(B) by striking clause (vii) and inserting the following:

''(vii) for each of fiscal years 2002 through 2006, $90,000,000, to remain available until expended.'';

(2) by striking subparagraph (B) and inserting the following:

''(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

''(i) is determined and adjusted by the Secretary; and

''(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).''; and

(3) by striking subparagraphs (E) through (G) and inserting the following:

''(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

''(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 18(a)(1), the Secretary shall allocate not more than $25,000,000 for each of fiscal years 2002 through 2006 to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving food stamp recipients who—

''(I) are not eligible for an exception under section 6(o)(3); and

''(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

''(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall—

''(I) exhaust the allocation to the State agency under subparagraph (A) (including any reallocation that has been made available under subparagraph (C)); and

''(II) make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 6(o)(2) to each applicant or recipient who—

''(aa) is in the last month of the 6-month period described in section 6(o)(2);

''(bb) is not eligible for an exception under section 6(o)(3);

''(cc) is not eligible for a waiver under section 6(o)(4); and

''(dd) is not eligible for an exemption under section 6(o)(6).''.

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ''$25 per month'' and inserting ''$50 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''$50''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 434. REAUTHORIZATION OF FOOD STAMP PROGRAM AND FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 435. COORDINATION OF PROGRAM INFORMATION EFFORTS.

Section 16(k)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)) is amended—

(1) in subparagraph (A), by striking ''No funds'' and inserting ''Except as provided in subparagraph (C), no funds''; and

(2) by adding at the end the following:

''(C) FOOD STAMP INFORMATIONAL ACTIVITIES.—Subparagraph (A) shall not apply to any funds or expenditures described in clause (i) or (ii) of subparagraph (B) used to pay the costs of any activity that is eligible for reimbursement under subsection (a)(4).''.

SEC. 436. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking '', by way of making contracts with or grants to public or private organizations or agencies,'' and inserting ''enter into contracts with or make grants to public or private organizations or agencies under this section to''; and

(2) by adding at the end the following: ''The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.''.

SEC. 437. ACCESS AND OUTREACH PILOT PROJECTS.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h) and inserting the following:

''(h) ACCESS AND OUTREACH PILOT PROJECTS.—

''(1) IN GENERAL.—The Secretary shall make grants to State agencies and other entities to pay the Federal share of the eligible costs of projects to improve—

''(A) access by eligible individuals to benefits under the food stamp program; or

''(B) outreach to individuals eligible for those benefits.

''(2) FEDERAL SHARE.—The Federal share shall be 75 percent.

''(3) TYPES OF PROJECTS.—To be eligible for a grant under this subsection, a project may consist of—

''(A) establishing a single site at which individuals may apply for—

''(i) benefits under the food stamp program; and

''(ii)(I) supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

''(II) benefits under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

''(III) benefits under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

''(IV) benefits under the special supplemental nutrition program for women, infants, and children under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); or

''(V) benefits under such other programs as the Secretary determines to be appropriate;

''(B) developing forms that allow an individual to apply for more than 1 of the programs referred to in subparagraph (A);

''(C) dispatching State agency personnel to conduct outreach and enroll individuals in the food stamp program and other programs in nontraditional venues (such as shopping malls, schools, community centers, county fairs, clinics, food banks, and job training centers);

''(D) developing systems to enable increased participation in the provision of benefits under the food stamp program through farmers' markets, roadside stands, and other community-supported agriculture programs, including wireless electronic benefit transfer systems and other systems appropriate to open-air settings where farmers and other vendors sell directly to consumers;

''(E) allowing individuals to submit applications for the food stamp program by means of the telephone or the Internet, in particular individuals who live in rural areas, elderly individuals, and individuals with disabilities;

''(F) encouraging consumption of fruit and vegetables by developing a cost-effective system for providing discounts for purchases of fruit and vegetables made through use of electronic benefit transfer cards;

''(G) reducing barriers to participation by individuals, with emphasis on working families, eligible immigrants, elderly individuals, and individuals with disabilities;

''(H) developing training materials, guidebooks, and other resources to improve access and outreach;

''(I) conforming verification practices under the food stamp program with verification practices under other assistance programs; and

''(J) such other activities as the Secretary determines to be appropriate.

''(4) SELECTION.—

''(A) IN GENERAL.—The Secretary shall develop criteria for selecting recipients of grants under this subsection that include the consideration of—

''(i) the demonstrated record of a State agency or other entity in serving low-income individuals;

''(ii) the ability of a State agency or other entity to reach hard-to-serve populations;

''(iii) the level of innovative proposals in the application of a State agency or other entity for a grant; and

''(iv) the development of partnerships between public and private sector entities and linkages with the community.

''(B) PREFERENCE.—In selecting recipients of grants under paragraph (1), the Secretary shall provide a preference to any applicant that consists of a partnership between a State and a private entity, such as—

''(i) a food bank;

''(ii) a community-based organization;

''(iii) a public school;

''(iv) a publicly-funded health clinic;

''(v) a publicly-funded day care center; and

''(vi) a nonprofit health or welfare agency.

''(C) GEOGRAPHICAL DISTRIBUTION OF RECIPIENTS.—

''(i) IN GENERAL.—Subject to clause (ii), the Secretary shall select, from all eligible applications received, at least 1 recipient to receive a grant under this subsection from—

''(I) each region of the Department of Agriculture administering the food stamp program; and

''(II) each additional rural or urban area that the Secretary determines to be appropriate.

''(ii) EXCEPTION.—The Secretary shall not be required to select grant recipients under clause (i) to the extent that the Secretary determines that an insufficient number of eligible grant applications has been received.

''(5) PROJECT EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall conduct evaluations of projects funded by grants under this subsection.

''(B) LIMITATION.—Not more than 10 percent of funds made available to carry out this subsection shall be used for project evaluations described in subparagraph (A).

''(6) MAINTENANCE OF EFFORT.—A State agency or other entity shall provide assurances to the Secretary that funds provided to the State agency or other entity under this subsection will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended to carry out access and outreach activities in the State under this Act.

''(7) FUNDING.—There is authorized to be appropriated to carry out this subsection $3,000,000 for the period of fiscal years 2003 through 2005.''.

SEC. 438. CONSOLIDATED BLOCK GRANTS AND ADMINISTRATIVE FUNDS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''the Commonwealth of Puerto Rico'' and inserting ''governmental entities specified in subparagraph (D)'';

(B) in clause (ii), by striking ''and'' at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

''(iii) for fiscal year 2002, $1,356,000,000; and

''(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).'';

(2) in subparagraph (B)—

(A) by striking ''(B) The'' and inserting the following:

''(B) MAXIMUM PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

''(i) IN GENERAL.—The'';

(B) by inserting ''of Puerto Rico'' after ''Commonwealth'' each place it appears; and

(C) by adding at the end the following:

''(ii) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding subparagraph (A) and clause (i), the Commonwealth

of Puerto Rico may spend not more than $6,000,000 of the amount required to be paid to the Commonwealth for fiscal year 2002 under subparagraph (A) to pay 100 percent of the costs of—

''(I) upgrading and modernizing the electronic data processing system used to carry out nutrition assistance programs for needy persons;

''(II) implementing systems to simplify the determination of eligibility to receive that nutrition assistance; and

''(III) operating systems to deliver benefits through electronic benefit transfers.''; and

(3) by adding at the end the following:

''(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

''(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

''(i) the Commonwealth of Puerto Rico; and

''(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.''.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 2002.

(2) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—The amendments made by subsection (a)(2) take effect on the date of enactment of this Act.

SEC. 439. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

Section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034) is amended—

(1) in subsection (b)(2)(B), by striking ''2002'' and inserting ''2006'';

(2) in subsection (d)—

(A) in paragraph (3), by striking ''or'' at the end; and

(B) by striking paragraph (4) and inserting the following:

''(4) encourage long-term planning activities, and multisystem, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and agriculture problems of the communities, such as food policy councils and food planning associations; or

''(5) meet, as soon as practicable, specific neighborhood, local, or State food and agriculture needs, including needs for—

''(A) infrastructure improvement and development;

''(B) planning for long-term solutions; or

''(C) the creation of innovative marketing activities that mutually benefit farmers and low-income consumers.''; and

(3) in subsection (e)(1), by striking ''50'' and inserting ''75''.

SEC. 440. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''1997 through 2002'' and inserting ''2002 through 2006''; and

(B) by striking ''$100,000,000'' and inserting ''$110,000,000''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—

''(1) IN GENERAL.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

''(A) commodities purchased by the Secretary under subsection (a); and

''(B) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).

''(2) ALLOCATION OF FUNDS.—The amount required to be used in accordance with paragraph (1) shall be allocated in accordance with section 204(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)).''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 441. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

''SEC. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

''(a) IN GENERAL.—The Secretary shall offer to enter into a contract with a nongovernmental organization described in subsection (b) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (referred to in this section as 'targeted entities') to develop, and recommend to the targeted entities, innovative programs for addressing common community problems, including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime prevention, and the need for self-sufficiency by individuals and communities.

''(b) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in subsection (a)—

''(1) shall be selected on a competitive basis; and

''(2) as a condition of entering into the contract—

''(A) shall be experienced in working with targeted entities, and in organizing workshops that demonstrate programs to targeted entities;

''(B) shall be experienced in identifying programs that effectively address problems described in subsection (a) that can be implemented by other targeted entities;

''(C) shall agree—

''(i) to contribute in-kind resources toward the establishment and maintenance of programs described in subsection (a); and

''(ii) to provide to targeted entities, free of charge, information on the programs;

''(D) shall be experienced in, and capable of, receiving information from, and communicating with, targeted entities throughout the United States; and

''(E) shall be experienced in operating a national information clearinghouse that addresses 1 or more of the problems described in subsection (a).

''(c) AUDITS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available under this section.

''(d) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $200,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

SEC. 442. REPORT ON USE OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on—

(1) difficulties relating to use of electronic benefit transfer systems in issuance of food stamp benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(2) the extent to which there exists fraud, and the types of fraud that exist, in use of the electronic benefit transfer systems; and

(3) the efforts being made by the Secretary of Agriculture, retailers, electronic benefit transfer system contractors, and States to address the problems described in paragraphs (1) and (2).

SEC. 443. VITAMIN AND MINERAL SUPPLEMENTS.

(a) IN GENERAL.—Section 3(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking ''or food product'' and inserting '', food product, or dietary supplement that provides exclusively 1 or more vitamins or minerals''.

(b) IMPACT STUDY.—

(1) IN GENERAL.—Not later than April 1, 2003, the Secretary of Agriculture shall enter into a contract with a scientific research organization to study and develop a report on the technical issues, economic impacts, and health effects associated with allowing individuals to use benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase dietary supplements that provide exclusively 1 or more vitamins or minerals (referred to in this subsection as ''vitamin-mineral supplements'').

(2) REQUIRED ELEMENTS.—At a minimum, the study shall examine—

(A) the extent to which problems arise in the purchase of vitamin-mineral supplements with electronic benefit transfer cards;

(B) the extent of any difficulties in distinguishing vitamin-mineral supplements from herbal and botanical supplements for which food stamp benefits may not be used;

(C) whether participants in the food stamp program spend more on vitamin-mineral supplements than nonparticipants;

(D) to what extent vitamin-mineral supplements are substituted for other foods purchased with use of food stamp benefits;

(E) the proportion of the average food stamp allotment that is being used to purchase vitamin-mineral supplements; and

(F) the extent to which the quality of the diets of participants in the food stamp program has changed as a result of allowing participants to use food stamp benefits to purchase vitamin-mineral supplements.

(3) REPORT.—The report required under paragraph (1) shall be submitted to the Secretary of Agriculture not later than 2 years after the date on which the contract referred to in that paragraph is entered into.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $3,000,000 to carry out this subsection.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

''(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

''(2) AMOUNT OF GRANTS.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to $50, adjusted by the percentage change between—

''(A) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(B) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''2002'' and inserting ''2006'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

SEC. 452. PARTIAL RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) RESTORATION OF BENEFITS TO ALL QUALIFIED ALIEN CHILDREN.—

(1) IN GENERAL.—Section 402(a)(2)(J) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is amended by striking ''who'' and all that follows through ''is under'' and inserting ''who is under''.

(2) CONFORMING AMENDMENTS.—

(A) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''.

(B) Section 421(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)) is amended by adding at the end the following:

''(3) This section shall not apply to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under section 402(a)(2)(J).''.

(C) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by inserting before the period at the end the following: '', or to any alien who is under 18 years of age''.

(3) APPLICABILITY.—The amendments made by this subsection shall apply to fiscal year 2004 and each fiscal year thereafter.

(b) WORK REQUIREMENT FOR LEGAL IMMIGRANTS.—

(1) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in paragraph (3)(B))''.

(2) CONFORMING AMENDMENTS.—

(A) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)))''.

(B) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking ''40'' and inserting ''40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B))''.

(c) RESTORATION OF BENEFITS TO REFUGEES AND ASYLEES.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended—

(1) in subparagraph (A), by striking ''programs described in paragraph (3)'' and inserting ''program described in paragraph (3)(A)''; and

(2) by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR REFUGEES AND ASYLEES.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien with respect to which an action described in subparagraph (A) was taken and was not revoked.''.

(d) RESTORATION OF BENEFITS TO DISABLED ALIENS.—Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) is amended by striking ''(i) was'' and all that follows through ''(II) in the case'' and inserting the following:

''(i) in the case of the specified Federal program described in paragraph (3)(A)—

''(I) was lawfully residing in the United States on August 22, 1996; and

''(II) is blind or disabled, as defined in paragraph (2) or (3) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a)); and

''(ii) in the case''.

SEC. 453. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 454. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

''(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 455. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking ''basic allowance for housing'' and inserting the following: ''basic allowance—

''(I) for housing'';

(2) by striking ''and'' at the end and inserting ''or''; and

(3) by adding at the end the following:

''(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 456. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, roadside stands, and community-supported agriculture programs; and

(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

(c) REGULATIONS.—The Secretary of Agriculture may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

(d) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $15,000,000.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 457. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) IN GENERAL.—In the school year beginning July 2002, the Secretary of Agriculture shall use funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to conduct a pilot program to make available to students, in 25 elementary or secondary schools in each of 4 States, and in elementary or secondary schools on 1 Indian reservation, free fruits and vegetables throughout the school day in—

(1) a cafeteria;

(2) a student lounge; or

(3) another designated room of the school.

(b) PUBLICITY.—A school that participates in the pilot program shall widely publicize within the school the availability of free fruits and vegetables under the pilot program.

(c) EVALUATION OF PILOT PROGRAM.—

(1) IN GENERAL.—The Secretary of Agriculture shall conduct an evaluation of the results of the pilot program to determine—

(A) whether students took advantage of the pilot program;

(B) whether interest in the pilot program increased or lessened over time; and

(C) what effect, if any, the pilot program had on vending machine sales.

(2) FUNDING.—The Secretary shall use $200,000 of the funds described in subsection (a) to carry out the evaluation under this subsection.

SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellowships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Congressional Hunger Fellows Trust Fund'', consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—

(i) IN GENERAL.—Subject to clause (ii), the Program may make such other expenditures as the Program considers necessary to carry out this section.

(ii) PROHIBITION.—The Program may not expend funds to develop new or expanded projects at which fellows may be placed.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 459. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture may establish, in not more than 15 States, a pilot program to increase the domestic consumption of fresh fruits and vegetables.

(b) PURPOSE.—The purpose of the program shall be to provide funds to States to assist eligible public and private sector entities with cost-share assistance to carry out demonstration projects—

(1) to increase fruit and vegetable consumption; and

(2) to convey related health promotion messages.

(c) PRIORITY.—To the maximum extent practicable, the Secretary shall—

(1) establish the program in States in which the production of fruits or vegetables is a significant industry, as determined by the Secretary; and

(2) base the program on strategic initiatives, including—

(A) health promotion and education interventions;

(B) public service and paid advertising or marketing activities;

(C) health promotion campaigns relating to locally grown fruits and vegetables; and

(D) social marketing campaigns.

(d) PARTICIPANT ELIGIBILITY.—In selecting States to participate in the program, the Secretary shall take into consideration, with respect to projects and activities proposed to be carried out by the State under the program—

(1) experience in carrying out similar projects or activities;

(2) innovation; and

(3) the ability of the State—

(A) to conduct marketing campaigns for, promote, and track increases in levels of, produce consumption; and

(B) to optimize the availability of produce through distribution of produce.

(e) FEDERAL SHARE.—The Federal share of the cost of any project or activity carried out using funds provided under this section shall be 50 percent.

(f) USE OF FUNDS.—Funds made available to carry out this section shall not be made available to any foreign for-profit corporation.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

SEC. 460. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on September 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement any or all of the amendments until October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 501. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking ''operated'' and inserting ''participated in the business operations of''.

SEC. 502. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) refinancing, during a fiscal year, a short-term, temporary bridge loan made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of land for a farm or ranch, if—

''(i) the Secretary approved an application for a direct farm ownership loan to the beginning farmer or rancher for acquisition of the land; and

''(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.''.

SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—The Secretary shall not make or insure a loan under section 302, 303, 304, 310D, or 310E that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

''(1) the value of the farm or other security; or

''(2)(A) in the case of a loan made by the Secretary—

''(i) to a beginning farmer or rancher, $250,000, as adjusted (beginning with fiscal year 2003) by the inflation percentage applicable to the fiscal year in which the loan is made; or

''(ii) to a borrower other than a beginning farmer or rancher, $200,000; or

''(B) in the case of a loan guaranteed by the Secretary, $700,000, as—

''(i) adjusted (beginning with fiscal year 2000) by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

''(ii) reduced by the amount of any unpaid indebtedness of the borrower on loans under subtitle B that are guaranteed by the Secretary.''.

SEC. 504. JOINT FINANCING ARRANGEMENTS.

Section 307(a)(3)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is amended—

(1) by striking ''If'' and inserting the following:

''(i) IN GENERAL.—Subject to clause (ii), if''; and

(2) by adding at the end the following:

''(ii) BEGINNING FARMERS AND RANCHERS.—The interest rate charged a beginning farmer or rancher for a loan described in clause (i) shall be 50 basis points less than the rate charged farmers and ranchers that are not beginning farmers or ranchers.''.

SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARMERS AND RANCHERS.

Section 309(h)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)(6)) is amended by striking ''GUARANTEED UP'' and all that follows through ''more than'' and inserting ''GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee''.

SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

''(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.''.

SEC. 507. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''30 percent'' and inserting ''40 percent''; and

(B) in paragraph (3), by striking ''10 years'' and inserting ''20 years''; and

(2) in subsection (c)(3)(B), by striking ''10-year'' and inserting ''20-year''.

SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

''SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

''(a) IN GENERAL.—Not later than October 1, 2002, the Secretary shall carry out a pilot program in not fewer than 10 geographically dispersed States, as determined by the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

''(b) DATE OF COMMENCEMENT OF PROGRAM.—The Secretary shall commence the pilot program on making a determination that guarantees of contract land sales present a risk that is comparable with the risk presented in the case of guarantees to commercial lenders.''.

Subtitle B—Operating Loans

SEC. 511. DIRECT LOANS.

Section 311(c)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amended by striking ''who has not'' and all that follows through ''5 years''.

SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL FARM OPERATIONS; WAIVER OF LIMITATIONS FOR TRIBAL OPERATIONS AND OTHER OPERATIONS.

(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking ''paragraphs (5) and (6)'' and inserting ''paragraphs (5), (6), and (7)''; and

(2) by adding at the end the following:

''(7) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—In the case of an operating loan made to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)), the Secretary shall guarantee 95 percent of the loan.''.

(b) WAIVER OF LIMITATIONS.—Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1), by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''; and

(2) by adding at the end the following:

''(4) WAIVERS.—

''(A) TRIBAL FARM AND RANCH OPERATIONS.—The Secretary shall waive the limitation under paragraph (1)(C) or (3) for a direct loan made under this subtitle to a farmer or rancher who is a member of an Indian tribe and whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)) if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

''(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

''(i) the borrower has a viable farm or ranch operation;

''(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

''(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

''(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).''.

Subtitle C—Administrative Provisions

SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking ''and joint operations'' each place it appears and inserting ''joint operations, and limited liability companies''.

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''or joint operations'' each place it appears and inserting ''joint operations, or limited liability companies''.

SEC. 522. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking ''carried out—'' and all that follows through ''(B) after'' and inserting ''carried out after''.

SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking ''lower of (1) the'' and inserting the following: ''lowest of—

''(1) the''; and

(2) by striking ''original loan or (2) the'' and inserting the following: ''original loan;

''(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

''(3) the''.

SEC. 525. ANNUAL REVIEW OF BORROWERS.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and inserting the following:

''(2) except with respect to a loan under section 306, 310B, or 314—

''(A) an annual review of the credit history and business operation of the borrower; and

''(B) an annual review of the continued eligibility of the borrower for the loan;''.

SEC. 526. SIMPLIFIED LOAN APPLICATIONS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking ''of loans the principal amount of which is $50,000 or less'' and inserting ''of farmer program loans the principal amount of which is $100,000 or less''.

SEC. 527. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking ''75 days'' and inserting ''135 days''; and

(ii) by adding at the end the following:

''(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Secretary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate.''; and

(B) in subparagraph (C)—

(i) by striking ''75 days'' and inserting ''135 days''; and

(ii) by striking ''75-day period'' and inserting ''135-day period'';

(2) by striking paragraph (2) and inserting the following:

''(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1).''; and

(3) in paragraph (3)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

''(i) in consultation with the State Conservationist, and the State technical committee established under subtitle G of title XII of the Food Security Act of 1985 (16 U.S.C. 3861 et seq.), of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

''(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.''.

SEC. 528. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by striking ''25 percent'' and inserting ''30 percent''.

(b) DEBT FORGIVENESS.—Section 343(a)(12) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)) is amended by striking subparagraph (B) and inserting the following:

''(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

''(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

''(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.''.

(c) LIVESTOCK.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) (as amended by section 637(a)) is amended by adding at the end the following:

''(14) LIVESTOCK.—The term 'livestock' includes horses.''.

SEC. 529. LOAN AUTHORIZATION LEVELS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in subsection (b)—

(A) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,750,000,000 for each of fiscal years 2002 through 2006, of which, for each fiscal year—

''(A) $750,000,000 shall be for direct loans, of which—

''(i) $200,000,000 shall be for farm ownership loans under subtitle A; and

''(ii) $550,000,000 shall be for operating loans under subtitle B; and

''(B) $3,000,000,000 shall be for guaranteed loans, of which—

''(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

''(ii) $2,000,000,000 shall be for guarantees of operating loans under subtitle B.''; and

(B) in paragraph (2)(A)(ii), by striking ''farmers and ranchers'' and all that follows and inserting ''farmers and ranchers 35 percent for each of fiscal years 2002 through 2006.''; and

(2) in subsection (c), by striking the last sentence.

SEC. 530. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking ''PROGRAM.—'' and all that follows through ''The Secretary'' and inserting ''PROGRAM.—The Secretary''; and

(B) by striking paragraph (2);

(2) by striking subsection (c) and inserting the following:

''(c) AMOUNT OF INTEREST RATE REDUCTION.—

''(1) IN GENERAL.—In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan, except that such payments shall not exceed the cost of reducing the rate by more than—

''(A) in the case of a borrower other than a beginning farmer or rancher, 3 percent; and

''(B) in the case of a beginning farmer or rancher, 4 percent.

''(2) BEGINNING FARMERS AND RANCHERS.—The percentage reduction of the interest rate for which payments are authorized to be made for a beginning farmer or rancher under paragraph (1) shall be 1 percent more than the percentage reduction for farmers and ranchers that are not beginning farmers or ranchers.''; and

(3) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) MAXIMUM AMOUNT OF FUNDS.—

''(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

''(B) BEGINNING FARMERS AND RANCHERS.—

''(i) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

''(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT FOR SHARED APPRECIATION AGREEMENTS.

(a) IN GENERAL.—Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margins appropriately;

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins appropriately;

(3) by striking the paragraph heading and inserting the following:

''(7) OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT.—

''(A) IN GENERAL.—As an alternative to repaying the full recapture amount at the end of the term of the shared appreciation agreement (as determined by the Secretary in accordance with this subsection), a borrower may satisfy the obligation to pay the amount of recapture by—

''(i) financing the recapture payment in accordance with subparagraph (B); or

''(ii) granting the Secretary an agricultural use protection and conservation easement on the property subject to the shared appreciation agreement in accordance with subparagraph (C).

''(B) FINANCING OF RECAPTURE PAYMENT.—''; and

(4) by adding at the end the following:

''(C) AGRICULTURAL USE PROTECTION AND CONSERVATION EASEMENT.—

''(i) IN GENERAL.—Subject to clause (iii), the Secretary shall accept an agricultural use protection and conservation easement from the borrower for all of the real security property subject to the shared appreciation agreement in lieu of payment of the recapture amount.

''(ii) TERM.—The term of an easement accepted by the Secretary under this subparagraph shall be 25 years.

''(iii) CONDITIONS.—The easement shall require that the property subject to the easement shall continue to be used or conserved for agricultural and conservation uses in accordance with sound farming and conservation practices, as determined by the Secretary.

''(iv) REPLACEMENT OF METHOD OF SATISFYING OBLIGATION.—A borrower that has begun financing of a recapture payment under subparagraph (B) may replace that financing with an agricultural use protection and conservation easement under this subparagraph.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a shared appreciation agreement entered into under section 353(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)) that—

(1) matures on or after the date of enactment of this Act; or

(2) matured before the date of enactment of this Act, if—

(A) the recapture amount was reamortized under section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) (as in effect on the day before the date of enactment of this Act); or

(B)(i) the recapture amount had not been paid before the date of enactment of this Act because of circumstances beyond the control of the borrower; and

(ii) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

''(f) WAIVERS.—

''(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

''(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.''.

SEC. 533. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking ''biannual'' and inserting ''annual''.

Subtitle D—Farm Credit

SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking ''3.1(11)(B)(iv)'' and inserting ''3.1(11)(B)(iii)''; and

(2) by striking subsection (c).

SEC. 542. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking ''farm supplies'' each place it appears and inserting ''agricultural supplies''; and

(2) by adding at the end the following:

''(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

''(A) a farm supply; and

''(B)(i) agriculture-related processing equipment;

''(ii) agriculture-related machinery; and

''(iii) other capital goods related to the storage or handling of agricultural commodities or products.''.

SEC. 543. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking ''government-guaranteed loans provided for in subparagraph (C)'' and inserting ''loans provided for in subparagraphs (C) and (D)'';

(II) in subparagraph (B), by striking ''and'' at the end;

(III) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(IV) by adding at the end the following:

''(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation.''; and

(ii) by adding at the end the following:

''(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System.''; and

(B) in subsection (e)(4)(B), by striking ''government-guaranteed loans described in subsection (a)(1)(C)'' and inserting ''loans described in subparagraph (C) or (D) of subsection (a)(1)''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)'' after ''government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)'';

(ii) in paragraph (2), by striking ''and'' at the end;

(iii) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))'' after ''government-guaranteed loans'';

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

''(4) the annual average principal outstanding on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date on which Farm Credit System Insurance Corporation premiums are due from insured Farm Credit System banks under section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar year 2001.

SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–2(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (A), by striking ''common stock'' and all that follows and inserting ''Class A voting common stock;'';

(C) in subparagraph (B), by striking ''common stock'' and all that follows and inserting ''Class B voting common stock;'';

(D) by redesignating subparagraph (C) as subparagraph (D); and

(E) by inserting after subparagraph (B) the following:

''(C) 2 members shall be elected by holders of Class A voting common stock and Class B voting common stock, 1 of whom shall be the chief executive officer of the Corporation and 1 of whom shall be another executive officer of the Corporation; and'';

(2) in paragraph (3), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(3) in paragraph (4)—

(A) in subparagraph (A), by striking ''(A) or (B)'' and inserting ''(A), (B), or (C)''; and

(B) in subparagraph (B), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(4) in paragraph (5)(A)—

(A) by inserting ''executive officers of the Corporation or'' after ''from among persons who are''; and

(B) by striking ''such a representative'' and inserting ''such an executive officer or representative'';

(5) in paragraph (6)(B), by striking ''(A) and (B)'' and inserting ''(A), (B), and (C)'';

(6) in paragraph (7), by striking ''8 members'' and inserting ''Nine members'';

(7) in paragraph (8)—

(A) in the paragraph heading, by inserting ''OR EXECUTIVE OFFICERS OF THE CORPORATION'' after ''EMPLOYEES''; and

(B) by inserting ''or executive officers of the Corporation'' after ''United States''; and

(8) by striking paragraph (9) and inserting the following:

''(9) CHAIRPERSON.—

''(A) ELECTION.—The permanent board shall annually elect a chairperson from among the members of the permanent board.

''(B) TERM.—The term of the chairperson shall coincide with the term served by elected members of the permanent board under paragraph (6)(B).''.

Subtitle E—General Provisions

SEC. 551. INAPPLICABILITY OF FINALITY RULE.

Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended—

(1) by striking ''This subsection'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection''; and

(2) by adding at the end the following:

''(B) AGRICULTURAL CREDIT DECISIONS.—This subsection shall not apply with respect to an agricultural credit decision made by such a State, county, or area committee, or employee of such a committee, under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).''.

SEC. 552. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''Disaster Relief and Emergency Assistance Act'' each place it appears and inserting ''Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''.

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking ''provided for in section 332 of this title''.

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking ''established pursuant to section 332,''.

(d) Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking ''established pursuant to section 332''.

SEC. 553. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and section 543(b), this title and the amendments made by this title take effect on October 1, 2001.

(b) BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—The amendments made by section 544 take effect on the date of enactment of this Act.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Empowerment of Rural America

SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

"Subtitle G—National Rural Cooperative and Business Equity Fund

"SEC. 383A. SHORT TITLE.

''This subtitle may be cited as the 'National Rural Cooperative and Business Equity Fund Act'.

"SEC. 383B. PURPOSE.

''The purpose of this subtitle is to revitalize rural communities and enhance farm income through sustainable rural business development by providing Federal funds and credit enhancements to a private equity fund in order to encourage investments by institutional and noninstitutional investors for the benefit of rural America.

"SEC. 383C. DEFINITIONS.

''In this subtitle:

''(1) AUTHORIZED PRIVATE INVESTOR.—The term 'authorized private investor' means an individual, legal entity, or affiliate or subsidiary of an individual or legal entity that—

''(A) is eligible to receive a loan guarantee under this title;

''(B) is eligible to receive a loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

''(C) is created under the National Consumer Cooperative Bank Act (12 U.S.C. 3011 et seq.);

''(D) is an insured depository institution subject to section 383E(b)(2);

''(E) is a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)); or

''(F) is determined by the Board to be an appropriate investor in the Fund.

''(2) BOARD.—The term 'Board' means the board of directors of the Fund established under section 383G.

''(3) FUND.—The term 'Fund' means the National Rural Cooperative and Business Equity Fund established under section 383D.

''(4) GROUP OF SIMILAR AUTHORIZED PRIVATE INVESTORS.—The term 'group of similar investors' means any 1 of the following:

''(A) Insured depository institutions with total assets of more than $250,000,000.

''(B) Insured depository institutions with total assets equal to or less than $250,000,000.

''(C) Farm Credit System institutions described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

''(D) Cooperative financial institutions (other than Farm Credit System institutions).

''(E) Private investors, other than those described in subparagraphs (A) through (D), authorized by the Secretary.

''(F) Other nonprofit organizations, including credit unions.

''(5) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' means any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

''(6) RURAL BUSINESS.—The term 'rural business' means a rural cooperative, a value-added agricultural enterprise, or any other business located or locating in a rural area.

"SEC. 383D. ESTABLISHMENT.

''(a) AUTHORITY.—

''(1) IN GENERAL.—On certification by the Secretary that, to the maximum extent practicable, the parties proposing to establish a fund provide a broad representation of all of the groups of similar authorized private investors described in subparagraphs (A) through (F) of section 383C(4), the parties may establish a non-Federal entity under State law to purchase shares of, and manage a fund to be known as the 'National Rural Cooperative and Business Equity Fund', to generate and provide equity capital to rural businesses.

''(2) OWNERSHIP.—

''(A) IN GENERAL.—To the maximum extent practicable, equity ownership of the Fund shall be distributed among authorized private investors representing all of the groups of similar authorized private investors described in subparagraphs (A) through (F) of section 383C(4).

''(B) EXCLUSION OF GROUPS.—No group of authorized private investors shall be excluded from equity ownership of the Fund during any period during which the Fund is in existence if an authorized private investor representative of the group is able and willing to invest in the Fund.

''(b) PURPOSES.—The purposes of the Fund shall be—

''(1) to strengthen the economy of rural areas;

''(2) to further sustainable rural business development;

''(3) to encourage—

''(A) start-up rural businesses;

''(B) increased opportunities for small and minority-owned rural businesses; and

''(C) the formation of new rural businesses;

''(4) to enhance rural employment opportunities;

''(5) to provide equity capital to rural businesses, many of which have difficulty obtaining equity capital; and

''(6) to leverage non-Federal funds for rural businesses.

''(c) ARTICLES OF INCORPORATION AND BYLAWS.—The articles of incorporation and bylaws of the Fund shall set forth purposes of the Fund that are consistent with the purposes described in subsection (b).

"SEC. 383E. INVESTMENT IN THE FUND.

''(a) IN GENERAL.—Of the funds made available under section 383H, the Secretary shall—

''(1) subject to subsection (b)(1), make available to the Fund $150,000,000;

''(2) subject to subsection (c), guarantee 50 percent of each investment made by an authorized private investor in the Fund; and

''(3) subject to subsection (d), guarantee the repayment of principal of, and accrued interest on, debentures issued by the Fund to authorized private investors.

''(b) PRIVATE INVESTMENT.—

''(1) MATCHING REQUIREMENT.—Under subsection (a)(1), the Secretary shall make an amount available to the Fund only after an equal amount has been invested in the Fund by authorized private investors in accordance with this subtitle and the terms and conditions set forth in the bylaws of the Fund.

''(2) INSURED DEPOSITORY INSTITUTIONS.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C)—

''(i) an insured depository institution may be an authorized private investor in the Fund; and

''(ii) an investment in the Fund may be considered to be part of the record of an institution in meeting the credit needs of the community in which the institution is located under any applicable Federal law.

''(B) INVESTMENT LIMIT.—The total investment in the Fund of an insured depository institution shall not exceed 5 percent of the capital and surplus of the institution.

''(C) REGULATORY AUTHORITY.—An appropriate Federal banking agency may, by regulation or order, impose on any insured depository institution investing in the Fund, any safeguard, limitation, or condition (including an investment limit that is lower than the investment limit under subparagraph (B)) that the Federal banking agency considers to be appropriate to ensure that the institution operates—

''(i) in a financially sound manner; and

''(ii) in compliance with all applicable law.

''(c) GUARANTEE OF PRIVATE INVESTMENTS.—

''(1) IN GENERAL.—The Secretary shall guarantee, under terms and conditions determined by the Secretary, 50 percent of any loss of the principal of an investment made in the Fund by an authorized private investor.

''(2) MAXIMUM TOTAL GUARANTEE.—The aggregate potential liability of the Secretary with respect to all guarantees under paragraph (1) shall not apply to more than $300,000,000 in private investments in the Fund.

''(3) REDEMPTION OF GUARANTEE.—

''(A) DATE.—An authorized private investor in the Fund may redeem a guarantee under paragraph (1), with respect to the total investments in the Fund and the total losses of the authorized private investor as of the date of redemption—

''(i) on the date that is 5 years after the date of the initial investment by the authorized private investor; or

''(ii) annually thereafter.

''(B) EFFECT OF REDEMPTION.—On redemption of a guarantee under subparagraph (A)—

''(i) the shares in the Fund of the authorized private investor shall be redeemed; and

''(ii) the authorized private investor shall be prohibited from making any future investment in the Fund.

''(d) DEBT SECURITIES.—

''(1) IN GENERAL.—The Fund may, at the discretion of the Board, generate additional capital through—

''(A) the issuance of debt securities; and

''(B) other means determined to be appropriate by the Board.

''(2) GUARANTEE OF DEBT BY SECRETARY.—

''(A) IN GENERAL.—The Secretary shall guarantee 100 percent of the principal of, and accrued interest on, debentures issued by the Fund that are approved by the Secretary.

''(B) MAXIMUM DEBT GUARANTEED BY SECRETARY.—The outstanding value of debentures issued by the Fund and guaranteed by the Secretary shall not exceed the lesser of—

''(i) the amount equal to twice the value of the assets held by the Fund; or

''(ii) $500,000,000.

''(C) RECAPTURE OF GUARANTEE PAYMENTS.—If the Secretary makes a payment on a debt security issued by the Fund as a result of a guarantee of the Secretary under this paragraph, the Secretary shall have priority over other creditors for repayment of the debt security.

''(3) AUTHORIZED PRIVATE INVESTORS.—An authorized private investor may purchase debt securities issued by the Fund.

"SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE FUND.

''(a) INVESTMENTS.—

''(1) IN GENERAL.—

''(A) TYPES.—Subject to subparagraphs (B) and (C), the Fund may—

''(i) make equity investments in a rural business that meets—

''(I) the requirements of paragraph (6); and

''(II) such other requirements as the Board may establish; and

''(ii) extend credit to the rural business in—

''(I) the form of mezzanine debt or subordinated debt; or

''(II) any other form of quasi-equity.

''(B) LIMITATIONS ON INVESTMENTS.—

''(i) TOTAL INVESTMENTS BY A SINGLE RURAL BUSINESS.—Subject to clause (ii), investment by the Fund in a single rural business shall not exceed the greater of—

''(I) an amount equal to 7 percent of the capital of the Fund; or

''(II) $2,000,000.

''(ii) WAIVER.—The Secretary may waive the limitation in clause (i) in any case in which an investment exceeding the limits specified in clause (i) is necessary to preserve prior investments in the rural business.

''(iii) TOTAL NONEQUITY INVESTMENTS.—Except in the case of a project to assist a rural cooperative, the total amount of nonequity investments described in subparagraph (A)(ii) that may be provided by the Fund shall not exceed 20 percent of the total investments of the Fund in the project.

''(C) LIMITATION.—Notwithstanding subparagraph (B), the amount of any investment by the Fund in a rural business shall not exceed the aggregate amount invested in like securities by other private entities in that rural business.

''(2) PROCEDURES.—The Fund shall implement procedures to ensure that—

''(A) the financing arrangements of the Fund meet the Fund's primary focus of providing equity capital; and

''(B) the Fund does not compete with conventional sources of credit.

''(3) DIVERSITY OF PROJECTS.—The Fund—

''(A) shall seek to make equity investments in a variety of viable projects, with a significant share of investments—

''(i) in smaller enterprises (as defined in section 384A) in rural communities of diverse sizes; and

''(ii) in cooperative and noncooperative enterprises; and

''(B) shall be managed in a manner that diversifies the risks to the Fund among a variety of projects.

''(4) LIMITATION ON RURAL BUSINESSES ASSISTED.—The Fund shall not invest in any rural business that is primarily retail in nature (as determined by the Board), other than a purchasing cooperative.

''(5) INTEREST RATE LIMITATIONS.—Returns on investments in and by the Fund and returns on the extension of credit by participants in projects assisted by the Fund, shall not be subject to any State or Federal law establishing a maximum allowable interest rate.

''(6) REQUIREMENTS FOR RECIPIENTS.—

''(A) OTHER INVESTMENTS.—Any recipient of amounts from the Fund shall make or obtain a significant investment from a source of capital other than the Fund.

''(B) SPONSORSHIP.—To be considered for an equity investment from the Fund, a rural business investment project shall be sponsored by a regional, State, or local sponsoring or endorsing organization such as—

''(i) a financial institution;

''(ii) a development organization; or

''(iii) any other established entity engaging or assisting in rural business development, including a rural cooperative.

''(b) TECHNICAL ASSISTANCE.—The Fund, under terms and conditions established by the Board, shall use not less than 2 percent of capital provided by the Federal Government to provide technical assistance to rural businesses seeking an equity investment from the Fund.

''(c) ANNUAL AUDIT.—

''(1) IN GENERAL.—The Board shall authorize an annual audit of the financial statements of the Fund by a nationally recognized auditing firm using generally accepted accounting principles.

''(2) AVAILABILITY OF AUDIT RESULTS.—The results of the audit required by paragraph (1) shall be made available to investors in the Fund.

''(d) ANNUAL REPORT.—The Board shall prepare and make available to the public an annual report that—

''(1) describes the projects funded with amounts from the Fund;

''(2) specifies the recipients of amounts from the Fund;

''(3) specifies the coinvestors in all projects that receive amounts from the Fund; and

''(4) meets the reporting requirements, if any, of the State under the law of which the Fund is established.

''(e) OTHER AUTHORITIES.—

''(1) IN GENERAL.—The Board may exercise such other authorities as are necessary to carry out this subtitle.

''(2) OVERSIGHT.—The Secretary shall enter in to a contract with the Administrator of the Small Business Administration under which the Administrator of the Small Business Administration shall be responsible for the routine duties of the Secretary in regard to the Fund.

"SEC. 383G. GOVERNANCE OF THE FUND.

''(a) IN GENERAL.—The Fund shall be governed by a board of directors that represents all of the authorized private investors in the Fund and the Federal Government and that consists of—

''(1) a designee of the Secretary;

''(2) 2 members who are appointed by the Secretary and are not Federal employees, including—

''(A) 1 member with expertise in venture capital investment; and

''(B) 1 member with expertise in cooperative development;

''(3) 8 members who are elected by the authorized private investors with investments in the Fund; and

''(4) 1 member who is appointed by the Board and who is a community banker from an insured depository institution that has—

''(A) total assets equal to or less than $250,000,000; and

''(B) an investment in the Fund.

''(b) LIMITATION ON VOTING CONTROL.—No individual investor or group of authorized investors may control more than 25 percent of the votes on the Board.

"SEC. 383H. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this subtitle.''.

SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 601) is amended by adding at the end the following:

"Subtitle H—Rural Business Investment Program

"SEC. 384A. DEFINITIONS.

''In this subtitle:

''(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

''(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in Rural Business Investment Companies with an objective of fostering economic development in rural areas.

''(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

''(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

''(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

''(i) public and private pension or retirement plans subject to this subtitle; and

''(ii) similar plans not covered by this subtitle that have been established and that are maintained by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

''(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

''(5) LEVERAGE.—The term 'leverage' includes—

''(A) debentures purchased or guaranteed by the Secretary;

''(B) participating securities purchased or guaranteed by the Secretary; and

''(C) preferred securities outstanding as of the date of enactment of this subtitle.

''(6) LICENSE.—The term 'license' means a license issued by the Secretary as provided in section 384D(c).

''(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

''(8) MEMBER.—The term 'member' means, with respect to a Rural Business Investment Company that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

''(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

''(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a Rural Business Investment Company granted final approval under section 384D(d), that requires the Rural Business Investment Company to make investments in smaller enterprises in rural areas.

''(11) PRIVATE CAPITAL.—

''(A) IN GENERAL.—The term 'private capital' means the total of—

''(i) the paid-in capital and paid-in surplus of a corporate Rural Business Investment Company, the contributed capital of the partners of a partnership Rural Business Investment Company, or the equity investment of the members of a limited liability company Rural Business Investment Company; and

''(ii) unfunded binding commitments, from investors that meet criteria established by the Secretary to contribute capital to the Rural Business Investment Company, except that unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage, but leverage shall not be funded based on the commitments.

''(B) EXCLUSIONS.—The term 'private capital' does not include—

''(i) any funds borrowed by a Rural Business Investment Company from any source;

''(ii) any funds obtained through the issuance of leverage; or

''(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

''(I) 50 percent of funds from the National Rural Cooperative and Business Equity Fund;

''(II) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored enterprise established prior to the date of enactment of this subtitle;

''(III) funds invested by an employee welfare benefit plan or pension plan; and

''(IV) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the Rural Business Investment Company).

''(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

''(A) funds directly or indirectly invested in any applicant or Rural Business Investment Company on or before the date of enactment of this subtitle, by any Federal

agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

''(B) funds invested in any applicant or Rural Business Investment Company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or Rural Business Investment Company.

''(13) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

''(A) a public, private, or cooperative for-profit or nonprofit organization;

''(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

''(C) any other person or entity;

that primarily operates in a rural area, as determined by the Secretary.

''(14) RURAL BUSINESS INVESTMENT COMPANY.—The term 'Rural Business Investment Company' means a company that—

''(A) has been granted final approval by the Secretary under section 384D(d); and

''(B) has entered into a participation agreement with the Secretary.

''(15) SMALLER ENTERPRISE.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

''(A) has—

''(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this subtitle to the rural business concern; and

''(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to the rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses) except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

''(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

''(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

''(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

"SEC. 384B. PURPOSES.

''The purposes of the Rural Business Investment Program established under this subtitle are—

''(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

''(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

''(A) to enter into participation agreements with Rural Business Investment Companies;

''(B) to guarantee debentures of Rural Business Investment Companies to enable each Rural Business Investment Company to make developmental venture capital investments in smaller enterprises in rural areas; and

''(C) to make grants to Rural Business Investment Companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by Rural Business Investment Companies.

"SEC. 384C. ESTABLISHMENT.

''In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

''(1) enter into participation agreements with companies granted final approval under section 384D(d) for the purposes set forth in section 384B;

''(2) guarantee the debentures issued by Rural Business Investment Companies as provided in section 384E; and

''(3) make grants to Rural Business Investment Companies, and to other entities, under section 384H.

"SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a Rural Business Investment Company, in the program established under this subtitle if—

''(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

''(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

''(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller businesses.

''(b) APPLICATION.—To participate, as a Rural Business Investment Company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

''(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

''(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

''(3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;

''(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the staff of the company or from an outside entity;

''(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

''(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subtitle;

''(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

''(8) such other information as the Secretary may require.

''(c) ISSUANCE OF LICENSE.—

''(1) SUBMISSION OF APPLICATION.—Each applicant for a license to operate as a Rural Business Investment Company under this subtitle shall submit to the Secretary an application, in a form and including such documentation as may be prescribed by the Secretary.

''(2) PROCEDURES.—

''(A) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this subsection, the Secretary shall provide the applicant with a written report describing the status of the application and any requirements remaining for completion of the application.

''(B) APPROVAL OR DISAPPROVAL.—Within a reasonable time after receiving a completed application submitted in accordance with this subsection and in accordance with such requirements as the Secretary may prescribe by regulation, the Secretary shall—

''(i) approve the application and issue a license for the operation to the applicant, if the requirements of this section are satisfied; or

''(ii) disapprove the application and notify the applicant in writing of the disapproval.

''(3) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Secretary—

''(A) shall determine whether—

''(i) the applicant meets the requirements of subsection (d); and

''(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

''(B) shall take into consideration—

''(i) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

''(ii) the general business reputation of the owners and management of the applicant; and

''(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

''(C) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.

''(d) APPROVAL; DESIGNATION.—The Secretary may approve an applicant to operate as a Rural Business Investment Company under this subtitle and designate the applicant as a Rural Business Investment Company, if—

''(1) the Secretary determines that the application satisfies the requirements of subsection (b);

''(2) the area in which the Rural Business Investment Company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

''(3) the applicant enters into a participation agreement with the Secretary.

"SEC. 384E. DEBENTURES.

''(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any Rural Business Investment Company.

''(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this section.

''(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

''(1) guarantee the debentures issued by a Rural Business Investment Company only to the extent that the total face amount of outstanding guaranteed debentures of the Rural Business Investment Company does not exceed 300 percent of the private capital of the Rural Business Investment Company, as determined by the Secretary; and

''(2) provide for the use of discounted debentures.

''SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

''(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a Rural Business Investment Company and guaranteed by the Secretary under this subtitle, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

''(b) GUARANTEE.—

''(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

''(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

''(3) PREPAYMENT OR DEFAULT.—

''(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

''(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

''(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

''(d) SUBROGATION AND OWNERSHIP RIGHTS.—

''(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

''(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

''(e) MANAGEMENT AND ADMINISTRATION.—

''(1) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this section.

''(2) CREATION OF POOLS.—The Secretary may—

''(A) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

''(B) issue trust certificates to facilitate the creation of those trusts or pools.

''(3) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

''(4) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

''(5) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

''SEC. 384G. FEES.

''(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

''(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

''(c) LICENSE.—

''(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a Rural Business Investment Company under this subtitle.

''(2) USE OF AMOUNTS.—Fees collected under this subsection—

''(A) shall be deposited in the account for salaries and expenses of the Secretary; and

''(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

''SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

''(a) IN GENERAL.—

''(1) AUTHORITY.—In accordance with this section, the Secretary may make grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

''(2) TERMS.—Grants made under this subsection shall be made over a multiyear period (not to exceed 10 years) under such other terms as the Secretary may require.

''(3) USE OF FUNDS.—The proceeds of a grant made under this paragraph may be used by the Rural Business Investment Company receiving the grant only to—

''(A) provide operational assistance in connection with an equity investment (made with capital raised after the effective date of this subtitle) in a business located in a rural area; or

''(B) pay operational expenses of the Rural Business Investment Company.

''(4) SUBMISSION OF PLANS.—A Rural Business Investment Company shall be eligible for a grant under this section only if the Rural Business Investment Company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

''(5) GRANT AMOUNT.—

''(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this subsection to a Rural Business Investment Company shall be equal to the lesser of—

''(i) 50 percent of the amount of resources (in cash or in kind) raised by the Rural Business Investment Company; or

''(ii) $1,000,000.

''(B) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other than a Rural Business Investment Company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to Rural Business Investment Companies under this subtitle.

''(b) SUPPLEMENTAL GRANTS.—

''(1) IN GENERAL.—The Secretary may make supplemental grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle under such terms as the Secretary may require, to provide additional operational assistance to smaller enterprises financed, or expected to be financed, by the Rural Business Investment Companies and other entities.

''(2) MATCHING REQUIREMENT.—The Secretary may require, as a condition of any supplemental grant made under this subsection, that the Rural Business Investment Company or entity receiving the grant provide from resources (in cash or in kind), other than resources provided by the Secretary, a matching contribution equal to the amount of the supplemental grant.

''SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ORGANIZATION.—For the purpose of this subtitle, a Rural Business Investment Company shall—

''(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

''(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the Rural Business Investment Company; and

''(B) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

''(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

''(b) ARTICLES.—The articles of any Rural Business Investment Company—

''(1) shall specify in general terms—

''(A) the purposes for which the Rural Business Investment Company is formed;

''(B) the name of the Rural Business Investment Company;

''(C) the area or areas in which the operations of the Rural Business Investment Company are to be carried out;

''(D) the place where the principal office of the Rural Business Investment Company is to be located; and

''(E) the amount and classes of the shares of capital stock of the Rural Business Investment Company;

''(2) may contain any other provisions consistent with this subtitle that the Rural Business Investment Company may determine appropriate to adopt for the regulation of the business of the Rural Business Investment Company and the conduct of the affairs of the Rural Business Investment Company; and

''(3) shall be subject to the approval of the Secretary.

''(c) CAPITAL REQUIREMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each Rural Business Investment Company shall be not less than—

''(A) $5,000,000; or

''(B) $10,000,000, with respect to each Rural Business Investment Company authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

''(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a Rural Business Investment Company described in paragraph (1)(B) to be less than $10,000,000, but not less than $5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

''(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

''(A) determine whether the private capital of each Rural Business Investment Company is adequate to ensure a reasonable prospect that the Rural Business Investment Company will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the Rural Business Investment Company;

''(B) determine that the Rural Business Investment Company will be able to comply with the requirements of this subtitle; and

''(C) require that at least 75 percent of the capital of each Rural Business Investment Company is invested in rural business concerns.

''(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each Rural Business Investment Company licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the Rural Business Investment Company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the Rural Business Investment Company.

''SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

''(a) IN GENERAL.—Except as otherwise provided in this section and notwithstanding any other provision of law, the following banks, associations, and institutions may invest in any Rural Business Investment Company or in any entity established to invest solely in Rural Business Investment Companies:

''(1) Any national bank.

''(2) Any member bank of the Federal Reserve System.

''(3) Any Federal savings association.

''(4) Any Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

''(5) Any insured bank that is not a member of the Federal Reserve System, to the extent permitted under applicable State law.

''(b) LIMITATION.—No bank, association, or institution described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

''(c) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 30 percent of the voting shares of a Rural Business Investment Company, either alone or in conjunction with other System institutions (or affiliates), the Rural Business Investment Company shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

''SEC. 384K. REPORTING REQUIREMENT.

''Each Rural Business Investment Company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

''(1) information relating to the measurement criteria that the Rural Business Investment Company proposed in the program application of the Rural Business Investment Company; and

''(2) in each case in which the Rural Business Investment Company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

''SEC. 384L. EXAMINATIONS.

''(a) IN GENERAL.—Each Rural Business Investment Company that participates in the program established under this subtitle shall be subject to examinations made at the direction of the Secretary in accordance with this section.

''(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

''(c) COSTS.—

''(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the Rural Business Investment Company examined.

''(2) PAYMENT.—Any Rural Business Investment Company against which the Secretary assesses costs under this paragraph shall pay the costs.

''(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

''(1) be deposited in the account that incurred the costs for carrying out this section;

''(2) be made available to the Secretary to carry out this section, without further appropriation; and

''(3) remain available until expended.

''SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

''(a) IN GENERAL.—

''(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a Rural Business Investment Company or any other person has engaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the appropriate district court of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

''(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the Rural Business Investment Company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

''(b) JURISDICTION.—

''(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the Rural Business Investment Company and the assets of the Rural Business Investment Company, wherever located.

''(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer the assets.

''(c) SECRETARY AS TRUSTEE OR RECEIVER.—

''(1) AUTHORITY.—The Secretary may act as trustee or receiver of a Rural Business Investment Company.

''(2) APPOINTMENT.—On the request of the Secretary, the court shall appoint the Secretary to act as a trustee or receiver of a Rural Business Investment Company unless the court considers the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

''SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

''(a) IN GENERAL.—With respect to any Rural Business Investment Company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

''(1) void the participation agreement between the Secretary and the Rural Business Investment Company; and

''(2) cause the Rural Business Investment Company to forfeit all of the rights and privileges derived by the Rural Business Investment Company under this subtitle.

''(b) ADJUDICATION OF NONCOMPLIANCE.—

''(1) IN GENERAL.—Before the Secretary may cause a Rural Business Investment Company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the Rural Business Investment Company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the Rural Business Investment Company is located.

''(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

''SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

''(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any Rural Business Investment Company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason of the failure of the Rural Business Investment Company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, the violation.

''(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a Rural Business Investment Company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the Rural Business Investment Company suffers or is in imminent danger of suffering financial loss or other damage.

''(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

''(1) for any person to take office as an officer, director, or employee of any Rural Business Investment Company, or to become an agent or participant in the conduct of the affairs or management of a Rural Business Investment Company, if the person—

''(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

''(B) has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud, or breach of trust; and

''(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

''(A) the person is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

''(B) the person is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason

of any act or practice involving fraud or breach of trust.

"SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

''Using the procedures established by the Secretary for removing or suspending a director or an officer of a Rural Business Investment Company, the Secretary may remove or suspend any director or officer of any Rural Business Investment Company.

"SEC. 384Q. CONTRACTING OF FUNCTIONS.

''Notwithstanding any other provision of law, the Secretary shall enter into an interagency agreement with the Administrator of the Small Business Administration to carry out, on behalf of the Secretary, the day-to-day management and operation of the program authorized by this subtitle.

"SEC. 384R. REGULATIONS.

''The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

"SEC. 384S. FUNDING.

''(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture—

''(1) such sums as may be necessary for the cost of guaranteeing $350,000,000 of debentures under this subtitle; and

''(2) $50,000,000 to make grants under this subtitle.

''(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

''(c) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.''.

SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term ''application'' does not include an application for a loan, loan guarantee, or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) ACCOUNT.—There is established in the Treasury of the United States an account to be known as the ''Rural America Infrastructure Development Account'' (referred to in this section as the ''Account'') to fund rural development loans, loan guarantees, and grants described in subsection (d) that are pending on the date of enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to carry out this section.

(d) USE OF FUNDS.—

(1) ELIGIBLE PROGRAMS.—Subject to paragraph (2), the Secretary shall use the funds in the Account to provide funds for applications that are pending on the date of enactment of this Act for—

(A) community facility direct loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1));

(B) community facility grants under paragraph (19), (20), or (21) of section 306(a) of that Act (7 U.S.C. 1926(a));

(C) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of that Act (7 U.S.C. 1926(a));

(D) rural water or wastewater technical assistance and training grants under section 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

(E) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a);

(F) business and industry guaranteed loans authorized under section 310B(a)(1)(A) of that Act (7 U.S.C. 1932(a)(1)(A)); and

(G) solid waste management grants under section 310B(b) of that Act (7 U.S.C. 1932(b)).

(2) LIMITATIONS.—

(A) APPROPRIATED AMOUNTS.—Funds in the Account shall be available to the Secretary to provide funds for pending applications for loans, loan guarantees, and grants described in paragraph (1) only to the extent that funds for the loans, loan guarantees, and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(B) PROGRAM REQUIREMENTS.—The Secretary may use the Account to provide funds for a pending application for a loan, loan guarantee, or grant described in paragraph (1) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

SEC. 604. RURAL ENDOWMENT PROGRAM.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 602) is amended by adding at the end the following:

"Subtitle I—Rural Endowment Program

"SEC. 385A. PURPOSE.

''The purpose of this subtitle is to provide rural communities with technical and financial assistance to implement comprehensive community development strategies to reduce the economic and social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

"SEC. 385B. DEFINITIONS.

''In this subtitle:

''(1) COMPREHENSIVE COMMUNITY DEVELOPMENT STRATEGY.—The term 'comprehensive community development strategy' means a community development strategy described in section 385C(e).

''(2) ELIGIBLE RURAL AREA.—

''(A) IN GENERAL.—The term 'eligible rural area' means an area with a population of 25,000 inhabitants or less, as determined by the Secretary using the most recent decennial census.

''(B) EXCLUSIONS.—The term 'eligible rural area' does not include—

''(i) any area designated by the Secretary as a rural empowerment zone or rural enterprise community; or

''(ii) an urbanized area immediately adjacent to an incorporated city or town with a population of more than 25,000 inhabitants.

''(3) ENDOWMENT FUND.—The term 'endowment fund' means a long-term fund that an approved program entity is required to establish under section 385C(f)(3).

''(4) PERFORMANCE-BASED BENCHMARKS.—The term 'performance-based benchmarks' means a set of annualized goals and tasks established by a recipient of a grant under the Program, in collaboration with the Secretary, for the purpose of measuring performance in meeting the comprehensive community development strategy of the recipient.

''(5) PROGRAM.—The term 'Program' means the Rural Endowment Program established under section 385C(a).

''(6) PROGRAM ENTITY.—The term 'program entity' means—

''(A) a private nonprofit community-based development organization;

''(B) a unit of local government (including a multijurisdictional unit of local government);

''(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(D) a consortium comprised of an organization described in subparagraph (A) and a unit of local government; or

''(E) a consortium of entities specified in subparagraphs (A) through (D);

that serves an eligible rural area.

''(7) PROGRAM-RELATED INVESTMENT.—The term 'program-related investment' means—

''(A) a loan, loan guarantee, grant, payment of a technical fee, or other expenditure provided for an affordable housing, community facility, small business, environmental improvement, or other community development project that is part of a comprehensive community development strategy; and

''(B) support services relating to a project described in subparagraph (A).

"SEC. 385C. RURAL ENDOWMENT PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary may establish a program, to be known as the 'Rural Endowment Program', to provide approved program entities with assistance in developing and implementing comprehensive community development strategies for eligible rural areas.

''(2) PURPOSES.—The purposes of the Program are—

''(A) to enhance the ability of an eligible rural area to engage in comprehensive community development;

''(B) to leverage private and public resources for the benefit of community development efforts in eligible rural areas;

''(C) to make available staff of Federal agencies to directly assist the community development efforts of an approved program entity or eligible rural area; and

''(D) to strengthen the asset base of an eligible rural area to further long-term, ongoing community development.

''(b) APPLICATIONS.—

''(1) IN GENERAL.—To receive an endowment grant under the Program, the eligible entity shall submit an application at such time, in such form, and containing such information as the Secretary may require.

''(2) REGIONAL APPLICATIONS.—

''(A) IN GENERAL.—Where appropriate, the Secretary shall encourage regional applications from program entities serving more than 1 eligible rural area.

''(B) CRITERIA FOR APPLICATIONS.—To be eligible for an endowment grant for a regional application, the program entities that submit the application shall demonstrate that—

''(i) a comprehensive community development strategy for the eligible rural areas is best accomplished through a regional approach; and

''(ii) the combined population of the eligible rural areas covered by the comprehensive community development strategy is 75,000 inhabitants or less.

''(C) AMOUNT OF ENDOWMENT GRANTS.—For the purpose of subsection (f)(2), 2 or more program entities that submit a regional application shall be considered to be a single program entity.

''(3) PREFERENCE.—The Secretary shall give preference to a joint application submitted by a private, nonprofit community development corporation and a unit of local government.

''(c) ENTITY APPROVAL.—The Secretary shall approve a program entity to receive grants under the Program, if the program entity meets criteria established by the Secretary, including the following:

''(1) DISTRESSED RURAL AREA.—The program entity shall serve a rural area that suffers from economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

''(2) CAPACITY TO IMPLEMENT STRATEGY.—The program entity shall demonstrate the

capacity to implement a comprehensive community development strategy.

''(3) GOALS.—The goals described in the application submitted under subsection (b) shall be consistent with this section.

''(4) PARTICIPATION PROCESS.—The program entity shall demonstrate the ability to convene and maintain a multi-stakeholder, community-based participation process.

''(d) PLANNING GRANTS TO CONDITIONALLY APPROVED PROGRAM ENTITIES.—

''(1) IN GENERAL.—The Secretary may award supplemental grants to approved program entities to assist the approved program entities in the development of a comprehensive community development strategy under subsection (e).

''(2) ELIGIBILITY FOR SUPPLEMENTAL GRANTS.—In determining whether to award a supplemental grant to an approved program entity, the Secretary shall consider the economic need of the approved program entity.

''(3) LIMITATIONS ON AMOUNT OF GRANTS.—Under this subsection, an approved program entity may receive a supplemental grant in an amount of not more than $100,000.

''(e) ENDOWMENT GRANT AWARD.—

''(1) IN GENERAL.—To be eligible for an endowment grant under the Program, an approved program entity shall develop, and obtain the approval of the Secretary for, a comprehensive community development strategy that—

''(A) is designed to reduce economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation;

''(B) addresses a broad range of the development needs of a community, including economic, social, and environmental needs, for a period of not less than 10 years;

''(C) is developed with input from a broad array of local governments and business, civic, and community organizations;

''(D) specifies measurable performance-based outcomes for all activities; and

''(E) includes a financial plan for achieving the outcomes and activities of the comprehensive community development strategy that identifies sources for, or a plan to meet, the requirement for a non-Federal share under subsection (f)(4)(B).

''(2) FINAL APPROVAL.—

''(A) IN GENERAL.—An approved program entity shall receive final approval if the Secretary determines that—

''(i) the comprehensive community development strategy of the approved program entity meets the requirements of this section;

''(ii) the management and organizational structure of the approved program entity is sufficient to oversee fund and development activities;

''(iii) the approved program entity has established an endowment fund; and

''(iv) the approved program entity will be able to provide the non-Federal share required under subsection (f)(4)(B).

''(B) CONDITIONS.—As part of the final approval, the approved program entity shall agree to—

''(i) achieve, to the maximum extent practicable, performance-based benchmarks; and

''(ii) comply with the terms of the comprehensive community development strategy for a period of not less than 10 years.

''(f) ENDOWMENT GRANTS.—

''(1) IN GENERAL.—Under the Program, the Secretary may make endowment grants to approved program entities with final approval to implement an approved comprehensive community development strategy.

''(2) AMOUNT OF GRANTS.—An endowment grant to an approved program entity shall be in an amount of not more than $6,000,000, as determined by the Secretary based on—

''(A) the size of the population of the eligible rural area for which the endowment grant is to be used;

''(B) the size of the eligible rural area for which the endowment grant is to be used;

''(C) the extent of the comprehensive community development strategy to be implemented using the endowment grant award; and

''(D) the extent to which the community suffers from economic or social distress resulting from—

''(i) poverty;

''(ii) high unemployment;

''(iii) outmigration;

''(iv) plant closings;

''(v) agricultural downturn;

''(vi) declines in the natural resource-based economy; or

''(vii) environmental degradation.

''(3) ENDOWMENT FUNDS.—

''(A) ESTABLISHMENT.—On notification from the Secretary that the program entity has been approved under subsection (c), the approved program entity shall establish an endowment fund.

''(B) FUNDING OF ENDOWMENT.—Federal funds provided in the form of an endowment grant under the Program shall—

''(i) be deposited in the endowment fund;

''(ii) be the sole property of the approved program entity;

''(iii) be used in a manner consistent with this subtitle; and

''(iv) be subject to oversight by the Secretary for a period of not more than 10 years.

''(C) INTEREST.—Interest earned on Federal funds in the endowment fund shall be—

''(i) retained by the grantee; and

''(ii) treated as Federal funds are treated under subparagraph (B).

''(D) LIMITATION.—The Secretary shall promulgate regulations on matching funds and returns on program-related investments only to the extent that such funds or proceeds are used in a manner consistent with this subtitle.

''(4) CONDITIONS.—

''(A) DISBURSEMENT.—

''(i) IN GENERAL.—Each endowment grant award shall be disbursed during a period not to exceed 5 years beginning during the fiscal year containing the date of final approval of the approved program entity under subsection (e)(3).

''(ii) MANNER OF DISBURSEMENT.—Subject to subparagraph (B), the Secretary may disburse a grant award in 1 lump sum or in incremental disbursements made each fiscal year.

''(iii) INCREMENTAL DISBURSEMENTS.—If the Secretary elects to make incremental disbursements, for each fiscal year after the initial disbursement, the Secretary shall make a disbursement under clause (i) only if the approved program entity—

''(I) has met the performance-based benchmarks of the approved program entity for the preceding fiscal year; and

''(II) has provided the non-Federal share required for the preceding fiscal year under subparagraph (B).

''(iv) ADVANCE DISBURSEMENTS.—The Secretary may make disbursements under this paragraph notwithstanding any provision of law limiting grant disbursements to amounts necessary to cover expected expenses on a term basis.

''(B) NON-FEDERAL SHARE.—

''(i) IN GENERAL.—Except as provided in clause (ii), for each disbursement under subparagraph (A), the Secretary shall require the approved program entity to provide a non-Federal share in an amount equal to 50 percent of the amount of funds received by the approved program entity under the disbursement.

''(ii) LOWER NON-FEDERAL SHARE.—In the case of an approved program entity that serves a small, poor rural area (as determined by the Secretary), the Secretary may—

''(I) reduce the non-Federal share to not less than 20 percent; and

''(II) allow the non-Federal share to be provided in the form of in-kind contributions.

''(iii) BINDING COMMITMENTS; PLAN.—For the purpose of meeting the non-Federal share requirement with respect to the first disbursement of an endowment grant award to the approved program entity under the Program, an approved program entity shall—

''(I) have, at a minimum, binding commitments to provide the non-Federal share required with respect to the first disbursement of the endowment grant award; and

''(II) if the Secretary is making incremental disbursements of a grant, develop a viable plan for providing the remaining amount of the required non-Federal share.

''(C) LIMITATIONS.—

''(i) IN GENERAL.—Subject to clause (ii), of each disbursement, an approved program entity shall use—

''(I) not more than 10 percent for administrative costs of carrying out program-related investments;

''(II) not more than 20 percent for the purpose of maintaining a loss reserve account; and

''(III) the remainder for program-related investments contained in the comprehensive community development strategy.

''(ii) LOSS RESERVE ACCOUNT.—If all disbursed funds available under a grant are expended in accordance with clause (i) and the grant recipient has no expected losses to cover for a fiscal year, the recipient may use funds in the loss reserve account described in clause (i)(II) for program-related investments described in clause (i)(III) for which no reserve for losses is required.

''(g) FEDERAL AGENCY ASSISTANCE.—Under the Program, the Secretary shall provide and coordinate technical assistance for grant recipients by designated field staff of Federal agencies.

''(h) PRIVATE TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—Under the Program, the Secretary may make grants to qualified intermediaries to provide technical assistance and capacity building to approved program entities under the Program.

''(2) DUTIES.—A qualified intermediary that receives a grant under this subsection shall—

''(A) provide assistance to approved program entities in developing, coordinating, and overseeing investment strategy;

''(B) provide technical assistance in all aspects of planning, developing, and managing the Program; and

''(C) facilitate Federal and private sector involvement in rural community development.

''(3) ELIGIBILITY.—To be considered a qualified intermediary under this subsection, an intermediary shall—

''(A) be a private, nonprofit community development organization;

''(B) have expertise in Federal or private rural community development policy or programs; and

''(C) have experience in providing technical assistance, planning, and capacity building assistance to rural communities and nonprofit entities in eligible rural areas.

''(4) MAXIMUM AMOUNT OF GRANTS.—A qualified intermediary may receive a grant under this subsection of not more than $100,000.

''(5) FUNDING.—Of the amounts made available under section 385D, the Secretary may use to carry out this subsection not more

than $2,000,000 for each of not more than 2 fiscal years.

"SEC. 385D. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this subtitle for each of fiscal years 2002 through 2006.''.

SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

"TITLE VI—RURAL BROADBAND ACCESS

"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

''(a) PURPOSE.—The purpose of this section is to provide grants, loans, and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

''(b) DEFINITIONS.—In this section:

''(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, or video.

''(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any incorporated or unincorporated place that has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census.

''(c) GRANTS.—The Secretary shall make grants to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(d) LOANS AND LOAN GUARANTEES.—The Secretary shall make or guarantee loans to eligible entities described in subsection (e) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(e) ELIGIBLE ENTITIES.—To be eligible to obtain a grant under this section, an entity must—

''(1) be eligible to obtain a loan or loan guarantee to furnish, improve, or extend a rural telecommunications service under this Act; and

''(2) submit to the Secretary a proposal for a project that meets the requirements of this section.

''(f) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

''(g) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a grant, loan, or loan guarantee for a project under this section, the Secretary shall not take into consideration the type of technology proposed to be used under the project.

''(h) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—A loan or loan guarantee under subsection (d) shall—

''(1) be made available in accordance with the requirements of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

''(2) bear interest at an annual rate of, as determined by the Secretary—

''(A) 4 percent per annum; or

''(B) the current applicable market rate; and

''(3) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

''(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

''(j) FUNDING.—

''(1) IN GENERAL.—Not later than 30 days after the date of enactment of this title, on October 1, 2002, and on each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $100,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(k) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—No grant, loan, or loan guarantee may be made under this section after September 30, 2006.

''(2) EFFECT ON VALIDITY OF GRANT, LOAN, OR LOAN GUARANTEE.—Notwithstanding paragraph (1), any grant, loan, or loan guarantee made under this section before the date specified in paragraph (1) shall be valid.''.

SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

(2) by striking subsection (a) and inserting the following:

''(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product that—

''(1)(A) has undergone a change in physical state; or

''(B) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary; and

''(2) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced—

''(A) the customer base for the agricultural commodity or product has been expanded; and

''(B) a greater portion of the revenue derived from the processing of the agricultural commodity or product is available to the producer of the commodity or product.

''(b) GRANT PROGRAM.—

''(1) PURPOSES.—The purposes of this subsection are—

''(A) to increase the share of the food and agricultural system profit received by agricultural producers;

''(B) to increase the number and quality of rural self-employment opportunities in agriculture and agriculturally-related businesses and the number and quality of jobs in agriculturally-related businesses;

''(C) to help maintain a diversity of size in farms and ranches by stabilizing the number of small and mid-sized farms;

''(D) to increase the diversity of food and other agricultural products available to consumers, including nontraditional crops and products and products grown or raised in a manner that enhances the value of the products to the public; and

''(E) to conserve and enhance the quality of land, water, and energy resources, wildlife habitat, and other landscape values and amenities in rural areas.

''(2) GRANTS.—From amounts made available under paragraph (6), the Secretary shall make award competitive grants—

''(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

''(i) to develop a business plan for viable marketing opportunities for the value-added agricultural product; or

''(ii) to develop strategies that are intended to create marketing opportunities for the producer; and

''(B) to an eligible nonprofit entity (as determined by the Secretary) to assist the entity—

''(i) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

''(ii) to develop strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

''(3) AMOUNT OF GRANT.—

''(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient may not exceed $500,000.

''(B) PRIORITY.—The Secretary shall give priority to grant proposals for less than $200,000 submitted under this subsection.

''(4) GRANTEE STRATEGIES.—A grantee under paragraph (2) shall use the grant—

''(A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or

''(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

''(5) GRANTS FOR MARKETING OR PROCESSING CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.—

''(A) IN GENERAL.—Out of any amount that is made available to the Secretary for a fiscal year under paragraph (2), the Secretary shall use not less than 5 percent of the amount for grants to assist producers of certified organic agricultural products in post-farm marketing or processing of the products through a business or cooperative ventures that—

''(i) expand the customer base of the certified organic agricultural products; and

''(ii) increase the portion of product revenue available to the producers.

''(B) CERTIFIED ORGANIC AGRICULTURAL PRODUCT.—For the purposes of this paragraph, a certified organic agricultural product does not have to meet the requirements of the definition of 'value-added agricultural product' under subsection (a).

''(C) INSUFFICIENT APPLICATIONS.—If, for any fiscal year, the Secretary receives an insufficient quantity of applications for grants described in subparagraph (A) to use the funds reserved under subparagraph (A), the Secretary may use the excess reserved funds to make grants for any other purpose authorized under this subsection.

''(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $75,000,000 for each of fiscal years 2002 through 2006.'';

(3) in subsection (c)(1) (as redesignated)—

(A) by striking ''subsection (a)(2)'' and inserting ''subsection (b)(2)'';

(B) by striking ''$5,000,000'' and inserting ''7.5 percent''; and

(C) by striking ''subsection (a)'' and inserting ''subsection (b)''; and

(4) in subsection (d) (as redesignated), by striking ''subsections (a) and (b)'' and inserting ''subsections (b) and (c)''.

SEC. 607. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

Section 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b) is amended to read as follows:

''SEC. 2381. NATIONAL RURAL DEVELOPMENT INFORMATION CLEARINGHOUSE.

''(a) ESTABLISHMENT.—The Secretary shall establish and maintain, within the rural development mission area of the Department of Agriculture, a National Rural Development Information Clearinghouse (referred to in this section as the 'Clearinghouse') to perform the functions specified in subsection (b).

''(b) FUNCTIONS.—The Clearinghouse shall collect information and data from, and disseminate information and data to, any person or public or private entity about programs and services provided by Federal, State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions under which a person or public or private entity residing or operating in a rural area may be eligible for any kind of financial, technical, or other assistance, including business, venture capital, economic, credit and community development assistance, health care, job training, education, and emotional and financial counseling.

''(c) MODES OF COLLECTION AND DISSEMINATION OF INFORMATION.—In addition to other modes for the collection and dissemination of the types of information and data specified under subsection (b), the Secretary shall ensure that the Clearinghouse maintains an Internet website that provides for dissemination and collection, through voluntary submission or posting, of the information and data.

''(d) FEDERAL AGENCIES.—On request of the Secretary and to the extent permitted by law, the head of a Federal agency shall provide to the Clearinghouse such information as the Secretary may request to enable the Clearinghouse to carry out this section.

''(e) STATE, LOCAL, AND TRIBAL AGENCIES, INSTITUTIONS OF HIGHER EDUCATION, AND NONPROFIT AND FOR-PROFIT ORGANIZATIONS.—The Secretary shall request State, local, and tribal agencies, institutions of higher education, and private, for-profit, and nonprofit organizations and institutions to provide to the Clearinghouse information concerning applicable programs or services described in subsection (b).

''(f) PROMOTION OF CLEARINGHOUSE.—The Secretary prominently shall promote the existence and availability of the Clearinghouse in all activities of the Department of Agriculture relating to rural areas of the United States.

''(g) FUNDING.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall use to operate and maintain the Clearinghouse not more than $600,000 of the funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for each fiscal year.

''(2) LIMITATION.—Funds available to the Rural Housing Service, the Rural Utilities Service, and the Rural Business-Cooperative Service for the payment of loan costs (as defined in section 502 of Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) shall not be used to operate and maintain the Clearinghouse.''.

Subtitle B—National Rural Development Partnership

SEC. 611. SHORT TITLE.

This subtitle may be cited as the ''National Rural Development Partnership Act of 2001''.

SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

''SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

''(a) DEFINITIONS.—In this section:

''(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities' means any executive agency (as defined in section 105 of title 5, United States Code) that—

''(A) implements Federal law targeted at rural areas, including—

''(i) the Act of April 24, 1950 (commonly known as the 'Granger-Thye Act') (64 Stat. 82, chapter 9);

''(ii) the Intergovernmental Cooperation Act of 1968 (82 Stat. 1098);

''(iii) section 41742 of title 49, United States Code;

''(iv) the Rural Development Act of 1972 (86 Stat. 657);

''(v) the Rural Development Policy Act of 1980 (94 Stat. 1171);

''(vi) the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

''(vii) amendments made to section 334 of the Public Health Service Act (42 U.S.C. 254g) by the Rural Health Clinics Act of 1983 (97 Stat. 1345); and

''(viii) the Rural Housing Amendments of 1983 (97 Stat. 1240) and the amendments made by the Rural Housing Amendments of 1983 to title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.); or

''(B) administers a program that has a significant impact on rural areas, including—

''(i) the Appalachian Regional Commission;

''(ii) the Department of Agriculture;

''(iii) the Department of Commerce;

''(iv) the Department of Defense;

''(v) the Department of Education;

''(vi) the Department of Energy;

''(vii) the Department of Health and Human Services;

''(viii) the Department of Housing and Urban Development;

''(ix) the Department of the Interior;

''(x) the Department of Justice;

''(xi) the Department of Labor;

''(xii) the Department of Transportation;

''(xiii) the Department of the Treasury;

''(xiv) the Department of Veterans Affairs;

''(xv) the Environmental Protection Agency;

''(xvi) the Federal Emergency Management Administration;

''(xvii) the Small Business Administration;

''(xviii) the Social Security Administration;

''(xix) the Federal Reserve System;

''(xx) the United States Postal Service;

''(xxi) the Corporation for National Service;

''(xxii) the National Endowment for the Arts and the National Endowment for the Humanities; and

''(xxiii) other agencies, commissions, and corporations.

''(2) COORDINATING COMMITTEE.—The term 'Coordinating Committee' means the National Rural Development Coordinating Committee established by subsection (c).

''(3) PARTNERSHIP.—The term 'Partnership' means the National Rural Development Partnership continued by subsection (b).

''(4) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (d).

''(b) PARTNERSHIP.—

''(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

''(A) the Coordinating Committee; and

''(B) State rural development councils.

''(2) PURPOSES.—The purposes of the Partnership are—

''(A) to empower and build the capacity of States and rural communities within States to design unique responses to their own special rural development needs, with local determinations of progress and selection of projects and activities;

''(B) to encourage participants to be flexible and innovative in establishing new partnerships and trying fresh, new approaches to rural development issues, with responses to rural development that use different approaches to fit different situations; and

''(C) to encourage all partners in the Partnership (Federal, State, local, and tribal governments, the private sector, and nonprofit organizations) to be fully engaged and share equally in decisions.

''(3) GOVERNING PANEL.—

''(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic operation, policies, and practices of the Partnership.

''(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

''(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership shall be that of a partner and facilitator, with Federal agencies authorized—

''(A) to cooperate with States to implement the Partnership;

''(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

''(C) to ensure that the head of each agency referred to in subsection (a)(1)(B) designates a senior-level agency official to represent the agency on the Coordinating Committee and directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

''(D) to enter into cooperative agreements with, and to provide grants and other assistance to, State rural development councils.

''(5) ROLE OF PRIVATE AND NONPROFIT SECTOR ORGANIZATIONS.—Private and nonprofit sector organizations are encouraged—

''(A) to act as full partners in the Partnership and State rural development councils; and

''(B) to cooperate with participating government organizations in developing innovative approaches to the solution of rural development problems.

''(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

''(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee.

''(2) COMPOSITION.—The Coordinating Committee shall be composed of—

''(A) 1 representative of each agency with rural responsibilities that elects to participate in the Coordinating Committee; and

''(B) representatives, approved by the Secretary, of—

''(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

''(ii) national public interest groups;

''(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

''(iv) the private sector.

''(3) DUTIES.—The Coordinating Committee shall—

''(A) provide support for the work of the State rural development councils;

''(B) facilitate coordination among Federal programs and activities, and with State, local, tribal, and private programs and activities, affecting rural development;

''(C) enhance the effectiveness, responsiveness, and delivery of Federal programs in rural areas;

''(D) gather and provide to Federal authorities information and input for the development and implementation of Federal programs impacting rural economic and community development;

''(E) notwithstanding any other provision of law, review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas;

''(F) provide technical assistance to State rural development councils for the implementation of Federal programs;

''(G) notwithstanding any other provision of law, develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

''(H) require each State receiving funds under this section to submit an annual report on the use of the funds by the State, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

''(4) ELECTION NOT TO PARTICIPATE.—An agency with rural responsibilities that elects not to participate in the Partnership and the Coordinating Committee shall submit to Congress a report that describes—

''(A) how the programmatic responsibilities of the Federal agency that target or have an impact on rural areas are better achieved without participation by the agency in the Partnership; and

''(B) a more effective means of partnership-building and collaboration to achieve the programmatic responsibilities of the agency.

''(d) STATE RURAL DEVELOPMENT COUNCILS.—

''(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to establish a State rural development council.

''(2) STATE DIVERSITY.—Each State rural development council shall—

''(A) have a nonpartisan membership that is broad and representative of the economic, social, and political diversity of the State; and

''(B) carry out programs and activities in a manner that reflects the diversity of the State.

''(3) DUTIES.—A State rural development council shall—

''(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that target or have an impact on rural areas of the State;

''(B) enhance the effectiveness, responsiveness, and delivery of Federal and State programs in rural areas of the State;

''(C) gather and provide to the Coordinating Committee and other appropriate organizations information on the condition of rural areas in the State;

''(D) monitor and report on policies and programs that address, or fail to address, the needs of the rural areas of the State;

''(E) provide comments to the Coordinating Committee and other appropriate organizations on policies, regulations, and proposed legislation that affect or would affect the rural areas of the State;

''(F) notwithstanding any other provision of law, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;

''(G) use grant or cooperative agreement funds provided by the Partnership under an agreement entered into under paragraph (1) to—

''(i) retain an Executive Director and such support staff as are necessary to facilitate and implement the directives of the State rural development council; and

''(ii) pay expenses associated with carrying out subparagraphs (A) through (F); and

''(H)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

''(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

''(4) AUTHORITIES.—A State rural development council may—

''(A) solicit funds to supplement and match funds provided under paragraph (3)(G); and

''(B) engage in activities, in addition to those specified in paragraph (3), appropriate to accomplish the purposes for which the State rural development council is established.

''(5) COMMENTS OR RECOMMENDATIONS.—A State rural development council may provide comments and recommendations to an agency with rural responsibilities related to the activities of the State rural development council within the State.

''(6) ACTIONS OF STATE RURAL DEVELOPMENT COUNCIL MEMBERS.—When carrying out a program or activity authorized by a State rural development council or this subtitle, a member of the council shall be regarded as a full-time employee of the Federal Government for purposes of chapter 171 of title 28, United States Code, and the Federal Advisory Committee Act (5 U.S.C. App.).

''(7) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

''(A) IN GENERAL.—The State Director for Rural Development of a State, other employees of the Department of Agriculture, and employees of other Federal agencies that elect to participate in the Partnership shall fully participate in the governance and operations of State rural development councils on an equal basis with other members of the State rural development councils.

''(B) CONFLICTS.—A Federal employee who participates in a State rural development council shall not participate in the making of any council decision if the agency represented by the Federal employee has any financial or other interest in the outcome of the decision.

''(C) FEDERAL GUIDANCE.—The Office of Government Ethics, in consultation with the Attorney General, shall issue guidance to all Federal employees that participate in State rural development councils that describes specific decisions that—

''(i) would constitute a conflict of interest for the Federal employee; and

''(ii) from which the Federal employee must recuse himself or herself.

''(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

''(1) DETAIL OF EMPLOYEES.—

''(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail an employee of the agency with rural responsibilities to the Partnership without reimbursement for a period of up to 12 months.

''(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

''(2) ADDITIONAL SUPPORT.—The Secretary shall provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

''(f) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''(B) AMOUNT OF FINANCIAL ASSISTANCE.—In providing financial assistance to State rural development councils, the Secretary and heads of other Federal agencies shall provide assistance that, to the maximum extent practicable, is—

''(i) uniform in amount; and

''(ii) targeted to newly created State rural development councils.

''(C) FEDERAL SHARE.—The Secretary shall develop a plan to decrease, over time, the Federal share of the cost of the core operations of State rural development councils.

''(2) FEDERAL AGENCIES.—

''(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency to provide funds to the Partnership with other agencies, in order to carry out the purposes described in subsection (b)(2), the Partnership shall be eligible to receive grants, gifts, contributions, or technical assistance from, or enter into contracts with, any Federal agency.

''(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that target or have an impact on rural areas to provide assistance to, and enter into contracts with, the Partnership, as described in subparagraph (A).

''(3) CONTRIBUTIONS.—The Partnership may accept private contributions.

''(4) FEDERAL FINANCIAL SUPPORT FOR STATE RURAL DEVELOPMENT COUNCILS.—Notwithstanding any other provision of law, a Federal agency may use funds made available under paragraph (1) or (2) to enter into a cooperative agreement, contract, or other agreement with a State rural development council to support the core operations of the State rural development council, regardless of the legal form of organization of the State rural development council.

''(g) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received under an agreement under subsection (d)(1).

''(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

''(A) to support 1 or more specific program or project activities; or

''(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

''(h) TERMINATION.—The authority provided under this section shall terminate on the

date that is 5 years after the date of enactment of this section.''.

Subtitle C—Consolidated Farm and Rural Development Act

SEC. 621. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended—

(1) by striking ''(2) The'' and inserting the following:

''(2) WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.—

''(A) AUTHORITY.—

''(i) IN GENERAL.—The'';

(2) by striking ''$590,000,000'' and inserting ''$1,500,000,000'';

(3) by striking ''The amount'' and inserting the following:

''(ii) AMOUNT.—The amount'';

(4) by striking ''paragraph'' and inserting ''subparagraph'';

(5) by striking ''The Secretary shall'' and inserting the following:

''(iii) GRANT RATE.—The Secretary shall''; and

(6) by adding at the end the following:

''(B) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

''(i) IN GENERAL.—The Secretary may make grants to qualified private, nonprofit entities to capitalize revolving funds for the purpose of providing loans to eligible borrowers for—

''(I) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

''(II) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

''(ii) ELIGIBLE BORROWERS.—To be eligible to obtain a loan from a revolving fund under clause (i), a borrower shall be eligible to obtain a loan, loan guarantee, or grant under paragraph (1) or this paragraph.

''(iii) MAXIMUM AMOUNT OF LOANS.—The amount of a loan made to an eligible borrower under this subparagraph shall not exceed—

''(I) $100,000 for costs described in clause (i)(I); and

''(II) $100,000 for costs described in clause (i)(II).

''(iv) TERM.—The term of a loan made to an eligible borrower under this subparagraph shall not exceed 10 years.

''(v) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may be used by a grant recipient for administrative costs incurred under this subparagraph.

''(vi) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph $30,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by added at the end the following:

''(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding from the Secretary, acting through the Rural Utilities Service.

''(B) RELATIONSHIP TO EXISTING PROGRAM.—The program established under subparagraph (A) shall not affect the authority of the Secretary to carry out the circuit rider program for which funds are made available under the heading ''RURAL COMMUNITY ADVANCEMENT PROGRAM'' of title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.

''(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $15,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 623) is amended by added at the end the following:

''(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

''(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

''(B) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall provide a priority to an organization that—

''(i) serves a rural area that, during the most recent 5-year period—

''(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

''(II) had a median household income that is less than the nonmetropolitan median household income of the applicable State; and

''(ii) has a history of providing substantive assistance to local governments and economic development organizations.

''(C) FEDERAL SHARE.—A grant provided under this paragraph shall be for not more than 75 percent of the cost of providing assistance described in subparagraph (A).

''(D) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organization under this paragraph shall not exceed $100,000.

''(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 624) is amended by added at the end the following:

''(24) CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.—

''(A) CERTIFIED ORGANIZATIONS.—

''(i) IN GENERAL.—To be certified by the Secretary to provide technical assistance in 1 or more rural development fields, an organization shall—

''(I) be a nonprofit organization (which may include an institution of higher education) with experience in providing technical assistance in the applicable rural development field;

''(II) develop a plan, approved by the Secretary, describing the manner in which grant funds will be used and the source of non-Federal funds; and

''(III) meet such other criteria as the Secretary may establish, based on the needs of eligible entities for the technical assistance.

''(iii) LIST.—The Secretary shall make available to the public a list of certified organizations in each area that the Secretary determines have substantial experience in providing the assistance described in subparagraph (B).

''(B) GRANTS.—The Secretary may provide grants to certified organizations to pay for costs of providing technical assistance to local governments and nonprofit entities to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

''(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $20,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 625) is amended by adding at the end the following:

''(25) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

''(A) IN GENERAL.—The Secretary may guarantee under this title a loan made to finance a community facility or water or waste facility project, including a loan financed by the net proceeds of a bond described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

''(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan must demonstrate to the Secretary that the person has—

''(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

''(ii) the ability to generate capital to provide borrowers of the loan with the additional credit necessary to properly service the loan.''.

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

''(h) LOAN GUARANTEE FOR CERTAIN LOANS.—The Secretary may guarantee loans made in subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(25).''.

SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 626(a)) is amended by adding at the end the following:

''(26) RURAL FIREFIGHTERS AND EMERGENCY MEDICAL PERSONNEL GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the cost of training firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous materials and bioagents in rural areas.

''(B) USE OF FUNDS.—

''(i) SCHOLARSHIPS.—

''(I) IN GENERAL.—Not less than 60 percent of the amounts made available for competitively awarded grants under this paragraph shall be used to provide grants to fund partial scholarships for training of individuals at training centers approved by the Secretary.

''(II) PRIORITY.—In awarding grants under this clause, the Secretary shall give priority to grant applicants with relatively low

transportation costs considering the location of the grant applicant and the proposed location of the training.

''(ii) GRANTS FOR TRAINING CENTERS.—

''(I) EXISTING CENTERS.—

''(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide financial assistance to State and regional centers that provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel.

''(bb) LIMITATION.—Not more than $2,000,000 shall be provided to any single training center for any fiscal year under this subclause.

''(II) ESTABLISHMENT OF NEW CENTERS.—

''(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide the Federal share of the costs of establishing a regional training center for firefighters and emergency medical personnel.

''(bb) FEDERAL SHARE.—The amount of a grant under this subclause for a training center shall not exceed 50 percent of the cost of establishing the training center.

''(C) FUNDING.—

''(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph—

''(I) not later than 30 days after the date of enactment of this Act, $10,000,000; and

''(II) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $30,000,000.

''(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under clause (i), without further appropriation.

''(iii) AVAILABILITY OF FUNDS.—Funds transferred under clause (i) shall remain available until expended.''.

SEC. 628. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 629. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c(e)) is amended by striking subsection (e) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), there is authorized to be appropriated—

''(A) for grants under this section, $30,000,000 for each fiscal year;

''(B) for loans under this section, $30,000,000 for each fiscal year; and

''(C) for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), $20,000,000 for each fiscal year.

''(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under subparagraph (1)(C).''.

SEC. 630. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 631. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 632. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) is amended by adding at the end the following:

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 633. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by striking subsection (g) and inserting the following:

''(g) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

''(1) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

''(A) NEW AND EXPANDING COOPERATIVES.—

''(i) IN GENERAL.—The Secretary may guarantee a loan under subsection (a) to farmers, ranchers, or cooperatives for the purpose of purchasing start-up capital stock for the expansion or creation of a cooperative venture that will process agricultural commodities or otherwise process value-added agricultural products.

''(ii) FINANCIAL CONDITION.—In determining the appropriateness of a loan guarantee under this subparagraph, the Secretary—

''(I) shall fully review the feasibility and other relevant aspects of the cooperative venture to be established;

''(II) may not require a review of the financial condition or statements of any individual farmer or rancher involved in the cooperative, other than the applicant for a guarantee under this subparagraph; and

''(III) shall base any guarantee, to the maximum extent practicable, on the merits of the cooperative venture to be established.

''(iii) COLLATERAL.—As a condition of making a loan guarantee under this subparagraph, the Secretary may not require additional collateral by a farmer or rancher, other than stock purchased or issued pursuant to the loan and guarantee of the loan.

''(iv) ELIGIBILITY.—To be eligible for a loan guarantee under this subparagraph, a farmer or rancher must produce the agricultural commodity that will be processed by the cooperative.

''(v) PROCESSING CONTRACTS DURING INITIAL PERIOD.—The cooperative, for which a farmer or rancher receives a guarantee to purchase stock under this subparagraph, may contract for services to process agricultural commodities, or otherwise process value-added agricultural products, during the 5-year period beginning on the date of the startup of the cooperative in order to provide adequate time for the planning and construction of the processing facility of the cooperative.

''(B) EXISTING COOPERATIVES.—The Secretary may guarantee a loan under subsection (a) to a farmer or rancher to join a cooperative in order to sell the agricultural commodities or products produced by the farmer or rancher.

''(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer or rancher as a condition of making a loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the area.

''(2) LOANS TO COOPERATIVES.—

''(A) IN GENERAL.—The Secretary may make or guarantee a loan under subsection (a) to a cooperative that is headquartered in a metropolitan area if the loan is used for a project or venture described in subsection (a) that is located in a rural area.

''(B) REFINANCING.—A cooperative organization owned by farmers or ranchers that is eligible for a business and industry loan under made or guaranteed under subsection (a) shall be eligible to refinance an existing loan with a lender if—

''(i) the cooperative organization—

''(I) is current and performing with respect to the existing loan; and

''(II) is not, and has not been, in default with respect to the existing loan; and

''(ii) there is adequate security or full collateral for the refinanced loan.

''(3) BUSINESS AND INDUSTRY LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan made or guaranteed under subsection (a) be conducted by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

''(4) FEES.—The Secretary may assess a 1-time fee for any loan guaranteed under subsection (a) in an amount that does not exceed 2 percent of the guaranteed principal portion of the loan.''.

SEC. 634. VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) (as amended by section 626(b)) is amended by adding at the end the following:

''(i) VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.—

''(1) IN GENERAL.—In accordance with this subsection, the Secretary shall make loans under the terms and conditions of the intermediary relending program established under section 1323(b)(2)(C) of the Food Security Act of 1985 (7 U.S.C. 1932 note; Public Law 99–198).

''(2) LOANS.—Using funds made available to carry out this subsection, the Secretary shall make loans to eligible intermediaries to make loans to ultimate recipients, under the terms and conditions of the intermediary relending program, for projects to establish, enlarge, and operate enterprises that add value to agricultural commodities and products of agricultural commodities.

''(3) ELIGIBLE INTERMEDIARIES.—Intermediaries that are eligible to receive loans under paragraph (2) shall include State agencies.

''(4) PREFERENCE FOR BIOENERGY PROJECTS.—In making loans using loan funds made available under paragraph (2), an eligible intermediary shall give preference to bioenergy projects in accordance with regulations promulgated by the Secretary.

''(5) COMPOSITION OF CAPITAL.—The capital for a project carried out by an ultimate recipient and assisted with loan funds made available under paragraph (2) shall be comprised of—

''(A) not more than 15 percent of the total cost of a project; and

''(B) not less than 50 percent of the equity funds provided by agricultural producers.

''(6) LOAN CONDITIONS.—

''(A) TERMS OF LOANS.—A loan made to an intermediary using loan funds made available under paragraph (2) shall have a term of not to exceed 30 years.

''(B) INTEREST.—The interest rate on such a loan shall be—

''(i) in the case of each of the first 2 years of the loan period, 0 percent; and

''(ii) in the case of each of the remaining years of the loan period, 2 percent.

''(7) LIMITATIONS ON AMOUNT OF LOAN FUNDS PROVIDED.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an intermediary or ultimate recipient shall be eligible to receive not more than $2,000,000 of the loan funds made available under paragraph (2).

''(B) STATE AGENCIES.—Subparagraph (A) shall not apply in the case of a State agency with respect to loan funds provided to the State agency as an intermediary.

''(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to

carry out this subsection $15,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 635. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 508) is amended by adding at the end the following:

''SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

''If, after making a loan or a grant described in section 381E(d), the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

''(1) will be carried out in the same area as the original project or activity;

''(2) meets the criteria for a loan or a grant described in section 381E(d); and

''(3) satisfies such additional requirements as are established by the Secretary.''.

SEC. 636. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a) (as amended by section 526) is amended by striking subsection (g) and inserting the following:

''(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

''(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

''(A) farmer program loans the principal amount of which is $100,000 or less; and

''(B) business and industry guaranteed loans under section 310B(a)(1) the principal amount of which is—

''(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

''(ii) in the case of a loan guarantee made during any subsequent fiscal year—

''(I) $400,000 or less; or

''(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, $600,000 or less.

''(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a) the grant award amount or principal loan amount, respectively, of which is $300,000 or less.

''(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

''(A) consult with commercial and cooperative lenders; and

''(B) ensure that—

''(i) the form can be completed manually or electronically, at the option of the lender;

''(ii) the form minimizes the documentation required to accompany the form;

''(iii) the cost of completing and processing the form is minimal; and

''(iv) the form can be completed and processed in an expeditious manner.''.

SEC. 637. DEFINITION OF RURAL AND RURAL AREA.

(a) IN GENERAL.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

''(13) RURAL AND RURAL AREA.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

''(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a), the terms 'rural' and 'rural area' mean any area not in a city or town with a population in excess of 10,000 inhabitants, according to the most recent census of the United States.

''(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), and (21) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 50,000 inhabitants.

''(D) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—For the purpose of business and industry direct and guaranteed loans under section 310B(a)(1), the terms 'rural' and 'rural area' mean any area other than a city or town that has a population of greater than 50,000 inhabitants and the immediately adjacent urbanized area of such city or town.

''(E) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS; NATIONAL RURAL DEVELOPMENT PARTNERSHIP.—In sections 306(a)(23) and 377, the term 'rural area' means—

''(i) all the territory of a State that is not within the boundary of any standard metropolitan statistical area; and

''(ii) all territory within any standard metropolitan statistical area within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

''(F) RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM; NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.—In section 378 and subtitle G, the term 'rural area' means an area that is located—

''(i) outside a standard metropolitan statistical area; or

''(ii) within a community that has a population of 50,000 inhabitants or less.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by striking paragraph (7).

(2) Section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

SEC. 638. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 612) is amended by adding at the end the following:

''SEC. 378. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ECONOMICALLY DISADVANTAGED MICROENTREPRENEUR.—The term 'economically disadvantaged microentrepreneur' means an owner, majority owner, or developer of a microenterprise that has the ability to compete in the private sector but has been impaired due to diminished capital and credit opportunities, as compared to other microentrepreneurs in the industry.

''(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(3) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that provides assistance—

''(A) to a microenterprise development organization; or

''(B) for a microenterprise development program.

''(4) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual with an income (adjusted for family size) of not more than the greater of—

''(A) 80 percent of median income of an area; or

''(B) 80 percent of the statewide nonmetropolitan area median income.

''(5) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $35,000 provided to a rural entrepreneur.

''(6) MICROENTERPISE.—The term 'microenterprise' means a sole proprietorship, joint enterprise, limited liability company, partnership, corporation, or cooperative that—

''(A) has 5 or fewer employees; and

''(B) is unable to obtain sufficient credit, equity, or banking services elsewhere, as determined by the Secretary.

''(7) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—

''(A) IN GENERAL.—The term 'microenterprise development organization' means a nonprofit entity that provides training and technical assistance to rural entrepreneurs and access to capital or another service described in subsection (c) to rural entrepreneurs.

''(B) INCLUSIONS.—The term 'microenterprise development organization' includes an organization described in subparagraph (A) with a demonstrated record of delivering services to economically disadvantaged microentrepreneurs.

''(8) MICROENTERPRISE DEVELOPMENT PROGRAM.—The term 'microenterprise development organization' means a program administered by a organization serving a rural area.

''(9) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner, operator, or developer of a microenterprise.

''(10) PROGRAM.—The term 'program' means the rural entrepreneur and microenterprise program established under subsection (b)(1).

''(11) QUALIFIED ORGANIZATION.—The term 'qualified organization' means—

''(A) a microenterprise development organization or microenterprise development program that has a demonstrated record of delivering microenterprise services to rural entrepreneurs, as demonstrated by the development of an effective plan of action and the possession of necessary resources to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary;

''(B) an intermediary that has a demonstrated record of delivery assistance to microenterprise development organizations or microenterprise development programs;

''(C) a microenterprise development organization or microenterprise development program that—

''(i) serves rural entrepreneurs; and

''(ii) enters into an agreement with a local community, in conjunction with a State or local government or Indian tribe, to provide assistance described in subsection (c);

''(D) an Indian tribe, the tribal government of which certifies to the Secretary that no microenterprise development organization or

microenterprise development program exists under the jurisdiction of the Indian tribe; or

''(E) a group of 2 or more organizations or Indian tribes described in subparagraph (A), (B), (C), or (D) that agree to act jointly as a qualified organization under this section.

''(12) RURAL CAPACITY BUILDING SERVICE.—The term 'rural capacity building service' means a service provided to an organization that—

''(A) is, or is in the process of becoming, a microenterprise development organization or microenterprise development program; and

''(B) serves rural areas for the purpose of enhancing the ability of the organization to provide training, technical assistance, and other related services to rural entrepreneurs.

''(13) RURAL ENTREPRENEUR.—The term 'rural entrepreneur' means a microentrepreneur, or prospective microentrepreneur—

''(A) the principal place of business of which is in a rural area; and

''(B) that is unable to obtain sufficient training, technical assistance, or microcredit elsewhere, as determined by the Secretary.

''(14) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Rural Business-Cooperative Service.

''(15) TRAINING AND TECHNICAL ASSISTANCE.—

''(A) IN GENERAL.—The term 'training and technical assistance' means assistance provided to rural entrepreneurs to develop the skills the rural entrepreneurs need to plan, market, and manage their own business.

''(B) INCLUSIONS.—The term 'training and technical assistance' includes assistance provided for the purpose of—

''(i) enhancing business planning, marketing, management, or financial management skills; and

''(ii) obtaining microcredit.

''(16) TRIBAL GOVERNMENT.—The term 'tribal government' means the governing body of an Indian tribe.

''(b) ESTABLISHMENT.—

''(1) IN GENERAL.—From amounts made available under subsection (h), the Secretary shall establish a rural entrepreneur and microenterprise program.

''(2) PURPOSE.—The purpose of the program shall be to provide low- and moderate-income individuals with—

''(A) the skills necessary to establish new small businesses in rural areas; and

''(B) continuing technical assistance as the individuals begin operating the small businesses.

''(c) ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may make a grant under this section to a qualified organization to—

''(A) provide training, technical assistance, or microcredit to a rural entrepreneur;

''(B) provide training, operational support, or a rural capacity building service to a qualified organization to assist the qualified organization in developing microenterprise training, technical assistance, and other related services;

''(C) assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural entrepreneurs; and

''(D) to carry out such other projects and activities as the Secretary determines are consistent with the purposes of this section.

''(2) ALLOCATION.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount of funds made available for a fiscal year to make grants under this section, the Secretary shall ensure that—

''(i) not less than 75 percent of funds are used to carry out activities described in paragraph (1)(A); and

''(ii) not more than 25 percent of the funds are used to carry out activities described in subparagraphs (B) through (D) of paragraph (1).

''(B) LIMITATION ON GRANT AMOUNT.—No single qualified organization may receive more than 10 percent of the total funds that are made available for a fiscal year to carry out this section.

''(C) ADMINISTRATIVE EXPENSES.—Not more than 15 percent of assistance received by a qualified organization for a fiscal year under this section may be used for administrative expenses.

''(d) SUBGRANTS.—Subject to such regulations as the Secretary may promulgate, a qualified organization that receives a grant under this section may use the grant to provide assistance to other qualified organizations, such as small or emerging qualified organizations.

''(e) LOW-INCOME INDIVIDUALS.—The Secretary shall ensure that not less than 50 percent of the grants made under this section is used to benefit low-income individuals identified by the Secretary, including individuals residing on Indian reservations.

''(f) DIVERSITY.—In making grants under this section, the Secretary shall ensure, to the maximum extent practicable, that grant recipients include qualified organizations—

''(1) of varying sizes; and

''(2) that serve racially and ethnically diverse populations.

''(g) COST SHARING.—

''(1) FEDERAL SHARE.—The Federal share of the cost of a project carried out using funds from a grant under this section shall be 75 percent.

''(2) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in paragraph (1) may be provided—

''(A) in cash (including through fees, grants (including community development block grants), and gifts); or

''(B) in kind.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 639. RURAL SENIORS.

(a) INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 638) is amended by adding at the end the following:

''SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.

''(a) IN GENERAL.—The Secretary shall establish an interagency coordinating committee (referred to in this section as the 'Committee') to examine the special problems of rural seniors.

''(b) MEMBERSHIP.—The Committee shall be comprised of—

''(1) the Undersecretary of Agriculture for Rural Development, who shall serve as chairperson of the Committee;

''(2) 2 representatives of the Secretary of Health and Human Services, of whom—

''(A) 1 shall have expertise in the field of health care; and

''(B) 1 shall have expertise in the field of programs under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

''(3) 1 representative of the Secretary of Housing and Urban Development;

''(4) 1 representative of the Secretary of Transportation; and

''(5) representatives of such other Federal agencies as the Secretary may designate.

''(c) DUTIES.—The Committee shall—

''(1) study health care, transportation, technology, housing, accessibility, and other areas of need of rural seniors;

''(2) identify successful examples of senior care programs in rural communities that could serve as models for other rural communities; and

''(3) not later than 1 year after the date of enactment of this section, submit to the Secretary, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate recommendations for legislative and administrative action.

''(d) FUNDING.—Funds available to any Federal agency may be used to carry out interagency activities under this section.''.

(b) GRANTS FOR PROGRAMS FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by subsection (a)) is amended by adding at the end the following:

''SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.

''(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations (including cooperatives) to pay the Federal share of the cost of programs that—

''(1) provide facilities, equipment, and technology for seniors in a rural area; and

''(2) may be replicated in other rural areas.

''(b) FEDERAL SHARE.—The Federal share of a grant under this section shall be not more than 20 percent of the cost of a program described in subsection (a).

''(c) LEVERAGING.—In selecting programs to receive grants under section, the Secretary shall give priority to proposals that leverage resources to meet multiple rural community goals.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2003 through 2006.''.

(c) RESERVATION OF COMMUNITY FACILITIES PROGRAM FUNDS FOR SENIOR FACILITIES.—Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

''(C) RESERVATION OF FUNDS FOR SENIOR FACILITIES.—

''(i) IN GENERAL.—For each fiscal year, not less than 12.5 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing senior facilities, or carrying out other projects that mainly benefit seniors, in rural areas.

''(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 640. CHILDREN'S DAY CARE FACILITIES.

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) (as amended by section 639(c)) is amended by adding at the end the following:

''(D) RESERVATION OF FUNDS FOR CHILDREN'S DAY CARE FACILITIES.—

''(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

''(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 641. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 639(b)) is amended by adding at the end the following:

''SEC. 379B. RURAL TELEWORK.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any other organization that meets the requirements of this

section and such other requirements as are established by the Secretary.

''(2) INSTITUTE.—The term 'institute' means a regional rural telework institute established using a grant under subsection (b).

''(3) TELEWORK.—The term 'telework' means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

''(b) RURAL TELEWORK INSTITUTE.—

''(1) IN GENERAL.—The Secretary shall make a grant to an eligible organization to pay the Federal share of the cost of establishing and operating a national rural telework institute to carry out projects described in paragraph (4).

''(2) ELIGIBLE ORGANIZATIONS.—The Secretary shall establish criteria that an organization shall meet to be eligible to receive a grant under this subsection.

''(3) DEADLINE FOR INITIAL GRANT.—Not later than 1 year after the date on which funds are first made available to carry out this subsection, the Secretary shall make the initial grant under this subsection.

''(4) PROJECTS.—The institute shall use grant funds obtained under this subsection to carry out a 5-year project—

''(A) to serve as a clearinghouse for telework research and development;

''(B) to conduct outreach to rural communities and rural workers;

''(C) to develop and share best practices in rural telework throughout the United States;

''(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

''(E) to share information about the design and implementation of telework arrangements;

''(F) to support private sector businesses that are transitioning to telework;

''(G) to support and assist telework projects and individuals at the State and local level; and

''(H) to perform such other functions as the Secretary considers appropriate.

''(5) NON-FEDERAL SHARE.—

''(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

''(i) during each of the first, second, and third years of a project, 50 percent of the amount of the grant; and

''(ii) during each of the fourth and fifth years of the project, 100 percent of the amount of the grant.

''(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

''(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, and services.

''(c) TELEWORK GRANTS.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eligible entities to pay the Federal share of the cost of—

''(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

''(B) operating telework locations in rural areas.

''(2) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall—

''(A) be a nonprofit organization or educational institution in a rural area; and

''(B) submit to, and receive the approval of, the Secretary of an application for the grant that demonstrates that the eligible entity has adequate resources and capabilities to establish or expand a telework location in a rural area.

''(3) NON-FEDERAL SHARE.—

''(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to 50 percent of the amount of the grant.

''(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

''(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

''(i) may be in the form of in-kind contributions, including office equipment, office space, and services; and

''(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

''(4) DURATION.—The Secretary may not provide a grant under this subsection to establish, expand, or operate a telework location in a rural area after the date that is 2 years after the establishment of the telework location.

''(5) MAXIMUM AMOUNT OF GRANT.—The amount of a grant provided to an eligible entity under this subsection shall not exceed $500,000.

''(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An entity that receives funds under this section shall be subject to the provisions of Federal law (including regulations), administered by the Secretary of Labor or the Equal Employment Opportunity Commission, that govern the responsibilities of employers to employees.

''(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

''(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2002 through 2006, of which $5,000,000 shall be provided to establish an institute under subsection (b).''.

SEC. 642. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 641)) is amended by adding at the end the following:

''SEC. 379C. GRANTS FOR EMERGENCY WEATHER RADIO TRANSMITTERS.

''(a) IN GENERAL.—The Secretary, acting through the Administrator of the Rural Utilities Service, may make grants to public and nonprofit entities for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

''(b) ELIGIBILITY.—To be eligible for a grant under this section, an applicant shall provide to the Secretary—

''(1) a binding commitment from a tower owner to place the transmitter on a tower; and

''(2) a description of how the tower placement will increase coverage of a rural area by the emergency weather radio broadcast system of the National Oceanic and Atmospheric Administration.

''(c) FEDERAL SHARE.—A grant provided under this section shall be not more than 75 percent of the cost of acquiring a radio transmitter described in subsection (a).

''(d) AUTHORIZATION.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 643. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking ''2002'' and inserting ''2006''.

(b) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking ''2002'' and inserting ''2006''.

SEC. 644. SEARCH GRANTS FOR SMALL COMMUNITIES.

The Consolidated Farm and Rural Development Act (as amended by section 604) is amended by adding at the end the following:

''Subtitle J—SEARCH Grants for Small Communities

''SEC. 386A. DEFINITIONS.

''In this subtitle:

''(1) COUNCIL.—The term 'council' means an independent citizens' council established by section 386B(d).

''(2) ENVIRONMENTAL PROJECT.—

''(A) IN GENERAL.—The term 'environmental project' means a project that—

''(i) improves environmental quality; and

''(ii) is necessary to comply with an environmental law (including a regulation).

''(B) INCLUSION.—The term 'environmental project' includes an initial feasibility study of a project.

''(3) REGION.—The term 'region' means a geographic area of a State, as determined by the Governor of the State.

''(4) SEARCH GRANT.—The term 'SEARCH grant' means a grant for special environmental assistance for the regulation of communities and habitat awarded under section 386B(e)(3).

''(5) SMALL COMMUNITY.—The term 'small community' means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

''(6) STATE.—The term 'State' has the meaning given the term in section 381A(1).

''SEC. 386B. SEARCH GRANT PROGRAM.

''(a) IN GENERAL.—There is established the SEARCH Grant Program.

''(b) APPLICATION.—

''(1) IN GENERAL.—Not later than October 1 of each fiscal year, a State may submit to the Secretary an application to receive a grant under subsection (c) for the fiscal year.

''(2) REQUIREMENTS.—An application under paragraph (1) shall contain—

''(A) a certification by the State that the State has appointed members to the council of the State under subsection (c)(2)(C); and

''(B) such information as the Secretary may reasonably require.

''(c) GRANTS TO STATES.—

''(1) IN GENERAL.—Not later than 60 days after the date on which the Office of Management and Budget apportions any amounts made available under this subtitle, for each fiscal year after the date of enactment of this subtitle, the Secretary shall, on request by a State—

''(A) determine whether any application submitted by the State under subsection (b) meets the requirements of subsection (b)(2); and

''(B) subject to paragraph (2), subsection (e)(4)(B)(ii), and section 386D(b), if the Secretary determines that the application meets the requirements of subsection (b)(2), award a grant of not to exceed $1,000,000 to the State, to be used by the council of the State

to award SEARCH grants under subsection (e).

''(2) GRANTS TO CERTAIN STATES.—The aggregate amount of grants awarded to States other than Alaska, Hawaii, or 1 of the 48 contiguous States, under this subsection shall not exceed $1,000,000 for any fiscal year.

''(d) INDEPENDENT CITIZENS' COUNCIL.—

''(1) ESTABLISHMENT.—There is established in each State an independent citizens' council to carry out the duties described in this section.

''(2) COMPOSITION.—

''(A) IN GENERAL.—Each council shall be composed of 9 members, appointed by the Governor of the State.

''(B) REPRESENTATION; RESIDENCE.—Each member of a council shall—

''(i) represent an individual region of the State, as determined by the Governor of the State in which the council is established;

''(ii) reside in a small community of the State; and

''(iii) be representative of the populations of the State.

''(C) APPOINTMENT.—Before a State receives funds under this subtitle, the State shall appoint members to the council for the fiscal year, except that not more than 1 member shall be an agent, employee, or official of the State government.

''(D) CHAIRPERSON.—Each council shall select a chairperson from among the members of the council, except that a member who is an agent, employee, or official of the State government shall not serve as chairperson.

''(E) FEDERAL REPRESENTATION.—

''(i) IN GENERAL.—An officer, employee, or agent of the Federal Government may participate in the activities of the council—

''(I) in an advisory capacity; and

''(II) at the invitation of the council.

''(ii) RURAL DEVELOPMENT STATE DIRECTORS.—On the request of the council of a State, the State Director for Rural Development of the State shall provide advice and consultation to the council.

''(3) SEARCH GRANTS.—

''(A) IN GENERAL.—Each council shall review applications for, and recommend awards of, SEARCH grants to small communities that meet the eligibility criteria under subsection (c).

''(B) RECOMMENDATIONS.—In awarding a SEARCH grant, a State—

''(i) shall follow the recommendations of the council of the State;

''(ii) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

''(iii) shall not award a SEARCH grant to a grantee or project in violation of any law of the State (including a regulation).

''(C) NO MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section shall not be required to provide matching funds.

''(e) SEARCH GRANTS FOR SMALL COMMUNITIES.—

''(1) ELIGIBILITY.—A SEARCH grant shall be awarded under this section only to a small community for 1 or more environmental projects for which the small community—

''(A) needs funds to carry out initial feasibility or environmental studies before applying to traditional funding sources; or

''(B) demonstrates, to the satisfaction of the council, that the small community has been unable to obtain sufficient funding from traditional funding sources.

''(2) APPLICATION.—

''(A) DATE.—The council shall establish such deadline by which small communities shall submit applications for grants under this section as will permit the council adequate time to review and make recommendations relating to the applications.

''(B) LOCATION OF APPLICATION.—A small community shall submit an application described in subparagraph (A) to the council in the State in which the small community is located.

''(C) CONTENT OF APPLICATION.—An application described in subparagraph (A) shall include—

''(i) a description of the proposed environmental project (including an explanation of how the project would assist the small community in complying with an environmental law (including a regulation));

''(ii) an explanation of why the project is important to the small community;

''(iii) a description of all actions taken with respect to the project, including a description of any attempt to secure funding and a description of demonstrated need for funding for the project, as of the date of the application; and

''(iv) a SEARCH grant application form provided by the council, completed and with all required supporting documentation.

''(3) REVIEW AND RECOMMENDATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), not later than March 5 of each fiscal year, each council shall—

''(i) review all applications received under paragraph (2); and

''(ii) recommend for award SEARCH grants to small communities based on—

''(I) an evaluation of the eligibility criteria under paragraph (1); and

''(II) the content of the application.

''(B) EXTENSION OF DEADLINE.—The State may extend the deadline described in subparagraph (A) by not more than 10 days in a case in which the receipt of recommendations from a council under subparagraph (A)(ii) is delayed because of circumstances beyond the control of the council, as determined by the State.

''(4) UNEXPENDED FUNDS.—

''(A) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded under subsection (d)(3)(B), the council may repeat the application and review process so that any remaining funds may be recommended for award, and awarded, not later than July 30 of the fiscal year.

''(B) RETENTION OF FUNDS.—

''(i) IN GENERAL.—Any unexpended funds that are not awarded under subsection (d)(3)(B) or subparagraph (A) shall be retained by the State for award during the following fiscal year.

''(ii) LIMITATION.—A State that accumulates a balance of unexpended funds described in clause (i) of more than $3,000,000 shall be ineligible to apply for additional funds for SEARCH grants until such time as the State expends the portion of the balance that exceeds $3,000,000.

''SEC. 386C. REPORT.

''Not later than September 1 of the first fiscal year for which a SEARCH grant is awarded by a council, and annually thereafter, the council shall submit to the Secretary a report that—

''(1) describes the number of SEARCH grants awarded during the fiscal year;

''(2) identifies each small community that received a SEARCH grant during the fiscal year;

''(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

''(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any fiscal year before the fiscal year in which the report is submitted.

''SEC. 386D. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 386B(c) $51,000,000, of which not to exceed $1,000,000 shall be used to make grants under section 386B(c)(2).

''(b) ACTUAL APPROPRIATION.—If funds to carry out section 386B(c) are made available for a fiscal year in an amount that is less than the amount authorized under subsection (a) for the fiscal year, the appropriated funds shall be divided equally among the 50 States.

''(c) UNUSED FUNDS.—If, for any fiscal year, a State does not apply, or does not qualify, to receive funds under section 386B(b), the funds that would have been made available to the State under section 386B(c) on submission by the State of a successful application under section 386B(b) shall be redistributed for award under this subtitle among States, the councils of which awarded 1 or more SEARCH grants during the preceding fiscal year.

''(d) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle (other than section 386B(c)).''.

Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as the ''Corporation''), including the funds in the Alternative Agricultural Research and Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the greatest return on investment.

(c) USE OF ASSETS.—

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited into an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any outstanding claims or obligations of the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b), any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are repealed:

(A) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104–127).

(B) Section 9101(3)(Q) of title 31, United States Code.

(2) Section 401(c) of the Agricultural Research, Education, and Extension Reform Act of 1998 (7 U.S.C. 7621(c)) is amended by striking paragraph (1) and inserting the following:

''(1) CRITICAL EMERGING ISSUES.—Subject to paragraph (2), the Secretary shall use the funds in the Account for research, extension, and education grants (referred to in this section as 'grants') to address critical emerging agricultural issues related to—

''(A) future food production;

''(B) environmental quality and natural resource management; or

''(C) farm income.''.

(3) Section 793(c)(1)(A)(ii)(II) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by striking ''subtitle G of title XVI and''.

SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking ''2002'' and inserting ''2006''.

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking ''1997'' and inserting ''2006''.

Subtitle E—Rural Electrification Act of 1936

SEC. 661. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

''SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

''(a) IN GENERAL.—Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis if the proceeds of the bonds or notes are used for electrification or telephone projects eligible for assistance under this Act, including the refinancing of bonds or notes issued for such projects.

''(b) LIMITATIONS.—

''(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

''(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

''(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

''(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes;

''(B) the bond or note issued by the lender is not of reasonable and sufficient quality; or

''(C) the lender has not provided sufficient evidence that the proceeds of the bond or note are used for eligible projects described in subsection (a).

''(4) INTEREST RATE REDUCTION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

''(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

''(i) made by the lender for electrification or telephone projects that are eligible for assistance under this Act; and

''(ii) made concurrently with a loan approved by the Secretary under this Act for such a project, as provided in section 307.

''(c) FEES.—

''(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

''(2) AMOUNT.—The amount of an annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

''(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

''(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

''(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

''(B) used for the purposes described in section 313(b)(2)(B).

''(d) GUARANTEES.—

''(1) IN GENERAL.—A guarantee issued under this section shall—

''(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

''(B) be fully assignable and transferable; and

''(C) represent the full faith and credit of the United States.

''(2) LIMITATION.—To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section if the number of such guarantees exceeds 5 per year.

''(3) DEPARTMENT OPINION.—On the timely request of an eligible lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the validity and authority of a guarantee issued to the lender under this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''(2) FEES.—To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to ⅓ of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount maintained under section 313(b)(2)(A).

''(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2006.''.

(b) ADMINISTRATION OF CUSHION OF CREDIT PAYMENTS PROGRAM.—Section 313(b)(2)(B) of the Rural Electrification Act of 1936 (7 U.S.C. 940c)(b)(2)(B)) is amended by inserting '', acting through the Rural Utilities Service,'' after ''Secretary''.

(c) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

SEC. 662. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding the following:

''SEC. 315. EXPANSION OF 911 ACCESS.

''(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand 911 access in underserved rural areas.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

SEC. 701. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by redesignating paragraphs (10) through (17) as paragraphs (11) through (18), respectively;

(2) by inserting after paragraph (9) the following:

''(10) INSULAR AREA.—The term 'insular area' means—

''(A) the Commonwealth of Puerto Rico;

''(B) Guam;

''(C) American Samoa;

''(D) the Commonwealth of the Northern Mariana Islands;

''(E) the Federated States of Micronesia;

''(F) the Republic of the Marshall Islands;

''(G) the Republic of Palau; and

''(H) the Virgin Islands of the United States.''; and

(3) by striking paragraph (13) (as so redesignated) and inserting the following:

''(13) STATE.—The term 'State' means—

''(A) a State;

''(B) the District of Columbia; and

''(C) any insular area.''.

(b) EFFECT OF AMENDMENTS.—The amendments made by subsection (a) shall not affect any basis for distribution of funds by formula (in effect on the date of enactment of this Act) to—

(1) the Federated States of Micronesia;

(2) the Republic of the Marshall Islands; or

(3) the Republic of Palau.

SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking ''and'' after ''economics,''; and

(B) by inserting '', and rural economic, community, and business development'' before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(B) in paragraph (2), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(C) in paragraph (3), by inserting '', or teaching programs emphasizing rural economic, community, and business development'' before the semicolon;

(D) in paragraph (4), by inserting '', or programs emphasizing rural economic, community, and business development,'' after ''programs''; and

(E) in paragraph (5), by inserting '', or professionals in rural economic, community, and business development'' before the semicolon;

(3) in subsection (d)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development,'' after ''sciences''; and

(B) in paragraph (2), by inserting '', or in the rural economic, community, and business development workforce,'' after ''workforce''; and

(4) in subsection (l), by striking ''2002'' and inserting ''2006''.

SEC. 704. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1417 (7 U.S.C. 3152) the following:

''SEC. 1417A. COMPETITIVE RESEARCH FACILITIES GRANT PROGRAM.

''(a) AUTHORITY.—The Secretary may award grants to eligible institutions on a competitive basis for the construction, acquisition, modernization, renovation, alteration, and remodeling of food and agricultural research facilities such as buildings, laboratories, and other capital facilities (including acquisition of fixtures and equipment) in accordance with this section.

''(b) ELIGIBLE INSTITUTIONS.—The following institutions are eligible to compete for grants under subsection (a):

''(1) A State cooperative institution.

''(2) A Hispanic-serving institution.

''(c) CRITERIA FOR AWARD.—The Secretary shall award grants to support the national research purposes specified in section 1402 in a manner determined by the Secretary.

''(d) MATCHING.—

''(1) IN GENERAL.—The Secretary may establish such matching requirements for grants under subsection (a) as the Secretary considers appropriate.

''(2) FORM OF MATCH.—Matching requirements established by the Secretary may be met with unreimbursed indirect costs and in-kind contributions.

''(3) EVALUATION PREFERENCE.—The Secretary may include an evaluation preference for projects for which the applicant proposes funds for the direct costs of a project to meet the required match.

''(e) TARGETED INSTITUTIONS.—The Secretary may determine that a portion of funds made available to carry out this section shall be targeted to particular eligible institutions to enhance the capacity of the eligible institutions to carry out research.

''(f) ADMINISTRATION.—

''(1) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

''(2) STATES WITH MORE THAN 1 ELIGIBLE INSTITUTION.—In a State having more than 1 eligible institution, the Secretary shall establish procedures in accordance with the purposes specified in section 1402 to ensure that the facility proposals of the eligible institutions in the State provide for a coordinated food and agricultural research program among eligible institutions in the State.

''(g) APPLICABILITY OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this section.

''(h) ADVISORY BOARD.—In carrying out this section, the Secretary shall consult with the Advisory Board.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

SEC. 705. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 706. POLICY RESEARCH CENTERS.

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (c)(3), by striking ''collect and analyze'' and inserting ''collect, analyze, and disseminate''; and

(2) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 707. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 708. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 709. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 710. ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 711. RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 712. EDUCATION GRANTS PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 713. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 714. INDIRECT COSTS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''Except'';

(2) by striking ''19 percent'' and all that follows and inserting ''the negotiated indirect cost rate established for an institution by the cognizant Federal audit agency for the institution.''; and

(3) by adding at the end the following:

''(b) EXCEPTION.—Subsection (a) shall not apply to a grant awarded competitively under section 9 of the Small Business Act (15 U.S.C. 638).''.

SEC. 715. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following:

''SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

''(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions described in subsection (b).

''(b) ELIGIBLE INSTITUTIONS.—The Secretary may make a grant under this section to—

''(1) a college or university; or

''(2) a State cooperative institution.

''(c) MAXIMUM AMOUNT.—The amount of a grant made to an eligible institution under this section may not exceed $500,000.

''(d) PROHIBITION ON CHARGE OF EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

''(1) charged as an indirect cost against another Federal grant; or

''(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 716. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended—

(1) in subsection (a), by striking ''$850,000,000 for each of the fiscal years 1991 through 2002'' and inserting ''$1,500,000,000 for each of fiscal years 2002 through 2006''; and

(2) in subsection (b), by striking ''2002'' and inserting ''2006''.

SEC. 717. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''$420,000,000'' and all that follows and inserting the following: ''$500,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1469 (7 U.S.C. 3315) the following:

''SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

''Except as otherwise provided by law, funds made available to the Secretary to carry out a competitive agricultural research, education, or extension grant program under this or any other Act shall be available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.''.

SEC. 719. JOINT REQUESTS FOR PROPOSALS.

(a) PURPOSES.—The purposes of this section are—

(1) to reduce the duplication of administrative functions relating to grant awards and administration among Federal agencies conducting similar types of research, education, and extension programs;

(2) to maximize the use of peer review resources in research, education, and extension programs; and

(3) to reduce the burden on potential recipients that may offer similar proposals to receive competitive grants under different Federal programs in overlapping subject areas.

(b) AUTHORITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473A (7 U.S.C. 3319a) the following:

''SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.

''(a) IN GENERAL.—In carrying out any competitive agricultural research, education, or extension grant program authorized under this or any other Act, the Secretary may cooperate with 1 or more other

Federal agencies (including the National Science Foundation) in issuing joint requests for proposals, awarding grants, and administering grants, for similar or related research, education, or extension projects or activities.

''(b) TRANSFER OF FUNDS.—

''(1) SECRETARY.—The Secretary may transfer funds to, or receive funds from, a cooperating Federal agency for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

''(2) COOPERATING AGENCY.—The cooperating Federal agency may transfer funds to, or receive funds from, the Secretary for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

''(3) LIMITATIONS.—Funds transferred or received under this subsection shall be—

''(A) used only in accordance with the laws authorizing the appropriation of the funds; and

''(B) made available by grant only to recipients that are eligible to receive the grant under the laws.

''(c) ADMINISTRATION.—

''(1) SECRETARY.—The Secretary may delegate authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part, to a cooperating Federal agency.

''(2) COOPERATING FEDERAL AGENCY.—The cooperating Federal agency may delegate to the Secretary authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part.

''(d) REGULATIONS; RATES.—The Secretary and a cooperating Federal agency may agree to make applicable to recipients of grants—

''(1) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the Secretary; or

''(2) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the cooperating Federal agency.

''(e) JOINT PEER REVIEW PANELS.—Subject to section 1413B, the Secretary and a cooperating Federal agency may establish joint peer review panels for the purpose of evaluating grant proposals.''.

SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 721. AQUACULTURE.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 722. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 723. BIOSECURITY PLANNING AND RESPONSE PROGRAMS.

(a) IN GENERAL.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

''Subtitle N—Biosecurity

''CHAPTER 1—AGRICULTURE INFRASTRUCTURE SECURITY

''SEC. 1484. DEFINITIONS.

''In this chapter:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a facility—

''(A) at which agricultural research is regularly carried out or proposed to be carried out; and

''(B) that is—

''(i)(I) an Agricultural Research Service facility;

''(II) a Forest Service facility; or

''(III) an Animal and Plant Health Inspection Service facility;

''(ii) a Federal agricultural facility in the process of being planned or being constructed; or

''(iii) any other facility under the full control of the Secretary.

''(2) COMMISSION.—The term 'Commission' means the Agriculture Infrastructure Security Commission established under section 1486.

''(2) FUND.—The term 'Fund' means the Agriculture Infrastructure Security Fund Account established by section 1485.

''SEC. 1485. AGRICULTURE INFRASTRUCTURE SECURITY FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States an account, to be known as the 'Agriculture Infrastructure Security Fund Account', consisting of funds appropriated to, or deposited into, the Fund under subsection (c).

''(b) PURPOSES.—The purposes of the Fund are to provide funding to protect and strengthen the Federal food safety and agricultural infrastructure that—

''(1) safeguards against animal and plant diseases and pests;

''(2) ensures the safety of the food supply; and

''(3) ensures sound science in support of food and agricultural policy.

''(c) DEPOSITS INTO FUND.—

''(1) IN GENERAL.—There are authorized to be appropriated to the Fund such sums as are necessary for each of fiscal years 2002 through 2006.

''(2) CONTRIBUTIONS AND OTHER PROCEEDS.—The Secretary shall deposit into the Fund any funds received—

''(A) as proceeds from the sale of assets under subsection (e); or

''(B) as gifts under subsection (f).

''(3) AVAILABILITY OF FUNDS.—Amounts in the Fund shall remain available until expended without further Act of appropriation.

''(4) ADDITIONAL FUNDS.—Funds made available under paragraph (1) shall be in addition to funds otherwise available to the Secretary to receive gifts and bequests or dispose of property (real, personal, or intangible).

''(d) EXPENDITURES FROM FUND.—

''(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary, and the Secretary shall accept and use without further appropriation, such amounts as the Secretary determines to be necessary to pay—

''(A) the costs of planning, design, development, construction, acquisition, modernization, leasing, and disposal of facilities, equipment, and technology used by the Department in carrying out programs relating to the purposes specified in subsection (b), notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or any other law that prescribes procedures for the procurement, use, or disposal of property or services by a Federal agency;

''(B) the costs of specialized services relating to the purposes specified in subsection (b);

''(C) the costs of cooperative arrangements authorized to be entered into (notwithstanding chapter 63 of title 31, United States Code) with State, local and tribal governments, and other public and private entities, to carry out programs relating to the purposes specified in subsection (b); and

''(D) administrative costs incurred in carrying out subparagraphs (A) through (C).

''(2) LIMITATIONS.—

''(A) FEDERAL EMPLOYEES.—Amounts in the Fund shall not be used to create any new full or part-time permanent Federal employee position.

''(B) ADMINISTRATIVE EXPENSES.—Beginning in fiscal year 2003, not more than 1 percent of the amounts in the Fund on October 1 of a fiscal year may be used in the fiscal year for administrative expenses of the Secretary in carrying out the activities described in paragraph (1).

''(e) SALE OF ASSETS.—

''(1) DISPOSAL AUTHORITY.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary by sale may dispose of all or any part of any right or title in land (excluding National Forest System land), facilities, or equipment in the full control of the Department (including land and facilities at the Beltsville Agricultural Research Center) used for the purposes specified in subsection (b).

''(2) DISPOSITION OF PROCEEDS.—Proceeds from any sale conducted by the Secretary under paragraph (1) shall be deposited into the Fund in accordance with subsection (c)(2)(A).

''(f) GIFTS.—

''(1) IN GENERAL.—To carry out the purposes specified in subsection (b), the Secretary may accept gifts and bequests of funds, property (real, personal, and intangible), equipment, services, and other in-kind contributions from State, local, and tribal governments, colleges and universities, individuals, and other public and private entities.

''(2) PROHIBITED SOURCE.—

''(A) IN GENERAL.—For the purposes of this subsection, the Secretary shall not consider a State or local government, Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), other public entity, or college or university, to be a prohibited source under any Department rule or policy that prohibits the acceptance of gifts from individuals and entities that do business with the Department.

''(B) EXCEPTION.—Notwithstanding any Department rule or policy that prohibits the acceptance of gifts by the Department from individuals or private entities that do business with the Department or that, for any other reason, are considered to be prohibited sources, the Secretary may accept gifts under this subsection if the Secretary determines that it is in the public interest to accept the gift.

''(3) DISPOSITION OF GIFTS.—The Secretary shall deposit any gift of funds under this subsection into the Fund in accordance with subsection (c)(2)(B).

''SEC. 1486. AGRICULTURE INFRASTRUCTURE SECURITY COMMISSION.

''(a) ESTABLISHMENT.—The Secretary shall establish a commission to be known as the 'Agriculture Infrastructure Security Commission' to carry out the duties described in subsection (f).

''(b) MEMBERSHIP.—

''(1) APPOINTMENT.—

''(A) VOTING MEMBERS.—

''(i) IN GENERAL.—The Commission shall be composed of 15 voting members, appointed by the Secretary in accordance with clause (ii), based on nominations solicited from the public.

''(ii) QUALIFICATIONS.—The Secretary shall appoint members that—

''(I) represent a balance of the public and private sectors; and

''(II) have combined expertise in—

''(aa) facilities development, modernization, construction, security, consolidation, and closure;

''(bb) plant diseases and pests;

''(cc) animal diseases and pests;

''(dd) food safety;

''(ee) biosecurity;

''(ff) the needs of farmers and ranchers;

''(gg) public health;

''(hh) State, local, and tribal government; and

''(ii) any other area related to agriculture infrastructure security, as determined by the Secretary.

''(B) NONVOTING MEMBERS.—The Commission shall be composed of the following nonvoting members:

''(i) The Secretary.

''(ii) 4 representatives appointed by the Secretary of Health and Human Services, 1 each from—

''(I) the Public Health Service;

''(II) the National Institutes of Health;

''(III) the Centers for Disease Control and Prevention; and

''(IV) the Food and Drug Administration.

''(iii) 1 representative appointed by the Attorney General.

''(iv) 1 representative appointed by the Director of Homeland Security.

''(v) Not more than 4 representatives of the Department appointed by the Secretary.

''(2) DATE OF APPOINTMENT.—The appointment of each member of the Commission shall be made not later than 90 days after the date of enactment of this subtitle.

''(c) TERM; VACANCIES.—

''(1) TERM.—The term of office of a member of the Commission shall be 4 years, except that the members initially appointed shall be appointed to serve staggered terms (as determined by the Secretary).

''(2) VACANCIES.—A vacancy on the Commission shall be filled in the same manner as the original appointment was made.

''(d) MEETINGS.—

''(1) IN GENERAL.—The Commission shall meet at the call of—

''(A) the Chairperson;

''(B) a majority of the voting members of the Commission; or

''(C) the Secretary.

''(2) FEDERAL ADVISORY COMMITTEE ACT.—

''(A) IN GENERAL.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to the Commission.

''(B) OPEN MEETINGS; RECORDS.—Subject to subparagraph (C)—

''(i) a meeting of the Commission shall be—

''(I) publicly announced in advance; and

''(II) open to the public; and

''(ii) the Commission shall—

''(I) keep detailed minutes of each meeting and other appropriate records of the activities of the Commission; and

''(II) make the minutes and records available to the public on request.

''(C) EXCEPTION.—When required in the interest of national security—

''(i) the Chairperson may choose not to give public notice of a meeting;

''(ii) the Chairperson may close all or a portion of any meeting to the public, and the minutes of the meeting, or portion of a meeting, shall not be made available to the public; and

''(iii) by majority vote, the Commission may redact the minutes of a meeting that was open to the public.

''(e) CHAIRPERSON.—The Secretary shall select a Chairperson from among the voting members of the Commission.

''(f) DUTIES.—

''(1) IN GENERAL.—The Commission shall—

''(A) advise the Secretary on the uses of the Fund;

''(B) review all agricultural research facilities for—

''(i) research importance; and

''(ii) importance to agriculture infrastructure security;

''(C) identify any agricultural research facility that should be closed, realigned, consolidated, or modernized to carry out the research agenda of the Secretary and protect agriculture infrastructure security;

''(D) develop recommendations concerning agricultural research facilities; and

''(E)(i) evaluate the agricultural research facilities acquisition and modernization system (including acquisitions by gift, grant, or any other form of agreement) used by the Department; and

''(ii) based on the evaluation, recommend improvements to the system.

''(2) STRATEGIC PLAN.—To assist the Commission in carrying out the duties described in paragraph (1), the Commission shall use the 10-year strategic plan prepared by the Strategic Planning Task Force established under section 4 of the Research Facilities Act (7 U.S.C. 390b).

''(3) REPORT.—

''(A) IN GENERAL.—Not later than 240 days after the date of enactment of this subtitle, and each June 1 thereafter, the Commission shall prepare and submit to the Secretary, the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, a report on the findings and recommendations under paragraph (1).

''(B) WRITTEN RESPONSE.—Not later than 90 days after the date of receipt of a report from the Commission under subparagraph (A), the Secretary shall provide to the Commission a written response concerning the manner and extent to which the Secretary will implement the recommendations in the report.

''(C) PUBLIC AVAILABILITY.—

''(i) IN GENERAL.—Subject to clause (ii), the report submitted by the Commission, and any response made by the Secretary, under this subsection shall be available to the public.

''(ii) EXCEPTION.—

''(I) NATIONAL SECURITY.—The Commission or the Secretary may determine that any report or response, or any portion of a report or response, shall not be publicly released in the interest of national security.

''(II) FREEDOM OF INFORMATION ACT.—On such a determination, the report or response, a portion of the report or response, or any records relating to the report or response, shall not be released under section 552 of title 5, United States Code.

''(g) COMMISSION PERSONNEL MATTERS.—

''(1) COMPENSATION OF MEMBERS.—

''(A) NON-FEDERAL EMPLOYEES.—A voting member of the Commission who is not a regular full-time employee of the Federal Government shall, while attending meetings of the Commission or otherwise engaged in the business of the Commission (including travel time), be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding the daily equivalent of the annual rate specified at the time of such service under GS–15 of the General Schedule established under section 5332 of title 5, United States Code.

''(B) TRAVEL EXPENSES.—A voting member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

''(2) STAFF.—The Secretary shall provide the Commission with any personnel and other resources as the Secretary determines appropriate.

''(h) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2002 through 2006.

''(2) AGRICULTURE INFRASTRUCTURE SECURITY FUND.—For the purpose of establishing the Commission, the Secretary shall use such sums from the Fund as the Secretary determines to be appropriate.

''CHAPTER 2—OTHER BIOSECURITY PROGRAMS

''SEC. 1487. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

''(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts for agricultural research, extension, and education under this Act, there are authorized to be appropriated for agricultural research, education, and extension activities for biosecurity planning and response such sums as are necessary for each of fiscal years 2002 through 2006.

''(b) USE OF FUNDS.—Using any authority available to the Secretary, the Secretary shall use funds made available under this section to carry out agricultural research, education, and extension activities (including through competitive grants) necessary—

''(1) to reduce the vulnerability of the United States food and agricultural system to chemical or biological attack;

''(2) to continue joint research initiatives between the Agricultural Research Service, universities, and industry on counterbioterrorism efforts (including continued funding of a consortium in existence on the date of enactment of this subtitle of which the Agricultural Research Service and universities are members);

''(3) to make competitive grants to universities and qualified research institutions for research on counterbioterrorism; and

''(4) to counter or otherwise respond to chemical or biological attack.

''SEC. 1488. AGRICULTURE BIOTERRORISM RESEARCH FACILITIES.

''(a) DEFINITIONS.—In this section:

''(1) CONSTRUCTION.—The term 'construction' includes—

''(A) the construction of new buildings; and

''(B) the expansion, renovation, remodeling, and alteration of existing buildings.

''(2) COST.—

''(A) IN GENERAL.—The term 'cost' means any construction cost, including architects' fees.

''(B) EXCLUSIONS.—The term 'cost' does not include the cost of—

''(i) acquiring land or an interest in land; or

''(ii) constructing any offsite improvement.

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means a college or university that—

''(A) is a land grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

''(B) as determined by the Secretary, has—

''(i) demonstrated expertise in the area of animal and plant diseases;

''(ii) substantial animal and plant diagnostic laboratories; and

''(iii) well-established working relationships with—

''(I) the agricultural industry; and

''(II) farm and commodity organizations.

''(b) MODERNIZATION AND CONSTRUCTION OF FACILITIES.—

''(1) IN GENERAL.—To enhance the security of agriculture in the United States against threats posed by bioterrorism, the Secretary

shall make construction grants, on a competitive basis, to eligible entities.

''(2) LIMITATION ON GRANTS.—An eligible entity shall not receive grant funds under this section that, in any fiscal year, exceed $10,000,000.

''(c) REQUIREMENTS FOR GRANTS.—

''(1) IN GENERAL.—The Secretary shall make a grant to an eligible entity under this section only if, with respect to any facility constructed using grant funds, the eligible entity—

''(A) submits to the Secretary, in such form, in such manner, and containing such agreements, assurances, and information as the Secretary may require, an application for the grant;

''(B) is determined by the Secretary to be competent to engage in the type of research for which the facility is proposed to be constructed;

''(C) provides such assurances as the Secretary determines to be satisfactory that—

''(i) for not less than 20 years after the date of completion of the facility, the facility shall be used for the purposes of the research for which the facility was constructed, as described in the grant application;

''(ii) sufficient funds are available to pay the non-Federal share of the cost of constructing the facility;

''(iii) sufficient funds will be available, as of the date of completion of the construction, for the effective use of the facility for the purposes of the research for which the facility was constructed; and

''(iv) the proposed construction—

''(I) will increase the capability of the eligible entity to conduct research for which the facility was constructed; or

''(II) is necessary to improve or maintain the quality of the research of the eligible entity;

''(D) meets such reasonable qualifications as may be established by the Secretary with respect to—

''(i) the relative scientific and technical merit of the applications, and the relative effectiveness of facilities proposed to be constructed, in expanding the quality of, and the capacity of eligible entities to carry out, biosecurity research;

''(ii) the quality of the research to be carried out in each facility constructed;

''(iii) the need for the research activities to be carried out within the facility as those activities relate to research needs of the United States in securing, and ensuring the safety of, the food supply of the United States;

''(iv) the age and condition of existing research facilities of the eligible entity; and

''(v) biosafety and biosecurity requirements necessary to protect facility staff, members of the public, and the food supply; and

''(E) has demonstrated a commitment to enhancing and expanding the research productivity of the eligible entity.

''(2) PRIORITY.—In providing grants under this section, the Secretary shall give priority to an eligible entity that, as determined by the Secretary, has demonstrated expertise in—

''(A) animal and plant disease prevention;

''(B) pathogen and toxin mitigation;

''(C) cereal disease resistance;

''(D) grain milling and processing;

''(E) livestock production practices;

''(F) vaccine development;

''(G) meat processing;

''(H) pathogen detection and control; or

''(I) food safety.

''(d) AMOUNT OF GRANT.—The amount of a grant awarded under this section shall be determined by the Secretary.

''(e) FEDERAL SHARE.—The Federal share of the cost of any construction carried out using funds from a grant provided under this section shall not exceed 50 percent.

''(f) GUIDELINES.—Not later than 180 days after the date of enactment of this subtitle, the Secretary shall issue guidelines with respect to the provision of grants under this section.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2003 through 2005.''.

(b) SENSE OF CONGRESS ON INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.—It is the sense of Congress that funding for the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other agencies of the Department of Agriculture with responsibilities for biosecurity should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended—

(1) by redesignating subsections (e) through (g) as subsections (f) through (h), respectively; and

(2) by inserting after subsection (d) the following:

''(e) GRANT PRIORITY.—In selecting projects for which grants shall be made under this section, the Secretary shall give priority to public and private research or educational institutions and organizations the goals of which include—

''(1) formation of interdisciplinary teams to review or conduct research on the environmental effects of the release of new genetically modified agricultural products;

''(2) conduct of studies relating to biosafety of genetically modified agricultural products;

''(3) evaluation of the cost and benefit for development of an identity preservation system for genetically modified agricultural products;

''(4) establishment of international partnerships for research and education on biosafety issues; or

''(5) formation of interdisciplinary teams to renew and conduct research on the nutritional enhancement and environmental benefits of genetically modified agricultural products.''.

SEC. 733. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended

(1) in subsection (e), by adding at the end the following:

''(25) ANIMAL INFECTIOUS DISEASES RESEARCH AND EXTENSION.—

''(A) IN GENERAL.—Research and extension grants may be made under this section for the purpose of developing—

''(i) prevention and control methodologies for animal infectious diseases that impact trade, including vesicular stomatitis, bovine tuberculosis, transmissible spongiform encephalopathy, brucellosis, and E. coli 0157:H7 infection;

''(ii) laboratory tests for quicker detection of infected animals and presence of diseases among herds;

''(iii) prevention strategies, including vaccination programs; and

''(iv) rapid diagnostic techniques for, and evaluation of, animal disease agents considered to be risks for agricultural bioterrorism attack.

''(B) COLLABORATION.—Research under subparagraph (A) may be conducted in collaboration with scientists from the Department, other Federal agencies, universities, and industry.

''(C) EVALUATION OF DIAGNOSTIC TECHNIQUES AND VACCINES.—Any research on or evaluation of diagnostic techniques and vaccines under subparagraph (A) shall include evaluation of diagnostic techniques and vaccines under field conditions in countries in which the animal disease occurs.

''(26) PROGRAM TO COMBAT CHILDHOOD OBESITY.—Research and extension grants may be made under this section to consortia of institutions of higher education that specialize in obesity and nutrition research to develop and implement effective strategies to reduce the incidence of childhood obesity.

''(27) INTEGRATED PEST MANAGEMENT.—Research and extension grants may be made under this section to land grant colleges and universities, other Federal agencies, and other interested persons to coordinate and improve research, education, and outreach on, and implementation on farms of, integrated pest management.

''(28) BEEF CATTLE GENETICS.—

''(A) IN GENERAL.—Research and extension grants for beef cattle genetics evaluation research may be made under this section to institutions of higher education, or consortia of institutions of higher education, that—

''(i) have expertise in beef cattle genetic evaluation research and technology; and

''(ii) have been actively involved, for at least 20 years, in the estimation and prediction of progeny differences for publication and use by seed stock producer breed associations.

''(B) PRIORITY.—In making grants under subparagraph (A), the Secretary shall give priority to proposals to—

''(i) establish and coordinate priorities for genetic evaluation of domestic beef cattle;

''(ii) consolidate research efforts to reduce duplication of effort and maximize the return to beef industry;

''(iii) streamline the process between the development and adoption of new genetic evaluation methodologies by the industry;

''(iv) identify new traits and technologies for inclusion in genetic programs in order to—

''(I) reduce the costs of beef production; and

''(II) provide consumers with a high nutritional value, healthy, and affordable protein source; or

''(v) create decisionmaking tools that incorporate the increasing number of traits being evaluated and the increasing amount of information from DNA technology into genetic improvement programs, with the goal of optimizing the overall efficiency, product quality and safety, and health of the domestic beef cattle herd resource.''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 734. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 735. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) by inserting after ''Board,'' the following: ''and the National Organic Standards Board,'';

(B) in paragraph (2), by striking ''and'' at the end;

(C) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

''(4) determining desirable traits for organic commodities using advanced genomics;

''(5) pursuing classical and marker-assisted breeding for publicly held varieties of crops and animals optimized for organic systems;

''(6) identifying marketing and policy constraints on the expansion of organic agriculture; and

''(7) conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research relating to production and to socioeconomic conditions.''; and

(2) in subsection (e), by striking ''2002'' and inserting ''2006''.

SEC. 736. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 737. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is amended—

(1) by striking subsection (b) and inserting the following:

''(b) FUNDING.—

''(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section—

''(A) on October 1, 1998 and each October 1 thereafter through October 1, 2001, $120,000,000; and

''(B) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $145,000,000.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''; and

(2) in subsection (e), by adding at the end the following:

''(3) MINORITY-SERVING INSTITUTIONS.—The Secretary shall consider reserving, to the maximum extent practicable, 10 percent of the funds made available to carry out this section for a fiscal year for grants to minority-serving institutions.''.

SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 743. PRECISION AGRICULTURE.

Section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 744. BIOBASED PRODUCTS.

Section 404 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624) is amended—

(1) in subsection (e)(2), by striking ''2001'' and inserting ''2006''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

(1) by redesignating subsection (e) as subsection (f);

(2) by inserting after subsection (d) the following:

''(e) TERM OF GRANT.—A grant under this section shall have a term of not more than 5 years.''; and

(3) in subsection (f) (as so redesignated), by striking ''2002'' and inserting ''2006''.

SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 748. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.

Section 604 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642) is amended by adding at the end the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 749. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle D—Land-Grant Funding

CHAPTER 1—1862 INSTITUTIONS

SEC. 751. CARRYOVER.

Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g) is amended by striking subsection (c) and inserting the following:

''(c) CARRYOVER.—

''(1) IN GENERAL.—The balance of any annual funds provided under this Act to a State agricultural experiment station for a fiscal year that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(2) FAILURE TO EXPEND FULL ALLOTMENT.—If any unexpended balance carried over by a State is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the State.''.

SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 7(e) of the Hatch Act of 1887 (7 U.S.C. 361g(e)) is amended by adding at the end the following:

''(5) The technology transfer activities conducted with respect to federally-funded agricultural research.''.

SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRATION REQUIREMENTS.

(a) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by striking subsection (h) and inserting the following:

''(h) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—

''(1) DEFINITION OF MULTISTATE ACTIVITY.—In this subsection, the term 'multistate activity' means a cooperative extension activity in which 2 or more States cooperate to resolve problems that concern more than 1 State.

''(2) REQUIREMENT.—

''(A) IN GENERAL.—To receive funding under subsections (b) and (c) for a fiscal year, a State must have expended on multistate activities, in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under subsections (b) and (c) for the preceding fiscal year.

''(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative extension funds expended by the State in the preceding fiscal year, including Federal, State, and local funds.

''(3) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for multistate activities under paragraph (2) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

''(4) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 4 a description of the manner in which the State will meet the requirements of this subsection.

''(5) APPLICABILITY.—This subsection does not apply to funds provided—

''(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

''(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.''.

(b) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c) is amended by striking subsection (i) and inserting the following:

''(i) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—

''(1) IN GENERAL.—

''(A) REQUIREMENT.—To receive funding under this Act and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for a fiscal year, a State must have expended on activities that integrate cooperative research and extension (referred to in this section as 'integrated activities'), in the preceding fiscal year, an amount equivalent to not less than 25 percent of the funds paid to the State under this section and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for the preceding fiscal year.

''(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative research and extension funds expended by the State in the prior fiscal year, including Federal, State, and local funds.

''(2) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for integrated activities under paragraph (1) by a State in a case of hardship, unfeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

''(3) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 7 of this Act and under section 4 of the Smith-Lever Act (7 U.S.C. 344), as applicable, a description of the manner in which the State will meet the requirements of this subsection.

''(4) APPLICABILITY.—This subsection does not apply to funds provided—

''(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

''(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

''(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Funds described in paragraph (1)(B) that a State uses to calculate the required

amount of expenditures for integrated activities under paragraph (1)(A) may also be used in the same fiscal year to calculate the amount of expenditures for multistate activities required under subsection (c)(3) of this section and section 3(h) of the Smith-Lever Act (7 U.S.C. 343(h)).''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

CHAPTER 2—1994 INSTITUTIONS

SEC. 754. EXTENSION AT 1994 INSTITUTIONS.

Section 3(b) of the Smith-Lever Act (7 U.S.C. 343(b)) is amended by striking paragraph (3) and inserting the following:

''(3) EXTENSION AT 1994 INSTITUTIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated for fiscal year 2002 and each subsequent fiscal year, for payment to 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)), such sums as are necessary for the purposes set forth in section 2, to remain available until expended.

''(B) DISTRIBUTION.—Amounts made available under subparagraph (A)—

''(i) shall be distributed on the basis of a formula to be developed and implemented by the Secretary, in consultation with the 1994 Institutions; and

''(ii) may include payments for extension activities carried out during 1 or more fiscal years.

''(C) COOPERATIVE AGREEMENT.—In accordance with such regulations as the Secretary may promulgate, a 1994 Institution may administer funds received under this paragraph through a cooperative agreement with an 1862 Institution or an 1890 Institution (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)).''.

SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) TECHNICAL AMENDMENT TO REFLECT NAME CHANGES.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking paragraphs (1) through (30) and inserting the following:

''(1) Bay Mills Community College.
''(2) Blackfeet Community College.
''(3) Cankdeska Cikana Community College.
''(4) College of Menominee Nation.
''(5) Crownpoint Institute of Technology.
''(6) D-Q University.
''(7) Diné College.
''(8) Dull Knife Memorial College.
''(9) Fond du Lac Tribal and Community College.
''(10) Fort Belknap College.
''(11) Fort Berthold Community College.
''(12) Fort Peck Community College.
''(13) Haskell Indian Nations University.
''(14) Institute of American Indian and Alaska Native Culture and Arts Development.
''(15) Lac Courte Oreilles Ojibwa Community College.
''(16) Leech Lake Tribal College.
''(17) Little Big Horn College.
''(18) Little Priest Tribal College.
''(19) Nebraska Indian Community College.
''(20) Northwest Indian College.
''(21) Oglala Lakota College.
''(22) Salish Kootenai College.
''(23) Sinte Gleska University.
''(24) Sisseton Wahpeton Community College.
''(25) Si Tanka/Huron University.
''(26) Sitting Bull College.
''(27) Southwestern Indian Polytechnic Institute.
''(28) Stone Child College.
''(29) Turtle Mountain Community College.
''(30) United Tribes Technical College.
''(31) White Earth Tribal and Community College.''.

(b) ACCREDITATION REQUIREMENT FOR RESEARCH GRANTS.—Section 533(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''sections 534 and 535'' and inserting ''sections 534, 535, and 536''.

(c) LAND-GRANT STATUS FOR 1994 INSTITUTIONS.—Section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$4,600,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(d) CHANGE OF INDIAN STUDENT COUNT FORMULA.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''(as defined in section 390(3) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2397h(3)) for each 1994 Institution for the fiscal year'' and inserting ''(as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)))''.

(e) INCREASE IN INSTITUTIONAL PAYMENTS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$50,000'' and inserting ''$100,000''.

(f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (b)(1), by striking ''2002'' and inserting ''2006''; and

(2) in subsection (c), by striking ''$1,700,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(g) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2002'' and inserting ''2006''.

SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PROGRAM.

Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by inserting ''and 1994 Institutions'' before ''on a competitive basis''.

CHAPTER 3—1890 INSTITUTIONS

SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH AND EXTENSION FORMULA FUNDS.

(a) EXTENSION.—Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence; and

(3) in the third sentence, by striking ''Beginning'' through ''6 per centum'' and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 15 percent'';

(3) by striking ''Funds appropriated'' and inserting the following:

''(3) USES.—Funds appropriated''; and

(4) by striking ''No more'' and inserting the following:

''(4) CARRYOVER.—No more''.

(b) RESEARCH.—Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 25 percent of the total appropriations for the fiscal year under section 3 of the Hatch Act of 1887 (7 U.S.C. 361c).'';

(3) by striking ''Funds appropriated'' and inserting the following:

''(3) USES.—Funds appropriated'';

(4) by striking ''The eligible'' and inserting the following:

''(4) COORDINATION.—The eligible''; and

(5) by striking ''No more'' and inserting the following:

''(5) CARRYOVER.—No more''.

SEC. 758. CARRYOVER.

Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a) (as amended by section 757(b)) is amended by striking paragraph (5) and inserting the following:

''(5) CARRYOVER.—

''(A) IN GENERAL.—The balance of any annual funds provided to an eligible institution for a fiscal year under this section that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(B) FAILURE TO EXPEND FULL AMOUNT.—If any unexpended balance carried over by an eligible institution is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the eligible institution.''.

SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 1445(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(c)(3)) is amended by adding at the end the following:

''(F) The technology transfer activities conducted with respect to federally-funded agricultural research.''.

SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''$15,000,000 for each of fiscal years 1996 through 2002'' and inserting ''$25,000,000 for each of fiscal years 2002 through 2006''.

SEC. 761. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking ''2002'' each place it appears in subsections (a)(1) and (f) and inserting ''2006''.

SEC. 762. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended by striking subsections (c) and (d) and inserting the following:

''(c) MATCHING FORMULA.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the State shall provide matching funds from non-Federal sources.

''(2) AMOUNT.—The amount of the matching funds shall be equal to not less than—

''(A) for fiscal year 2003, 60 percent of the formula funds to be distributed to the eligible institution; and

''(B) for each of fiscal years 2004 through 2006, 110 percent of the amount required under this paragraph for the preceding fiscal year.

''(d) WAIVERS.—Notwithstanding subsection (f), for any of fiscal years 2003 through 2006, the Secretary may waive the matching funds requirement under subsection (c) for any amount above the level of 50 percent for an eligible institution of a State if the Secretary determines that the State will be unlikely to meet the matching requirement.''.

CHAPTER 4—LAND-GRANT INSTITUTIONS

Subchapter A—General

SEC. 771. PRIORITY-SETTING PROCESS.

Section 102(c)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(c)(1)) is amended—

(1) by striking ''establish and implement a process for obtaining'' and inserting ''obtain public''; and

(2) by striking the period at the end and inserting the following: ''through a process that reflects transparency and opportunity for input from producers of diverse agricultural crops and diverse geographic and cultural communities.''.

SEC. 772. TERMINATION OF CERTAIN SCHEDULE A APPOINTMENTS.

(a) TERMINATION.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture shall terminate each appointment listed as an excepted position under schedule A of the General Schedule made by the Secretary to the Federal civil service of an individual who holds dual government appointments, and who carries out agricultural extension work in a program at a college or university eligible to receive funds, under—

(1) the Smith-Lever Act (7 U.S.C. 341 et seq.);

(2) section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221); or

(3) section 208(e) of the District of Columbia Public Postsecondary Education Reorganization Act (88 Stat. 1428).

(b) CONTINUATION OF CERTAIN FEDERAL BENEFITS.—

(1) IN GENERAL.—Notwithstanding title 5, United States Code, and subject to paragraph (2), an individual described in subsection (a), during the period the individual is employed in an agricultural extension program described in subsection (a) without a break in service, shall continue to—

(A) be eligible to participate, to the same extent that the individual was eligible to participate (on the day before the date of enactment of this Act), in—

(i) the Federal Employee Health Benefits Program;

(ii) the Federal Employee Group Life Insurance Program;

(iii) the Civil Service Retirement System;

(iv) the Federal Employee Retirement System; and

(v) the Thrift Savings Plan; and

(B) receive Federal Civil Service employment credit to the same extent that the individual was receiving such credit on the day before the date of enactment of this Act.

(2) LIMITATIONS.—An individual may continue to be eligible for the benefits described in paragraph (1) if—

(A) in the case of an individual who remains employed in the agricultural extension program described in subsection (a) on the date of the enactment of this Act, the employing college or university continues to fulfill the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(B) in the case of an individual who changes employment to a second college or university described in subsection (a)—

(i) the individual continues to work in an agricultural extension program described in subsection (a), as determined by the Secretary of Agriculture;

(ii) the second college or university—

(I) fulfills the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(II) within 120 days before the date of the employment of the individual, had employed a different individual described in subsection (a) who had performed the same duties of employment; and

(iii) the individual was eligible for those benefits on the day before the date of enactment of this Act.

Subchapter B—Land-Grant Institutions in Insular Areas

SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as amended by section 723) is amended by adding at the end the following:

''Subtitle 0—Land Grant Institutions in Insular Areas

''SEC. 1489. DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.

''(a) IN GENERAL.—The Secretary may make competitive or noncompetitive grants to State cooperative institutions in insular areas to strengthen the capacity of State cooperative institutions to carry out distance food and agricultural education programs using digital network technologies.

''(b) USE.—Grants made under this section shall be used—

''(1) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom;

''(2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate that is approved by the State or a regional accrediting body recognized by the Secretary of Education;

''(3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to individuals who seek to acquire or enhance technology skills in order to use technology in the classroom or instructional process;

''(4) to implement a joint project to provide education regarding technology in the classroom with a local educational agency, community-based organization, national nonprofit organization, or business, including a minority business or a business located in a HUBZone established under section 31 of the Small Business Act (15 U.S.C. 657a); or

''(5) to provide leadership development to administrators, board members, and faculty of eligible institutions with institutional responsibility for technology education.

''(c) LIMITATION ON USE OF GRANT FUNDS.—Funds provided under this section shall not be used for the planning, acquisition, construction, rehabilitation, or repair of a building or facility.

''(d) ADMINISTRATION OF PROGRAM.—The Secretary may carry out this section in a manner that recognizes the different needs and opportunities for State cooperative institutions in the Atlantic and Pacific Oceans.

''(e) MATCHING REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may establishment a requirement that a State cooperative institution receiving a grant under this section shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the grant.

''(2) WAIVERS.—If the Secretary establishes a matching requirement under paragraph (1), the requirement shall include an option for the Secretary to waive the requirement for an insular area State cooperative institution for any fiscal year if the Secretary determines that the institution will be unlikely to meet the matching requirement for the fiscal year.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $4,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND EXTENSION FORMULA FUNDS FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

(a) EXPERIMENT STATIONS.—Section 3(d) of the Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by striking paragraph (4) and inserting the following:

''(4) EXCEPTION FOR INSULAR AREAS.—

''(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

''(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.''.

(b) COOPERATIVE AGRICULTURAL EXTENSION.—Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is amended by striking paragraph (4) and inserting the following:

''(4) EXCEPTION FOR INSULAR AREAS.—

''(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

''(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.''.

Subtitle E—Other Laws

SEC. 781. CRITICAL AGRICULTURAL MATERIALS.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 782. RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking ''2002'' and inserting ''2006''.

SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

(1) in paragraph (2), by striking ''in—'' and all that follows and inserting '', as those needs are determined by the Secretary, in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board, not later than July

1 of each fiscal year for the purposes of the following fiscal year.''; and

(2) in paragraph (10), by striking ''2002'' and inserting ''2006''.

SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 524(a)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by striking subparagraph (A) and inserting the following:

''(A) AUTHORITY.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a program under which competitive grants are made to qualified public and private entities (including land-grant colleges and universities, cooperative extension services, colleges or universities, and community colleges), as determined by the Secretary, for the purpose of—

''(i) educating producers generally about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, and other risk management strategies; or

''(ii) educating beginning farmers and ranchers—

''(I) in the areas described in clause (i); and

''(II) in risk management strategies, as part of programs that are specifically targeted at beginning farmers and ranchers.''.

(b) TECHNICAL CORRECTION.—Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended by redesignating the second paragraph (2) and paragraph (3) as paragraphs (3) and (4), respectively.

SEC. 786. AQUACULTURE.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking ''2002'' each place it appears and inserting ''2006''.

SEC. 787. CARBON CYCLE RESEARCH.

Section 221 of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 114 Stat. 407) is amended—

(1) in subsection (a), by striking ''Of the amount'' and all that follows through ''to provide'' and inserting ''Subject to the availability of funds to carry out this section, the Secretary shall provide'';

(2) in subsection (d), by striking ''under subsection (a)'' and inserting ''for this section''; and

(3) by adding at the end the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

Subtitle F—New Authorities

SEC. 791. DEFINITIONS.

In this subtitle:

(1) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. 792. REGULATORY AND INSPECTION RESEARCH.

(a) DEFINITIONS.—In this section:

(1) INSPECTION OR REGULATORY AGENCY OF THE DEPARTMENT.—The term ''inspection or regulatory agency of the Department'' includes—

(A) the Animal and Plant Health Inspection Service;

(B) the Food Safety and Inspection Service;

(C) the Grain Inspection, Packers, and Stockyards Administration; and

(D) the Agricultural Marketing Service.

(2) URGENT APPLIED RESEARCH NEEDS.—The term ''urgent applied research needs'' includes research necessary to carry out—

(A) agricultural marketing programs;

(B) programs to protect the animal and plant resources of the United States; and

(C) educational programs or special studies to improve the safety of the food supply of the United States.

(b) TIMELY, COST-EFFECTIVE RESEARCH.—To meet the urgent applied research needs of inspection or regulatory agencies of the Department, the Secretary—

(1) may use a public or private source; and

(2) shall use the most practicable source to provide timely, cost-effective means of providing the research.

(c) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent any conflict of interest that may arise if an inspection or regulatory agency of the Department obtains research from any Federal agency the work or technology transfer efforts of which are funded in part by an industry subject to the jurisdiction of the inspection or regulatory agency of the Department.

(d) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to carry out this section.

SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.

(a) IN GENERAL.—Subject to subsection (b), in addition to any other authority that the Secretary may have to transfer appropriated funds, the Secretary may transfer up to 2 percent of any appropriation made available to an office or agency of the Department for a fiscal year for agricultural research, extension, marketing, animal and plant health, nutrition, food safety, nutrition education, or forestry programs to any other appropriation for an office or agency of the Department for emergency research, extension, or education activities needed to address imminent threats to animal and plant health, food safety, or human nutrition, including bioterrorism.

(b) LIMITATIONS.—The Secretary may transfer funds under subsection (a) only—

(1) on a determination by the Secretary that the need is so imminent that the need will not be timely met by annual, supplemental, or emergency appropriations;

(2) in an aggregate amount that does not exceed $5,000,000 for any fiscal year; and

(3) with the approval of the Director of the Office of Management and Budget.

SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.

(a) IN GENERAL.—The Secretary shall conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of the Agricultural Research Service.

(b) ADMINISTRATION.—In conducting the review, the Secretary shall use persons outside the Department, including—

(1) Federal scientists;

(2) college and university faculty;

(3) private and nonprofit scientists; or

(4) other persons familiar with the role of the Agricultural Research Service in conducting agricultural research in the United States.

(c) REPORT.—Not later than September 30, 2004, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the review.

(d) FUNDING.—The Secretary shall use to carry out this section not more than 0.1 percent of the amount of appropriations made available to the Agricultural Research Service for each of fiscal years 2002 through 2004.

SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOPMENT.

(a) IN GENERAL.—The Secretary, acting through the Rural Business-Cooperative Service and the Agricultural Research Service, shall establish a program to promote the availability of technology transfer opportunities of the Department to rural businesses and residents.

(b) COMPONENTS OF PROGRAM.—The program shall, to the maximum extent practicable, include—

(1) a website featuring information about the program and technology transfer opportunities of the Department;

(2) an annual joint program for State economic development directors and Department rural development directors regarding technology transfer opportunities of the Agricultural Research Service and other offices and agencies of the Department; and

(3) technology transfer opportunity programs at each Agricultural Research Service laboratory, conducted at least biennially, which may include participation by other local Federal laboratories, as appropriate.

(c) FUNDING.—The Secretary shall use to carry out this section—

(1) amounts made available to the Agricultural Research Service; and

(2) amounts made available to the Rural Business-Cooperative Service for salaries and expenses.

SEC. 796. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) DEFINITION OF BEGINNING FARMER OR RANCHER.—In this section, the term ''beginning farmer or rancher'' means a person that—

(1)(A) has not operated a farm or ranch; or

(B) has operated a farm or ranch for not more than 10 years; and

(2) meets such other criteria as the Secretary may establish.

(b) PROGRAM.—The Secretary shall establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.

(c) GRANTS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall make competitive grants to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to—

(A) mentoring, apprenticeships, and internships;

(B) resources and referral;

(C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers;

(D) innovative farm and ranch transfer strategies;

(E) entrepreneurship and business training;

(F) model land leasing contracts;

(G) financial management training;

(H) whole farm planning;

(I) conservation assistance;

(J) risk management education;

(K) diversification and marketing strategies;

(L) curriculum development;

(M) understanding the impact of concentration and globalization;

(N) basic livestock and crop farming practices;

(O) the acquisition and management of agricultural credit;

(P) environmental compliance;

(Q) information processing; and

(R) other similar subject areas of use to beginning farmers or ranchers.

(2) ELIGIBILITY.—To be eligible to receive a grant under this subsection, the recipient shall be a collaborative State, local, or regionally-based network or partnership of public or private entities, which may include—

(A) a State cooperative extension service;

(B) a Federal or State agency;

(C) a community-based and nongovernmental organization;

(D) a college or university (including an institution awarding an associate's degree) or foundation maintained by a college or university; or

(E) any other appropriate partner, as determined by the Secretary.

(3) TERM OF GRANT.—The term of a grant under this subsection shall not exceed 3 years.

(4) MATCHING REQUIREMENT.—To be eligible to receive a grant under this subsection, a recipient shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant.

(5) SET-ASIDE.—Not less than 25 percent of funds used to carry out this subsection for a fiscal year shall be used to support programs and services that address the needs of—

(A) limited resource beginning farmers or ranchers (as defined by the Secretary);

(B) socially disadvantaged beginning farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); and

(C) farmworkers desiring to become farmers or ranchers.

(6) PROHIBITION.—A grant made under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

(7) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the funds made available to carry out this section for administrative costs incurred by the Secretary in carrying out this section.

(d) EDUCATION TEAMS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall establish beginning farmer and rancher education teams to develop curricula and conduct educational programs and workshops for beginning farmers or ranchers in diverse geographical areas of the United States.

(2) CURRICULUM.—In promoting the development of curricula, the Secretary shall, to the maximum extent practicable, include modules tailored to specific audiences of beginning farmers or ranchers, based on crop or regional diversity.

(3) COMPOSITION.—In establishing an education team for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

(A) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers or ranchers; and

(B) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

(4) COOPERATION.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

(i) State cooperative extension services;

(ii) Federal and State agencies;

(iii) community-based and nongovernmental organizations;

(iv) colleges and universities (including an institution awarding an associate's degree) or foundations maintained by a college or university; and

(v) other appropriate partners, as determined by the Secretary.

(B) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement to reflect the terms of any cooperation under subparagraph (A).

(e) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers or ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers or ranchers.

(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

(1) beginning farmers and ranchers;

(2) national, State, and local organizations and other persons with expertise in operating beginning farmer and rancher programs; and

(3) the Advisory Committee on Beginning Farmers and Ranchers established under section 5 of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554).

(g) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this section prohibits the Secretary from allowing farmers and ranchers who are not beginning farmers or ranchers from participating in programs authorized under this section to the extent that the Secretary determines that such participation is appropriate and will not detract from the primary purpose of educating beginning farmers and ranchers.

(h) FUNDING.—

(1) FEES AND CONTRIBUTIONS.—

(A) IN GENERAL.—The Secretary may—

(i) charge a fee to cover all or part of the costs of curriculum development and the delivery of programs or workshops provided by—

(I) a beginning farmer and rancher education team established under subsection (d); or

(II) the online clearinghouse established under subsection (e); and

(ii) accept contributions from cooperating entities under a cooperative agreement entered into under subsection (d)(4)(B) to cover all or part of the costs for the delivery of programs or workshops by the beginning farmer and rancher education teams.

(B) AVAILABILITY.—Fees and contributions received by the Secretary under subparagraph (A) shall—

(i) be deposited in the account that incurred the costs to carry out this section;

(ii) be available to the Secretary to carry out the purposes of the account, without further appropriation;

(iii) remain available until expended; and

(iv) be in addition to any funds made available under paragraph (2).

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH.

It is the sense of Congress that—

(1) Federal funding for food and agricultural research has been essentially constant for 2 decades, putting at risk the scientific base on which food and agricultural advances have been made;

(2) the resulting increase in the relative proportion of private sector, industry investments in food and agricultural research has led to questions about the independence and objectivity of research and outreach conducted by the Federal and university research sectors; and

(3) funding for food and agricultural research should be at least doubled over the next 5 fiscal years—

(A) to restore the balance between public and private sector funding for food and agricultural research; and

(B) to maintain the scientific base on which food and agricultural advances are made.

SEC. 798. PRIORITY FOR FARMERS AND RANCHERS PARTICIPATING IN CONSERVATION PROGRAMS.

In carrying out new on-farm research or extension programs or projects authorized by this Act, an amendment made by this Act, or any Act enacted after the date of enactment of this Act, the Secretary shall give priority in carrying out the programs or projects to using farms or ranches of farmers or ranchers that participate in Federal agricultural conservation programs.

SEC. 798A. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

The Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing.

SEC. 798B. ORGANICALLY PRODUCED PRODUCT RESEARCH AND EDUCATION.

Not later than July 1, 2002, the Secretary, shall prepare, in consultation with the Advisory Committee on Small Farms, and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on—

(1) the implementation of the organic rule promulgated under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.); and

(2) the impact of the organic rule program on small farms (as defined by the Advisory Committee on Small Farms).

SEC. 798C. INTERNATIONAL ORGANIC RESEARCH COLLABORATION.

The Secretary, acting through the Agricultural Research Service (including the National Agriculture Library), shall facilitate access by research and extension professionals in the United States to, and the use by those professionals of, organic research conducted outside the United States.

TITLE VIII—FORESTRY

SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the ''McIntire-Stennis Cooperative Forestry Act''.

SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE; RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following:

''SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

''The Secretary shall establish a program, to be known as the 'Sustainable Forestry Outreach Initiative', to educate landowners concerning—

''(1) the value and benefits of practicing sustainable forestry;

''(2) the importance of professional forestry advice in achieving sustainable forestry objectives; and

''(3) the variety of public and private sector resources available to assist the landowners in planning for and practicing sustainable forestry.''.

(b) RENEWABLE RESOURCES EXTENSION ACTIVITIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended by striking the first sentence and inserting the following: ''There is authorized to be appropriated to carry out this Act $30,000,000 for each of fiscal years 2002 through 2006.''.

(2) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking ''2000'' and inserting ''2006''.

SEC. 804. FORESTRY INCENTIVES PROGRAM.

Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

SEC. 805. FOREST LAND ENHANCEMENT PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there is a growing dependence on nonindustrial private forest land to supply the necessary market commodities, and nonmarket values (such as habitat for fish and wildlife, aesthetics, outdoor recreation opportunities, and other forest resources), required by a growing population;

(2) there is a strong demand for expanded assistance programs for owners of nonindustrial private forest land because the majority of the wood supply of the United States is derived from nonindustrial private forest land;

(3) the soil, carbon stores, water quality, and air quality of the United States can be maintained and improved through good stewardship of nonindustrial private forest land;

(4) the products and services resulting from stewardship of nonindustrial private forest land provide income and employment that contribute to the economic health and diversity of rural communities;

(5)(A) wildfires threaten human lives, property, forests, and other resources; and

(B) Federal and State cooperation in forest fire prevention and control has proven effective and valuable, in that properly managed forest stands are less susceptible to catastrophic fire as dramatized by the catastrophic fire seasons of 1998 and 2000;

(6) owners of nonindustrial private forest land are being faced with increased pressure to convert their forest land to development and other uses;

(7)(A) complex, long-rotation forest investments, including sustainable hardwood management, are often the most difficult commitment for owners of small areas of nonindustrial private forest land; and

(B) investments described in subparagraph (A) should receive equal consideration under cost-sharing programs; and

(8) the investment of 1 Federal dollar in State and private forestry programs is estimated to leverage on average $9 from State, local, and private sources.

(b) PURPOSES.—The purposes of this section are—

(1) to strengthen the commitment of the Department of Agriculture to sustainable forestry; and

(2) to establish a coordinated and cooperative Federal, State, and local sustainable forest program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest land in the United States.

(c) FOREST LAND ENHANCEMENT PROGRAM.—The Cooperative Forestry Assistance Act of 1978 (as amended by section 804) is amended by inserting after section 3 (16 U.S.C. 2102) the following:

"SEC. 4. FOREST LAND ENHANCEMENT PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' means rural land, as determined by the Secretary, that—

''(A) has existing tree cover or is suitable for growing trees; and

''(B) is owned or controlled by an owner.

''(2) OWNER.—The term 'owner', with respect to nonindustrial private forest land, means a nonindustrial private individual, group, association, corporation, Indian tribe, or other private legal entity (other than a nonprofit private legal entity) that has definitive decisionmaking authority over nonindustrial private forest land (including through a long-term lease or other land tenure system) for a period of time long enough to ensure compliance with the terms and conditions of the Program.

''(3) PROGRAM.—The term 'Program' means the Forest Land Enhancement Program established under subsection (b).

''(4) STATE FORESTER.—The term 'State forester' means the director or other head of a State forestry agency or an equivalent State official.

''(b) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish a program, to be known as the 'Forest Land Enhancement Program', to encourage the long-term sustainability of nonindustrial private forest land in the United States by assisting the owners of the nonindustrial private forest land in more actively managing the nonindustrial private forest land and related resources by using Federal, State, and private sector resource management expertise, financial assistance, and educational programs.

''(2) ADMINISTRATION.—The Secretary shall carry out the Program within, and administer the Program through, the Natural Resources Conservation Service.

''(3) COORDINATION.—The Secretary shall carry out the Program in coordination with State foresters.

''(c) PROGRAM OBJECTIVES.—In carrying out the Program, the Secretary shall target resources to achieve the following objectives:

''(1) Investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest land of the United States for timber, habitat for flora and fauna, water quality, and wetland.

''(2) Ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to help meet future public demand for forest resources and provide environmental benefits.

''(3) Reduction of the risks, and assistance in restoring, recovering, and mitigating the damage, to forests caused by fire, insects, invasive species, disease, and damaging weather.

''(4) Increase and enhancement of opportunities for carbon sequestration.

''(5) Enhancement of implementation of agroforestry practices.

''(6) Maintenance and enhancement of the forest landbase and leveraging of State and local financial and technical assistance to owners that promote the conservation and environmental values described in this subsection.

''(d) ELIGIBILITY.—

''(1) IN GENERAL.—An owner of nonindustrial private forest land in a State shall be eligible for cost-sharing assistance under the Program if the owner—

''(A) enters into an agreement with the Secretary to develop and carry out an individual stewardship, forest, or stand management plan that addresses site-specific activities and practices in cooperation with, and approved by—

''(i) the State forester; or

''(ii) a private sector program in consultation with the State forester;

''(B) enters into an agreement with the Secretary to carry out activities approved under subsection (e) in accordance with the individual stewardship, forest, or stand management plan for a period of not less than 10 years, unless the State forester approves a modification to the plan; and

''(C) meets acreage restrictions determined by the State forester in conjunction with the State Forest Stewardship Coordinating Committee established under section 19(b).

''(2) STATE PRIORITIES.—In consultation with each State forester and the State Forest Stewardship Coordinating Committee of each State, the Secretary may develop State priorities for cost sharing under the Program that will promote forest management objectives in the State.

''(3) DEVELOPMENT OF PLAN.—An owner shall be eligible for cost-sharing assistance under the Program for the development of the individual stewardship, forest, or stand management plan required by paragraph (1).

''(e) APPROVED ACTIVITIES.—

''(1) DEVELOPMENT.—In consultation with each State forester and the State Forest Stewardship Coordinating Committee of each State, the Secretary shall develop for each State a list of approved forest activities that will be eligible for cost-sharing assistance under the Program within the State.

''(2) TYPES OF ACTIVITIES.—In developing a list of approved activities for a State under paragraph (1), the Secretary shall attempt to achieve the establishment, restoration, management, maintenance, and enhancement of forests and trees for—

''(A) the sustainable growth and management of forests for timber production;

''(B) the restoration, use, and enhancement of forest wetland and riparian areas;

''(C) the protection of water quality and watersheds through the application of State-developed forestry best management practices;

''(D) energy conservation and carbon sequestration purposes;

''(E) habitat for flora and fauna;

''(F)(i) the control, detection, and monitoring of invasive species on forest land; and

''(ii) the prevention of the spread of, and provision for the restoration of land affected by, invasive species;

''(G) hazardous fuel reduction and other management activities that reduce the risks, and assist in restoring, recovering, and mitigating the damage, to forests caused by fire; and

''(H) other activities approved by the Secretary, in coordination with the State forester and the State Forest Stewardship Coordinating Committee of the State.

''(f) COOPERATION.—In carrying out the Program, the Secretary shall cooperate with—

''(1) other Federal, State, and local natural resource management agencies;

''(2) institutions of higher education; and

''(3) the private sector.

''(g) REIMBURSEMENT OF APPROVED ACTIVITIES.—

''(1) IN GENERAL.—In the case of an owner that has entered into an agreement under subsection (d)(1) with respect to nonindustrial private forest land of the owner, the Secretary shall share such cost of carrying out approved activities on the nonindustrial private forest land of the owner as the Secretary determines to be appropriate.

''(2) RATE; PAYMENT SCHEDULE.—The Secretary shall determine—

''(A) the appropriate reimbursement rate for cost-sharing payments under paragraph (1); and

''(B) the schedule for making the payments.

''(3) MAXIMUM.—

''(A) PERCENTAGE OF COST OF ACTIVITIES.—The Secretary shall not make cost-sharing payments under this subsection to an owner in an amount that exceeds 75 percent of the total cost, or a lower percentage as determined by the State forester, to the owner of carrying out the approved activities under the approved individual stewardship, forest, or stand management plan of the owner under subsection (d)(1)(A).

''(B) PAYMENTS TO A SINGLE OWNER.—The maximum amount of cost-sharing payments to any 1 owner shall be determined by the Secretary.

''(4) CONSULTATION.—The Secretary shall make determinations under this subsection in consultation with the State forester.

''(h) RECAPTURE.—

''(1) IN GENERAL.—The Secretary shall establish and implement a mechanism to recapture payments made to an owner if the owner fails to carry out an approved activity specified in the individual stewardship, forest, or stand management plan for which the owner received cost-sharing payments under the Program.

''(2) ADDITIONAL REMEDY.—The remedy described in paragraph (1) shall be in addition to any other remedy available to the Secretary.

''(i) DISTRIBUTION.—The Secretary shall distribute funds available for cost sharing under the Program among owners of nonindustrial private forest land in the States after giving appropriate consideration to—

''(1) the total acreage of nonindustrial private forest land in each State;

''(2) the potential productivity of the nonindustrial private forest land in each State;

''(3) the number of owners eligible for cost sharing in each State;

''(4) the opportunities to enhance nontimber resources on the nonindustrial private forest land of each State;

''(5) the anticipated demand for timber and nontimber resources in each State;

''(6) the need to improve forest health in the State to minimize the damaging effects of catastrophic fire, insects, disease, or weather; and

''(7) the need and demand for agroforestry practices in each State.

''(j) AVAILABILITY OF FUNDS.—During the period of fiscal years 2002 through 2006, the Secretary shall use $100,000,000 of funds of the Commodity Credit Corporation to carry out the Program.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 246(b)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(2)) is amended by striking ''forestry incentive program'' and inserting ''Forest Land Enhancement Program''.

(2) Section 12(a) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2108(a)) is amended in the second sentence by striking ''money appropriated under section 4 of this Act or''.

(3) Section 126(a)(8) of the Internal Revenue Code of 1986 is amended by striking ''forestry incentives program'' and inserting ''Forest Land Enhancement Program''.

SEC. 806. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5 (16 U.S.C. 2103a) the following:

''SEC. 5A. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) FARMER OR RANCHER.—The term 'farmer or rancher' means a person engaged in the production of an agricultural commodity (including livestock).

''(2) FORESTRY COOPERATIVE.—The term 'forestry cooperative' means an association that is—

''(A) owned and operated by nonindustrial private forest landowners; and

''(B) comprised of members—

''(i) of which at least 51 percent are farmers or ranchers; and

''(ii) that use sustainable forestry practices on nonindustrial private forest land to create a long-term, sustainable income stream.

''(3) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

''(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'sustainable forestry cooperative program', under which the Secretary shall provide, to nonprofit organizations on a competitive basis, grants to establish, and develop and support, sustainable forestry practices carried out by members of, forestry cooperatives.

''(c) USE OF FUNDS.—

''(1) IN GENERAL.—Subject to paragraph (2), funds from a grant provided under this section shall be used for—

''(A) predevelopment, development, start-up, capital acquisition, and marketing costs associated with a forestry cooperative; or

''(B) the development or support of a sustainable forestry practice of a member of a forestry cooperative.

''(2) CONDITIONS.—

''(A) DEVELOPMENT.—The Secretary shall provide funds under paragraph (1)(A) only to a nonprofit organization with demonstrated expertise in cooperative development, as determined by the Secretary.

''(B) COMPLIANCE WITH PLAN.—A sustainable forestry practice developed or supported through the use of funds from a grant under this section shall comply with any applicable standards for sustainable forestry contained in a management plan that—

''(i) meets the requirements of section 4(e); and

''(ii) is approved by the State forester (or equivalent State official).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 807. STEWARDSHIP INCENTIVE PROGRAM.

Section 6 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

SEC. 808. FOREST FIRE RESEARCH CENTERS.

(a) FINDINGS.—Congress finds that—

(1) there is an increasing threat of fire to millions of acres of forest land and rangeland throughout the United States;

(2) this threat is especially great in the interior States of the western United States, where the Forest Service estimates that 39,000,000 acres of National Forest System land are at high risk of catastrophic wildfire;

(3)(A) the degraded condition of forest land and rangeland is often the consequence of land management practices that emphasize the control and prevention of fires; and

(B) the land management practices disrupted the occurrence of frequent low-intensity fires that periodically remove flammable undergrowth;

(4) as a result of the land management practices—

(A) some forest land and rangeland in the United States no longer function naturally as ecosystems; and

(B) drought cycles and the invasion of insects and disease have resulted in vast areas of dead or dying trees, overstocked stands, and the invasion of undesirable species;

(5)(A) population movement into wildland-urban interface areas exacerbate the fire danger;

(B) the increasing number of larger, more intense fires pose grave hazards to human health, safety, property, and infrastructure in the areas; and

(C) smoke from wildfires, which contain fine particulate matter and other hazardous pollutants, pose substantial health risks to people living in the areas;

(6)(A) the budgets and resources of Federal, State, and local entities supporting firefighting efforts have been stretched to their limits;

(B) according to the Comptroller General, the average cost of attempting to put out fires in the interior West grew by 150 percent, from $134,000,000 in fiscal year 1986 to $335,000,000 in fiscal year 1994; and

(C) the costs of preparedness, including the costs of maintaining a readiness force to fight fires, rose about 70 percent, from $189,000,000 in fiscal year 1992 to $326,000,000 in fiscal year 1997;

(7) diminishing Federal resources (including the availability of personnel) have limited the ability of Federal fire researchers—

(A) to respond to management needs; and

(B) to use technological advancements for analyzing fire management costs;

(8) the Federal fire research program is funded at approximately ⅓ of the amount that is required to address emerging fire problems, resulting in the lack of a cohesive strategy to address the threat of catastrophic wildfires; and

(9) there is a critical need for cost-effective investments in improved fire management technologies.

(b) FOREST FIRE RESEARCH CENTERS.—The Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) is amended by adding at the end the following:

''SEC. 11. FOREST FIRE RESEARCH CENTERS.

''(a) IN GENERAL.—Subject to the availability of appropriations, the Secretary of Agriculture, acting through the Chief of the Forest Service (referred to in this section as the 'Secretary') shall establish at least 2 forest fire research centers at institutions of higher education (which may include research centers in existence on the date of enactment of this section) that—

''(1) have expertise in natural resource development; and

''(2) are located in close proximity to other Federal natural resource, forest management, and land management agencies.

''(b) LOCATIONS.—Of the forest fire research centers established under subsection (a)—

''(1) at least 1 center shall be located in California, Idaho, Montana, Oregon, or Washington; and

''(2) at least 1 center shall be located in Arizona, Colorado, New Mexico, Nevada, or Wyoming.

''(c) DUTIES.—At each of the forest fire research centers established under subsection (a), the Secretary shall provide for—

''(1) the conduct of integrative, interdisciplinary research into the ecological, socioeconomic, and environmental impact of fire control and the use of management of ecosystems and landscapes to facilitate fire control; and

''(2) the development of mechanisms to rapidly transfer new fire control and management technologies to fire and land managers.

''(d) ADVISORY COMMITTEE.—

''(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Interior, shall establish a committee composed of fire and land managers and fire researchers to determine the areas of emphasis and establish priorities for research projects conducted at forest fire research centers established under subsection (a).

''(2) ADMINISTRATION.—The Federal Advisory Committee Act (5 U.S.C. App.) and section 102 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612) shall not apply to the committee established under paragraph (1).

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

SEC. 809. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the damage caused by wildfire disasters has been equivalent in magnitude to the damage resulting from the Northridge earthquake, Hurricane Andrew, and the recent flooding of the Mississippi River and the Red River;

(2) more than 20,000 communities in the United States are at risk from wildfire and approximately 11,000 of those communities are located near Federal land;

(3) the accumulation of heavy forest fuel loads continues to increase as a result of disease, insect infestations, and drought, further increasing the risk of fire each year;

(4) modification of forest fuel load conditions through the removal of hazardous fuels would—

(A) minimize catastrophic damage from wildfires;

(B) reduce the need for emergency funding to respond to wildfires; and

(C) protect lives, communities, watersheds, and wildlife habitat;

(5) the hazardous fuels removed from forest land represent an abundant renewable resource, as well as a significant supply of biomass for biomass-to-energy facilities;

(6) the United States should invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities; and

(7) the United States should—

(A) develop and expand markets for traditionally underused wood and other biomass as an outlet for value-added excessive forest fuels; and

(B) commit resources to support planning, assessments, and project reviews to ensure that hazardous fuels management is accomplished expeditiously and in an environmentally sound manner.

(b) WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 6 (16 U.S.C. 2103b) the following:

"SEC. 6A. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) BIOMASS-TO-ENERGY FACILITY.—The term 'biomass-to-energy facility' means a facility that uses forest biomass or other biomass as a raw material to produce electric energy, useful heat, or a transportation fuel.

''(2) ELIGIBLE COMMUNITY.—The term 'eligible community' means—

''(A) any town, township, municipality, or other similar unit of local government (as determined by the Secretary), or any area represented by a nonprofit corporation or institution organized under Federal or State law to promote broad-based economic development, that—

''(i) has a population of not more than 10,000 individuals;

''(ii) is located within a county in which at least 15 percent of the total primary and secondary labor and proprietor income is derived from forestry, wood products, and forest-related industries, such as recreation, forage production, and tourism; and

''(iii) is located adjacent to public or private forest land, the condition of which land the Secretary determines poses a substantial present or potential hazard to the safety of—

''(I) a forest ecosystem;

''(II) wildlife; or

''(III) in the case of a wildfire, human, community, or firefighter safety, in a year in which drought conditions are present; and

''(B) any county that is not contained within a metropolitan statistical area that meets the conditions described in clauses (ii) and (iii) of subparagraph (A).

''(3) FOREST BIOMASS.—The term 'forest biomass' means fuel and biomass accumulation from precommercial thinnings, slash, and brush on public or private forest land.

''(4) HAZARDOUS FUEL.—The term 'hazardous fuel' means any excessive accumulation of forest biomass on public or private forest land (especially land in an urban-wildland interface area or in an area that is located near an eligible community and designated as condition class 2 or 3 under the report of the Forest Service entitled 'Protecting People and Sustainable Resources in Fire-Adapted Ecosystems', dated October 13, 2000) that the Secretary determines poses a substantial present or potential hazard—

''(A) to the safety of a forest ecosystem;

''(B) to the safety of wildlife; or

''(C) in the case of wildfire in a year in which drought conditions are present, to human, community, or firefighter safety.

''(5) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(6) SECRETARY.—The term 'Secretary' means—

''(A) the Secretary of Agriculture (or a designee), with respect to National Forest System land and private land in the United States; and

''(B) the Secretary of the Interior (or a designee) with respect to Federal land under the jurisdiction of the Secretary of the Interior or an Indian tribe.

''(b) HAZARDOUS FUEL GRANT PROGRAM.—

''(1) GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may make grants to persons that operate biomass-to-energy facilities to offset the costs incurred by those persons in purchasing hazardous fuels derived from public and private forest land adjacent to eligible communities.

''(B) SELECTION CRITERIA.—The Secretary shall select recipients for grants under subparagraph (A) based on—

''(i) planned purchases by the recipients of hazardous fuels, as demonstrated by the recipient through the submission to the Secretary of such assurances as the Secretary may require; and

''(ii) the level of anticipated benefits of those purchases in reducing the risk of wildfires.

''(2) GRANT AMOUNTS.—

''(A) IN GENERAL.—A grant under this subsection shall—

''(i) be based on—

''(I) the distance required to transport hazardous fuels to a biomass-to-energy facility; and

''(II) the cost of removal of hazardous fuels; and

''(ii) be in an amount that is at least equal to the product obtained by multiplying—

''(I) the number of tons of hazardous fuels delivered to a grant recipient; by

''(II) an amount that is at least $5 but not more than $10 per ton of hazardous fuels, as determined by the Secretary taking into consideration the factors described in clause (i).

''(B) LIMITATION ON INDIVIDUAL GRANTS.—

''(i) IN GENERAL.—Except as provided in clause (ii), a grant under subparagraph (A) shall not exceed $1,500,000 for any biomass-to-energy facility for any fiscal year.

''(ii) SMALL BIOMASS-TO-ENERGY FACILITIES.—A biomass-to-energy facility that has an annual production of 5 megawatts or less shall not be subject to the limitation under clause (i).

''(3) MONITORING OF GRANT RECIPIENT ACTIVITIES.—

''(A) IN GENERAL.—As a condition of receipt of a grant under this subsection, a grant recipient shall keep such records as the Secretary may require, including records that—

''(i) completely and accurately disclose the use of grant funds; and

''(ii) describe all transactions involved in the purchase of hazardous fuels.

''(B) ACCESS.—On notice by the Secretary, the operator of a biomass-to-energy facility that purchases and uses hazardous fuels with funds from a grant under this subsection shall provide the Secretary with—

''(i) reasonable access to the biomass-to-energy facility; and

''(ii) an opportunity to examine the inventory and records of the biomass-to-energy facility.

''(4) MONITORING OF EFFECT OF TREATMENTS.—The Secretary shall monitor Federal land from which hazardous fuels are removed and sold to a biomass-to-energy facility under this subsection to determine and document the reduction in fire hazards on that land.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2002 through 2006.

''(c) LONG-TERM FOREST STEWARDSHIP CONTRACTS FOR HAZARDOUS FUELS REMOVAL.—

''(1) ANNUAL ASSESSMENT OF TREATMENT ACREAGE.—

''(A) IN GENERAL.—Subject to the availability of appropriations, not later than March 1 of each of fiscal years 2002 through 2006, the Secretary of Agriculture and the Secretary of Energy shall jointly submit to Congress an assessment of the number of acres of Federal forest land recommended to be treated during the subsequent fiscal year using stewardship end result contracts authorized by paragraph (3).

''(B) COMPONENTS.—The assessment shall—

''(i) be based on the treatment schedules contained in the report entitled 'Protecting People and Sustaining Resources in Fire-Adapted Ecosystems', dated October 13, 2000, and incorporated into the National Fire Plan (as identified by the Secretary);

''(ii) identify the acreage by condition class, type of treatment, and treatment year to achieve the restoration goals outlined in the report within 10-, 15-, and 20-year time periods;

''(iii) give priority to condition class 3 areas (as described in subsection (a)(4)(A)), including modifications in the restoration goals based on the effects of—

''(I) fire;

''(II) hazardous fuel treatments under the National Fire Plan (as identified by the Secretary); or

''(III) updates in data;

''(iv) provide information relating to the type of material and estimated quantities and range of sizes of material that shall be included in the treatments;

''(v) describe the management area prescriptions in the applicable land and resource management plan for the land on which the treatment is recommended; and

''(vi) give priority to areas described in subsection (a)(4)(A).

''(2) FUNDING RECOMMENDATION.—The Secretary shall include in the annual assessment under paragraph (1) a request for funds sufficient to implement the recommendations contained in the assessment using stewardship end result contracts described in paragraph (3) in any case in which the Secretary determines that the objectives of the National Fire Plan (as identified by the Secretary) would best be accomplished through forest stewardship end result contracting.

''(3) STEWARDSHIP END RESULT CONTRACTING.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may enter into stewardship end result contracts to implement the National Fire Plan (as

identified by the Secretary) on National Forest System land based on the treatment schedules provided in the annual assessments conducted under paragraph (1)(B)(i).

''(B) PERIOD OF CONTRACTS.—The contracting goals and authorities described in subsections (b) through (g) of section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (commonly known as the 'Stewardship End Result Contracting Demonstration Project') (16 U.S.C. 2104 note; Public Law 105–277), shall apply to contracts entered into under this paragraph, except that the period of each such contract shall not exceed 10 years.

''(C) STATUS REPORT.—Beginning with the assessment required under paragraph (1) for fiscal year 2003, the Secretary shall include in the annual assessment under paragraph (1) a status report of the stewardship end result contracts entered into under this paragraph.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 2002 through 2006.

''(d) TERMINATION OF AUTHORITY.—The authority provided under this section shall terminate on September 30, 2006.''.

SEC. 810. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds that—

(1) the severity and intensity of wildfires have increased dramatically over the past few decades as a result of past fire and land management policies;

(2) the record 2000 fire season is a prime example of what can be expected if action is not taken to reduce the risk of catastrophic wildfires;

(3) wildfires threaten not only the forested resources of the United States, but also the thousands of communities intermingled with wildland in the wildland-urban interface;

(4) wetland forests provide essential ecological services, such as filtering pollutants, buffering important rivers and estuaries, and minimizing flooding, that make the protection and restoration of those forests worthy of special focus;

(5) the National Fire Plan, if implemented to achieve appropriate priorities, is the proper, coordinated, and most effective means to address the issue of wildfires;

(6) while adequate authorities exist to address the problem of wildfires at the landscape level on Federal land, there is limited authority to take action on most private land where the largest threat to life and property lies; and

(7) there is a significant Federal interest in enhancing the protection of communities from wildfire.

(b) ENHANCED COMMUNITY FIRE PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following:

"SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

''(a) COOPERATIVE MANAGEMENT RELATING TO WILDFIRE THREATS.—Notwithstanding section 7 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206), the Secretary may cooperate with State foresters and equivalent State officials to—

''(1) assist in the prevention, control, suppression, and prescribed use of fires (including through the provision of financial, technical, and related assistance);

''(2) protect communities from wildfire threats;

''(3) enhance the growth and maintenance of trees and forests in a manner that promotes overall forest health; and

''(4) ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

''(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish a program to be known as the 'community and private land fire assistance program' (referred to in this section as the 'Program')—

''(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

''(B) to provide increased assistance to Federal projects that establish landscape level protection from wildfires;

''(C) to expand outreach and education programs concerning fire prevention to homeowners and communities; and

''(D) to establish defensible space against wildfires around the homes and property of private landowners.

''(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the Secretary and, with respect to non-Federal land described in paragraph (3), carried out through the State forester or equivalent State official.

''(3) COMPONENTS.—The Secretary may carry out under the Program, on National Forest System land and non-Federal land determined by the Secretary in consultation with State foresters and Committees—

''(A) fuel hazard mitigation and prevention;

''(B) invasive species management;

''(C) multiresource wildfire and community protection planning;

''(D) community and landowner education enterprises, including the program known as 'FIREWISE';

''(E) market development and expansion;

''(F) improved use of wood products; and

''(G) restoration projects.

''(4) PRIORITY.—In entering into contracts to carry out projects under the Program, the Secretary shall give priority to contracts with local persons or entities.

''(c) AUTHORITY.—The authority provided under this section shall be in addition to any authority provided under section 10.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $35,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 811. WATERSHED FORESTRY ASSISTANCE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there has been a dramatic shift in public attitudes and perceptions about forest management, particularly in the understanding and practice of sustainable forest management;

(2) it is commonly recognized that proper stewardship of forest land is essential to—

(A) sustain and restore watershed health;

(B) produce clean water; and

(C) maintain healthy aquatic systems;

(3) forests are increasingly important to the protection and sustainability of drinking water supplies for more than 1/2 of the population of the United States;

(4) forest loss and fragmentation in urbanizing areas are contributing to flooding, degradation of urban stream habitat and water quality, and public health concerns;

(5) scientific evidence and public awareness with respect to the manner in which forest management can positively affect water quality and quantity, and the manner in which trees, forests, and forestry practices (such as forest buffers) can serve as solutions to water quality problems in rural and urban areas, are increasing;

(6) the application of forestry best management practices developed at the State level has been found to greatly facilitate the achievement of water quality goals;

(7) significant efforts are underway to revisit and make improvements on needed forestry best management practices;

(8) according to the report of the Forest Service numbered FS–660 and entitled ''Water and the Forest Service'', forests are a requirement for maintenance of clean water because—

(A) approximately 66 percent of the freshwater resources of the United States originate on forests; and

(B) forests cover approximately 1/3 of the land area of the United States;

(9) because almost 500,000,000 acres, or approximately 2/3, of the forest land of the United States is owned by non-Federal entities, a significant burden is placed on private forest landowners to provide or maintain the clean water needed by the public for drinking, swimming, fishing, and a number of other water uses;

(10) because the decisions made by individual landowners and communities will affect the ability to maintain the health of rural and urban watersheds in the future, there is a need to integrate forest management, conservation, restoration, and stewardship in watershed management;

(11) although water management is the primary responsibility of States, the Federal Government has a responsibility to promote and encourage the ability of States and private forest landowners to sustain the delivery of clean, abundant water from forest land;

(12) as of the date of enactment of this Act, the availability of Federal assistance to support forest landowners to achieve the water goals identified in many Federal laws (including regulations) is lacking; and

(13) increased research for, education for, and technical and financial assistance provided to, forest landowners and communities that relate to the protection of watersheds and improvement of water quality, are needed to realize the expectations of the general public for clean water and healthy aquatic systems.

(b) PURPOSES.—The purposes of this section are to—

(1) improve the understanding of landowners and the public with respect to the relationship between water quality and forest management;

(2) encourage landowners to maintain tree cover and use tree plantings and vegetative treatments as creative solutions to water quality and quantity problems associated with varying land uses;

(3) enhance and complement source water protection in watersheds that provide drinking water for municipalities;

(4) establish new partnerships and collaborative watershed approaches to forest management, stewardship, and protection; and

(5) provide technical and financial assistance to States to deliver a coordinated program that through the provision of technical, financial, and educational assistance to qualified individuals and entities—

(A) enhances State forestry best management practices programs; and

(B) protects and improves water quality on forest land.

(c) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5A (as added by section 806) the following:

"SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.

''(a) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a watershed forestry assistance program (referred to in this section as the 'program') to provide to States, through

State foresters (as defined in section 4), technical, financial, and related assistance to—

''(1) expand forest stewardship capacities and activities through State forestry best management practices and other means at the State level; and

''(2) prevent water quality degradation, and address watershed issues, on non-Federal forest land.

''(b) WATERSHED FORESTRY EDUCATION, TECHNICAL ASSISTANCE, AND PLANNING.—

''(1) PLAN.—

''(A) IN GENERAL.—In carrying out the program, the Secretary shall cooperate with State foresters to develop a plan, to be administered by the Secretary and implemented by State foresters, to provide technical assistance to assist States in preventing and mitigating water quality degradation.

''(B) PARTICIPATION.—In developing the plan under subparagraph (A), the Secretary shall encourage participation of interested members of the public (including nonprofit private organizations and local watershed councils).

''(2) COMPONENTS.—The plan described in paragraph (1) shall include provisions to—

''(A) build and strengthen watershed partnerships focusing on forest land at the national, State, regional, and local levels;

''(B) provide State forestry best management practices and water quality technical assistance directly to private landowners;

''(C) provide technical guidance relating to water quality management through forest management in degraded watersheds to land managers and policymakers;

''(D)(i) complement State nonpoint source assessment and management plans established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

''(ii) provide enhanced opportunities for coordination and cooperation among Federal and State agencies having responsibility for water and watershed management under that Act; and

''(E) provide enhanced forest resource data and support for improved implementation of State forestry best management practices, including—

''(i) designing and conducting effectiveness and implementation studies; and

''(ii) meeting in-State water quality assessment needs, such as the development of water quality models that correlate the management of forest land to water quality measures and standards.

''(c) WATERSHED FORESTRY COST-SHARE PROGRAM.—

''(1) ESTABLISHMENT.—In carrying out the program, the Secretary shall establish a watershed forestry cost-share program, to be administered by the Secretary and implemented by State foresters, to provide grants and other assistance for eligible programs and projects described in paragraph (2).

''(2) ELIGIBLE PROGRAMS AND PROJECTS.—A community, nonprofit group, or landowner may receive a grant or other assistance under this subsection to carry out a State forestry best management practices program or a watershed forestry project if the program or project, as determined by the Secretary—

''(A) is consistent with—

''(i) State nonpoint source assessment and management plan objectives established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

''(ii) the cost-share requirements of this section; and

''(B) is designed to address critical forest stewardship, watershed protection, and restoration needs of a State through—

''(i) the use of trees and forests as solutions to water quality problems in urban and agricultural areas;

''(ii) community-based planning, involvement, and action through State, local and nonprofit partnerships;

''(iii) the application of and dissemination of information on forestry best management practices relating to water quality;

''(iv) watershed-scale forest management activities and conservation planning; and

''(v) the restoration of wetland and stream side forests and establishment of riparian vegetative buffers.

''(3) ALLOCATION.—

''(A) IN GENERAL.—After taking into consideration the criteria described in subparagraph (B), the Secretary shall allocate among States, for award by State foresters under paragraph (4), the amounts made available to carry out this subsection.

''(B) CRITERIA.—The criteria referred to in subparagraph (A) are—

''(i) the number of acres of forest land, and land that could be converted to forest land, in each State;

''(ii) the nonpoint source assessment and management plans of each State, as developed under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329);

''(iii) the acres of wetland forests that have been lost or degraded or cases in which forests may play a role in restoring wetland resources;

''(iv) the number of non-Federal forest landowners in each State; and

''(v) the extent to which the priorities of States are designed to achieve a reasonable range of the purposes of the program and, as a result, contribute to the water-related goals of the United States.

''(4) AWARD OF GRANTS AND ASSISTANCE.—

''(A) IN GENERAL.—In implementing the program under this subsection, the State forester, in coordination with the State Coordinating Committee established under section 19(b), shall provide annual grants and cost-share assistance to communities, nonprofit groups, and landowners to carry out eligible programs and projects described in paragraph (2).

''(B) APPLICATION.—A community, nonprofit group, or landowner that seeks to receive cost-share assistance under this subsection shall submit to the State forester an application, in such form and containing such information as the State forester may prescribe, for the assistance.

''(C) PRIORITIZATION.—In awarding cost-share assistance under this subsection, the Secretary shall give priority to eligible programs and projects that are identified by the State foresters and the State Stewardship Committees as having a greater need for assistance.

''(D) AWARD.—On approval by the Secretary of an application under subparagraph (B), the State forester shall award to the applicant, from funds allocated to the State under paragraph (3), such amount of cost-share assistance as is requested in the application.

''(5) COST SHARING.—

''(A) FEDERAL SHARE.—The Federal share of the cost of carrying out any eligible program or project under this subsection shall not exceed 75 percent, of which not more than 50 percent may be in the form of assistance provided under this subsection.

''(B) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out any eligible program or project under this subsection may be provided in the form of cash, services, or in-kind contributions.

''(d) WATERSHED FORESTER.—A State may use a portion of the funds made available to the State under subsection (e) to establish and fill a position of 'Watershed Forester' to lead State-wide programs and coordinate watershed-level projects.

''(e) FUNDING.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—Of the funds made available under paragraph (1)—

''(A) 75 percent shall be used to carry out subsection (c); and

''(B) 25 percent shall be used to carry out provisions of this section other than subsection (c).''.

SEC. 812. GENERAL PROVISIONS.

Section 13 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109) is amended by striking subsection (f) and inserting the following:

''(f) GRANTS, CONTRACTS, AND OTHER AGREEMENTS.—

''(1) IN GENERAL.—In accordance with paragraph (2), the Secretary may make such grants and enter into such contracts, agreements, or other arrangements as the Secretary determines are necessary to carry out this Act.

''(2) ASSISTANCE.—Notwithstanding any other provision of this Act, the Secretary, with the concurrence of the applicable State forester or equivalent State official, may provide assistance under this Act directly to any public or private entity, organization, or individual—

''(A) through a grant; or

''(B) by entering into a contract or cooperative agreement.''.

SEC. 813. STATE FOREST STEWARDSHIP COORDINATING COMMITTEES.

Section 19(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)) is amended—

(1) in paragraph (1)(B)(i), by inserting ''United States Fish and Wildlife Service,'' before ''Forest Service''; and

(2) in paragraph (2)—

(A) in subparagraph (C), by striking ''and'' at the end;

(B) in subparagraph (D), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(E) submit to the Secretary, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, an annual report that provides—

''(i) the list of members on the Committee described in paragraph (1)(B); and

''(ii) for those members that may be included on the Committee, but are not included because a determination that it is not practicable to include the members has been made, an explanation of the reasons for that determination.''.

TITLE IX—ENERGY

SEC. 901. FINDINGS.

Congress finds that—

(1) there are many opportunities for the agricultural sector and rural areas to produce renewable energy and increase energy efficiency;

(2) investments in renewable energy and energy efficiency—

(A) enhance the energy security and independence of the United States;

(B) increase farmer and rancher income;

(C) promote rural economic development;

(D) provide environmental and public health benefits such as cleaner air and water; and

(E) improve electricity grid reliability, thereby reducing the likelihood of blackouts and brownouts, particularly during peak usage periods;

(3) the public strongly supports renewable energy generation and energy efficiency improvements as an important component of a national energy strategy;

(4)(A) the Federal Government is the country's largest consumer of a vast array of

products, spending in excess of $200,000,000,000 per year;

(B) purchases and use of products by the Federal Government have a significant effect on the environment; and

(C) accordingly, the Federal Government should lead the way in purchasing biobased products so as to minimize environmental impacts while supporting domestic producers of biobased products;

(5) the agricultural sector is a leading producer of biobased products to meet domestic and international needs;

(6) agriculture can play a significant role in the development of fuel cell and hydrogen-based energy technologies, which are critical technologies for a clean energy future;

(7)(A) wind energy is 1 of the fastest growing clean energy technologies; and

(B) there are tremendous economic development and environmental quality benefits to be achieved by developing both large-scale and small-scale wind power projects on farms and in rural communities;

(8) farm-based renewable energy generation can become one of the major cash crops of the United States, improving the livelihoods of hundreds of thousands of family farmers, ranchers, and others and revitalizing rural communities;

(9)(A) evidence continues to mount that increases in atmospheric concentrations of greenhouse gases are contributing to global climate change; and

(B) agriculture can help in climate change mitigation by—

(i) storing carbon in soils, plants, and forests;

(ii) producing biofuels, chemicals, and power to replace fossil fuels and petroleum-based products; and

(iii) reducing emissions by capturing gases from animal feeding operations, changing agricultural land practices, and becoming more energy efficient;

(10) because agricultural production is energy-intensive, it is incumbent on the Federal Government to aid the agricultural sector in reducing energy consumption and energy costs;

(11)(A) one way to help farmers, ranchers, and others reduce energy use is through professional energy audits;

(B) energy audits provide recommendations for improved energy efficiency that, when acted on, offer an effective means of reducing overall energy use and saving money; and

(C) energy savings of 10 to 30 percent can typically be achieved, and greater savings are often realized;

(12) rural electric utilities are often geographically well situated to develop renewable and distributed energy supplies, enabling the utilities to diversify their energy portfolios and afford their members or customers alternative energy sources, which many such members and customers desire;

(13) fuel cells are a highly efficient, clean, and flexible technology for generating electricity from hydrogen that promises to improve the environment, electricity reliability, and energy security;

(14)(A) because fuel cells can be made in any size, fuel cells can be used for a wide variety of farm applications, including powering farm vehicles, equipment, houses, and other operations; and

(B) much of the initial use of fuel cells is likely to be in remote and off-grid applications in rural areas; and

(15) hydrogen is a clean and flexible fuel that can play a critical role in storing and transporting energy produced on farms from renewable sources (including biomass, wind, and solar energy).

SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

The Consolidated Farm and Rural Development Act (as amended by section 646) is amended by adding at the end the following:

"Subtitle L—Clean Energy

"SEC. 387A. DEFINITIONS.

''In this subtitle:

''(1) BIOMASS.—

''(A) IN GENERAL.—The term 'biomass' means any organic material that is available on a renewable or recurring basis.

''(B) INCLUSIONS.—The term 'biomass' includes—

''(i) dedicated energy crops;

''(ii) trees grown for energy production;

''(iii) wood waste and wood residues;

''(iv) plants (including aquatic plants, grasses, and agricultural crops);

''(v) residues;

''(vi) fibers;

''(vii) animal wastes and other waste materials; and

''(viii) fats and oils (including recycled fats and oils).

''(C) EXCLUSIONS.—The term 'biomass' does not include—

''(i) old-growth timber (as determined by the Secretary);

''(ii) paper that is commonly recycled; or

''(iii) unsegregated garbage.

''(2) RENEWABLE ENERGY.—The term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

''(3) RURAL SMALL BUSINESS.—The term 'rural small business' has the meaning that the Secretary shall prescribe by regulation.

"CHAPTER 1—BIOBASED PRODUCT DEVELOPMENT

"SEC. 387B. BIOBASED PRODUCT PURCHASING REQUIREMENT.

''(a) DEFINITIONS.—In this section:

''(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

''(2) BIOBASED PRODUCT.—The term 'biobased product' means a commercial or industrial product, as determined by the Secretary (other than food or feed), that uses biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

''(3) ENVIRONMENTALLY PREFERABLE.—The term 'environmentally preferable', with respect to a biobased product, refers to a biobased product that has a lesser or reduced effect on human health and the environment when compared with competing nonbiobased products that serve the same purpose.

''(b) BIOBASED PRODUCT PURCHASING.—

''(1) MANDATORY PURCHASING REQUIREMENT FOR LISTED BIOBASED PRODUCTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), not later than 180 days after the date of enactment of this subtitle, the head of each Federal agency shall ensure that, in purchasing any product, the Federal agency purchases a biobased product, rather than a comparable nonbiobased product, if the biobased product is listed on the list of biobased products published under subsection (c)(1).

''(B) BIOBASED PRODUCT NOT REASONABLY COMPARABLE.—A Federal agency shall not be required to purchase a biobased product under subparagraph (A) if the purchasing employee submits to the Secretary and the Administrator of the Office of Federal Procurement Policy a written determination that the biobased product is not reasonably comparable to nonbiobased products in price, performance, or availability.

''(C) CONFLICTING REQUIREMENTS.—The Secretary and the Administrator shall jointly promulgate regulations with which Federal agencies shall comply in cases of a conflict between the biobased product purchasing requirement under subparagraph (A) and a purchasing requirement under any other provision of law.

''(2) PURCHASING OF NONLISTED BIOBASED PRODUCTS.—The head of each Federal agency is encouraged to purchase, to the maximum extent practicable, available biobased products that are not listed on the list of biobased products published under subsection (c)(1) when the Federal agency is not required to purchase a biobased product that is on the list.

''(c) ADMINISTRATIVE ACTION.—

''(1) LIST OF BIOBASED PRODUCTS.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subtitle, and annually thereafter, the Secretary, in consultation with the Administrator and the Director of the National Institute of Standards and Technology, shall publish a list of biobased products.

''(B) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall not include on the list under paragraph (1) biobased products that are not environmentally preferable, as determined by the Secretary.

''(C) GRANTS.—The Secretary may award grants to, or enter into contracts or cooperative agreements with, eligible persons, businesses, or institutions (as determined by the Secretary) to assist in collecting data concerning the evaluation of and lifecycle analyses of biobased products for use in making the determinations necessary to carry out this paragraph.

''(2) GUIDANCE.—Not later than 240 days after the date of enactment of this subtitle, the Office of Federal Procurement Policy and Federal Acquisition Regulation Council shall make the Federal Acquisition Regulation consistent with subsection (b).

''(d) EDUCATION AND OUTREACH PROGRAM.—The Secretary, in cooperation with the Defense Acquisition University and the Federal Acquisition Institute, shall conduct education programs for all Federal procurement officers regarding biobased products and the requirements of subsection (b).

''(e) LABELING.—

''(1) IN GENERAL.—The Secretary shall develop a program, similar to the Energy Star program of the Department of Energy and the Environmental Protection Agency, under which the Secretary authorizes producers of environmentally preferable biobased products to use a label that identifies the products as environmentally preferable biobased products.

''(2) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—The Secretary shall monitor and take appropriate action regarding the use of labels under paragraph (1) to ensure that the biobased products using the labels do not include biobased products that are not environmentally preferable, as determined by the Secretary.

''(3) CONTRACTING.—In carrying out paragraph (1), the Secretary may contract with appropriate entities with expertise in product labeling and standard setting.

''(f) GOAL.—It shall be the goal of each Federal agency for each fiscal year to purchase biobased products of an aggregate value that is not less than 5 percent of the aggregate value of all products purchased by the Federal agency during the preceding fiscal year.

''(g) REPORTS.—As soon as practicable after the end of each fiscal year, the Secretary and the Office of Federal Procurement Policy shall jointly submit to Congress an annual report that, for the fiscal year, describes the extent of—

''(1) compliance by each Federal agency with subsection (b); and

''(2) the success of each Federal agency in achieving the goal established under subsection (f).

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387C. BIOREFINERY DEVELOPMENT GRANTS.

''(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the conversion of biomass into petroleum substitutes, so as to—

''(1) develop transportation and other fuels and chemicals from renewable sources;

''(2) reduce the dependence of the United States on imported oil;

''(3) reduce greenhouse gas emissions;

''(4) diversify markets for raw agricultural and forestry products; and

''(5) create jobs and enhance the economic development of the rural economy.

''(b) DEFINITIONS.—In this section:

''(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

''(2) BIOREFINERY.—The term 'biorefinery' means equipment and processes that—

''(A) convert biomass into bioenergy fuels and chemicals; and

''(B) may produce electricity as a byproduct.

''(3) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

''(4) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(c) GRANTS.—The Secretary shall award grants to eligible entities to assist in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

''(d) ELIGIBLE ENTITIES.—A corporation, farm cooperative, association of farmers, national laboratory, university, State energy agency or office, Indian tribe, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

''(e) COMPETITIVE BASIS FOR AWARDS.—

''(1) IN GENERAL.—The Secretary shall award grants under subsection (c) on a competitive basis in consultation with the Board and Advisory Committee.

''(2) SELECTION CRITERIA.—

''(A) IN GENERAL.—The Secretary shall select projects to receive grants under subsection (c) based on—

''(i) the likelihood that the projects will demonstrate the commercial viability of a process for converting biomass to fuels or chemicals; and

''(ii) the likelihood that the projects will produce electricity.

''(B) FACTORS.—The factors to be considered under subparagraph (A) shall include—

''(i) the potential market for the product or products;

''(ii) the quantity of petroleum the product will displace;

''(iii) the level of financial participation by the applicants;

''(iv) the availability of adequate funding from other sources;

''(v) the beneficial impact on resource conservation and the environment;

''(vi) the participation of producer associations and cooperatives;

''(vii) the timeframe in which the project will be operational;

''(viii) the potential for rural economic development; and

''(ix) the participation of multiple eligible entities.

''(f) COST SHARING.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a grant for a project awarded under subsection (c) shall not exceed 30 percent of the cost of the project.

''(2) INCREASED GRANT AMOUNT.—The Secretary may increase the amount of a grant for a project under subsection (c) to not more than 50 percent in the case of a project that the Secretary finds particularly meritorious.

''(3) FORM OF GRANTEE SHARE.—

''(A) IN GENERAL.—The grantee share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

''(B) LIMITATION.—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share determined under paragraph (1).

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387D. BIODIESEL FUEL EDUCATION PROGRAM.

''(a) FINDINGS.—Congress finds that—

''(1) biodiesel fuel use can help reduce greenhouse gas emissions and public health risks associated with air pollution;

''(2) biodiesel fuel use enhances energy security by reducing petroleum consumption;

''(3) biodiesel fuel is nearing the transition from the research and development phase to commercialization;

''(4) biodiesel fuel is still relatively unknown to the public and even to diesel fuel users; and

''(5) education of, and provision of technical support to, current and future biodiesel fuel users will be critical to the widespread use of biodiesel fuel.

''(b) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, offer 1 or more competitive grants to eligible entities to educate Federal, State, regional, and local government entities and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

''(c) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity—

''(1) shall be a nonprofit organization; and

''(2) shall have demonstrated expertise in biodiesel fuel production, use, and distribution.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

''CHAPTER 2—RENEWABLE ENERGY DEVELOPMENT AND ENERGY EFFICIENCY

''SEC. 387E. RENEWABLE ENERGY DEVELOPMENT LOAN AND GRANT PROGRAM.

''(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, in addition to exercising authority to make loans and loan guarantees under other law, shall establish a program under which the Secretary shall make loans and loan guarantees and competitively award grants to assist farmers and ranchers in projects to establish new, or expand existing, farmer or rancher cooperatives, or other rural business ventures (as determined by the Secretary), to—

''(1) enable farmers and ranchers to become owners of sources of renewable electric energy and marketers of electric energy produced from renewable sources;

''(2) provide new income streams for farmers and ranchers;

''(3) increase the quantity of electricity available from renewable energy sources; and

''(4) provide environmental and public health benefits to rural communities and the United States as a whole.

''(b) OWNERSHIP REQUIREMENT.—At least 51 percent of the interest in a rural business venture assisted with a grant under subsection (a) shall be owned by farmers or ranchers.

''(c) MAXIMUM AMOUNT OF LOANS AND GRANTS.—

''(1) LOANS.—The amount of a loan made or guaranteed for a project under subsection (a) shall not exceed $10,000,000.

''(2) GRANTS.—The amount of a grant made for a project under subsection (a) shall not exceed $200,000 for a fiscal year.

''(d) COST SHARING.—

''(1) IN GENERAL.—The total amount of loans made or guaranteed or grants awarded under subsection (a) for a project shall not exceed 50 percent of the cost of the activity funded by the loan or grant.

''(2) FORM OF GRANTEE SHARE.—

''(A) IN GENERAL.—The grantee share of the cost of the activity may be made in the form of cash or the provision of services, material, or other in-kind contributions.

''(B) LIMITATION.—The amount of the grantee share of the cost of an activity that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share, as determined under paragraph (1).

''(e) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear an interest rate that does not exceed 4 percent.

''(f) USE OF FUNDS.—

''(1) PERMITTED USES.—

''(A) GRANTS.—A recipient of a grant awarded under subsection (a) may use the grant funds to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for renewable electric energy generation and sale.

''(B) LOANS.—A recipient of a loan or loan guarantee under subsection (a) may use the loan funds to provide capital for start-up costs associated with the rural business venture or the promotion of the aggregation of renewable electric energy sources.

''(2) PROHIBITED USES.—A recipient of a loan, loan guarantee, or grant under subsection (a) shall not use the loan or grant funds for planning, repair, rehabilitation, acquisition, or construction of a building.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $16,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387F. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

''(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, shall make competitive grants to eligible entities to enable the eligible entities to carry out a program to assist farmers, and ranchers, and rural small businesses (as determined by the Secretary) in becoming more energy efficient and in using renewable energy technology.

''(b) ELIGIBLE ENTITIES.—Entities eligible to carry out a program under subsection (a) include—

''(1) a State energy or agricultural office;

''(2) a regional or State-based energy organization or energy organization of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(3) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or other college or university;

''(4) a farm bureau or organization;

''(5) a rural electric cooperative or utility;

''(6) a nonprofit organization; and

''(7) any other entity, as determined by the Secretary.

''(c) MERIT REVIEW.—

''(1) MERIT REVIEW PANEL.—The Secretary shall establish a merit review panel to review applications for grants under subsection (a) that uses the expertise of other Federal agencies (including the Department of Energy and the Environmental Protection Agency), industry, and nongovernmental organizations.

''(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the merit review panel shall consider—

''(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

''(B) the geographic scope of the program proposed by the eligible entity;

''(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

''(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

''(E) the plan of the eligible entity for educating farmers, ranchers, and rural small businesses on the benefits of energy efficiency and renewable energy development.

''(d) USE OF GRANT FUNDS.—A recipient of a grant under subsection (a) shall use the grant funds to—

''(1)(A) conduct energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses recommendations for energy efficiency and renewable energy development opportunities; and

''(B) conduct workshops on that subject as appropriate;

''(2) make farmers, ranchers, and rural small businesses aware of, and ensure that they have access to—

''(A) financial assistance under section 387G; and

''(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible; and

''(3) arrange private financial assistance to farmers, ranchers, and rural small businesses on favorable terms.

''(e) COST SHARING.—

''(1) IN GENERAL.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require that, as a condition to the conduct of the energy audit, the farmer, rancher, or rural small business pay at least 25 percent of the cost of the audit.

''(2) IMPLEMENTATION OF RECOMMENDATIONS.—If a farmer, rancher, or rural small business substantially implements the recommendations made in connection with an energy audit, the Secretary may reimburse the farmer, rancher, or rural small business the amount that is equal to the share of the cost paid by the farmer, rancher, or rural small business under paragraph (1).

''(f) REPORTS.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on the implementation of this section.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387G. LOANS, LOAN GUARANTEES, AND GRANTS TO FARMERS, RANCHERS, AND RURAL SMALL BUSINESSES FOR RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

''(a) IN GENERAL.—In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to—

''(1) purchase renewable energy systems; and

''(2) make energy efficiency improvements.

''(b) ELIGIBILITY OF FARMERS AND RANCHERS.—To be eligible to receive a grant under subsection (a) for a fiscal year, a farmer or rancher shall have produced not more than $1,000,000 in market value of agricultural products during the preceding fiscal year, as determined by the Secretary.

''(c) COST SHARING.—

''(1) RENEWABLE ENERGY SYSTEMS.—

''(A) IN GENERAL.—

''(i) GRANTS.—The amount of a grant made under subsection (a) for a renewable energy system shall not exceed 15 percent of the cost of the renewable energy system.

''(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for a renewable energy system shall not exceed 35 percent of the cost of the renewable energy system.

''(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

''(i) the type of renewable energy system to be purchased;

''(ii) the estimated quantity of energy to be generated or displaced by the renewable energy system;

''(iii) the expected environmental benefits of the renewable energy system;

''(iv) the extent to which the renewable energy system will be replicable; and

''(v) other factors as appropriate.

''(2) ENERGY EFFICIENCY IMPROVEMENTS.—

''(A) IN GENERAL.—

''(i) GRANTS.—The amount of a grant made under subsection (a) for an energy efficiency improvement shall not exceed 15 percent of the cost of the energy efficiency improvement.

''(ii) LOANS.—The amount of a loan made or guaranteed under subsection (a) for an energy efficiency project shall not exceed 35 percent of the cost of the energy efficiency improvement.

''(B) FACTORS.—In determining the amount of a grant or loan under subparagraph (A), the Secretary shall take into consideration—

''(i) the estimated length of time it would take for the energy savings generated by the improvement to equal the cost of the improvement;

''(ii) the amount of energy savings expected to be derived from the improvement; and

''(iii) other factors as appropriate.

''(d) INTEREST RATE.—A loan made or guaranteed under subsection (a) shall bear interest at a rate not exceeding 4 percent.

''(e) ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.—

''(1) PREFERENCE.—In making loans, loan guarantees, and grants under subsection (a), the Secretary shall give preference to participants in the energy audit and renewable energy development program under section 387F.

''(2) RESERVATION OF FUNDING.—The Secretary shall reserve at least 25 percent of the funds made available to carry out this section for each of fiscal years 2002 through 2006 to participants in the energy audit and renewable energy development program under section 387F.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $33,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387H. HYDROGEN AND FUEL CELL TECHNOLOGIES PROGRAM.

''(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the Secretary of Energy, shall establish a program under which the Secretary of Agriculture shall competitively award grants to, or enter into contracts or cooperative agreements with, eligible entities for—

''(1) projects to demonstrate the use of hydrogen technologies and fuel cell technologies in farm, ranch, and rural applications; and

''(2) as appropriate, studies of the technical, environmental, and economic viability, in farm, ranch, and rural applications, of innovative hydrogen and fuel cell technologies not ready for demonstration.

''(b) ELIGIBLE ENTITIES.—Under subsection (a), the Secretary may make a grant to or enter into a contract or cooperative agreement with—

''(1) a Federal research agency;

''(2) a national laboratory;

''(3) a college or university or a research foundation maintained by a college or university;

''(4) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(5) a State agricultural experiment station; or

''(6) an individual.

''(c) SELECTION CRITERIA.—In selecting projects for grants, contracts, and cooperative agreements under subsection (a)(1), the Secretary shall give preference to projects that demonstrate technologies that—

''(1) are innovative;

''(2) use renewable energy sources;

''(3) produce multiple sources of energy;

''(4) provide significant environmental benefits;

''(5) are likely to be economically competitive; and

''(6) have potential for commercialization as mass-produced, farm- or ranch-sized systems.

''(d) COST SHARING.—The amount of financial assistance provided for a project under a grant, contract, or cooperative agreement under subsection (a) shall not exceed 50 percent of the cost of the project.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2006.

''SEC. 387I. TECHNICAL ASSISTANCE FOR FARMERS AND RANCHERS TO DEVELOP RENEWABLE ENERGY RESOURCES.

''(a) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, may provide for education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources.

''(b) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

''CHAPTER 3—CARBON SEQUESTRATION RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM

''SEC. 387J. RESEARCH.

''(a) BASIC RESEARCH.—

''(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall

carry out research to promote understanding of—

''(A) the net sequestration of organic carbon in soils and plants (including trees); and

''(B) net emissions of other greenhouse gases from agriculture.

''(2) AGRICULTURAL RESEARCH SERVICE.—The Secretary, acting through the Agricultural Research Service, shall collaborate with other Federal agencies in developing data and carrying out research addressing carbon losses and gains in soils and plants (including trees) and net emissions of methane and nitrous oxide from cultivation and animal management activities.

''(3) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

''(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a competitive grant program to carry out research on the matters described in paragraph (1) by eligible entities.

''(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

''(i) a Federal research agency;

''(ii) a national laboratory;

''(iii) a college or university or a research foundation maintained by a college or university;

''(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(v) a State agricultural experiment station; or

''(vi) an individual.

''(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for basic research under paragraph (1), the Cooperative State Research, Education, and Extension Service shall consult with the Agricultural Research Service and the Forest Service to ensure that proposed research areas are complementary with and do not duplicate other research projects funded by the Department or other Federal agencies.

''(D) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative expenses incurred in carrying out this subsection.

''(b) APPLIED RESEARCH.—

''(1) IN GENERAL.—The Secretary shall carry out applied research in the areas of soil science, agronomy, agricultural economics, forestry, and other agricultural sciences to—

''(A) promote understanding of—

''(i) how agricultural and forestry practices affect the sequestration of organic and inorganic carbon in soils and plants (including trees) and net emissions of other greenhouse gases;

''(ii) how changes in soil carbon pools in soils and plants (including trees) are cost-effectively measured, monitored, and verified; and

''(iii) how public programs and private market approaches can be devised to incorporate carbon sequestration in a broader societal greenhouse gas emission reduction effort;

''(B) develop methods for establishing baselines for measuring the quantities of carbon and other greenhouse gases sequestered; and

''(C) evaluate leakage and performance issues.

''(2) REQUIREMENTS.—To the maximum extent practicable, applied research under paragraph (1) shall—

''(A) use existing technologies and methods; and

''(B) provide methodologies that are accessible to a nontechnical audience.

''(3) MINIMIZATION OF ADVERSE ENVIRONMENTAL IMPACTS.—All applied research under paragraph (1) shall be conducted with an emphasis on minimizing adverse environmental impacts.

''(4) NATURAL RESOURCES AND THE ENVIRONMENT.—The Secretary, acting through the Natural Resources Conservation Service and the Forest Service, shall collaborate with other Federal agencies in developing new measuring techniques and equipment or adapting existing techniques and equipment to enable cost-effective and accurate monitoring and verification, for a wide range of agricultural and forestry practices, of—

''(A) changes in carbon content in soils and plants (including trees); and

''(B) net emissions of other greenhouse gases.

''(5) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—

''(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service and the Forest Service, shall establish a competitive grant program to encourage research on the matters described in paragraph (1) by eligible entities.

''(B) ELIGIBLE ENTITIES.—Under subparagraph (A), the Secretary may make a grant to—

''(i) a Federal research agency;

''(ii) a national laboratory;

''(iii) a college or university or a research foundation maintained by a college or university;

''(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer;

''(v) a State agricultural experiment station; or

''(vi) an individual.

''(C) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for applied research under paragraph (1), the Cooperative State Research, Education, and Extension Service and the Forest Service shall consult with the Natural Resources Conservation Service and the Agricultural Research Service to ensure that proposed research areas are complementary with and do not duplicate research projects funded by the Department of Agriculture or other Federal agencies.

''(D) ADMINISTRATIVE EXPENSES.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, may retain up to 4 percent of the amounts made available for each fiscal year to carry out this subsection to pay administrative expenses incurred in carrying out this subsection.

''(c) RESEARCH CONSORTIA.—

''(1) IN GENERAL.—The Secretary may designate not more than 2 research consortia to carry out research projects under this section, with the requirement that the consortia propose to conduct basic research under subsection (a) and applied research under subsection (b) .

''(2) SELECTION.—The consortia shall be selected on a competitive basis by the Cooperative State Research, Education, and Extension Service.

''(3) ELIGIBLE CONSORTIUM PARTICIPANTS.—Entities eligible to participate in a consortium include—

''(A) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103));

''(B) a private research institution;

''(C) a State agency;

''(D) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

''(E) an agency of the Department of Agriculture;

''(F) a research center of the National Aeronautics and Space Administration, the Department of Energy, or any other Federal agency;

''(G) an agricultural business or organization with demonstrated expertise in areas covered by this section; and

''(H) a representative of the private sector with demonstrated expertise in the areas.

''(4) RESERVATION OF FUNDING.—If the Secretary designates 1 or 2 consortia, the Secretary shall reserve for research projects carried out by the consortium or consortia not more than 25 percent of the amounts made available to carry out this section for a fiscal year.

''(d) STANDARDS FOR MEASURING CARBON AND OTHER GREENHOUSE GAS CONTENT.—

''(1) CONFERENCE.—Not later than 3 years after the date of enactment of this subtitle, the Secretary shall convene a conference of key scientific experts on carbon sequestration from various sectors (including the government, academic, and private sectors) to—

''(A) discuss benchmark standards for measuring the carbon content of soils and plants (including trees) and net emissions of other greenhouse gases;

''(B) propose techniques and modeling approaches for measuring carbon content with a level of precision that is discussed by the participants in the conference; and

''(C) evaluate results of analyses on baseline, permanence, and leakage issues.

''(2) DEVELOPMENT OF BENCHMARK STANDARDS.—The Secretary shall, with notice and an opportunity for comment, develop benchmark standards for measuring the carbon content of soils and plants (including trees) based on—

''(A) information from the conference held under paragraph (1);

''(B) research performed under this section; and

''(C) other information available to the Secretary.

''(3) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the conference and the designation of benchmark standards.

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

''(2) ADMINISTRATIVE EXPENSES.—The Secretary may retain up to 4 percent of the amounts made available for each fiscal year to carry out this section to pay administrative expenses incurred in carrying out this section.

''SEC. 387K. DEMONSTRATION PROJECTS AND OUTREACH.

''(a) DEMONSTRATION PROJECTS.—

''(1) DEVELOPMENT OF MONITORING PROGRAMS.—

''(A) IN GENERAL.—The Secretary, in cooperation with local extension agents, experts from land grant universities, and other local agricultural or conservation organizations, shall develop user-friendly programs that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and net changes in greenhouse gas emissions.

''(B) BENCHMARK LEVELS OF PRECISION.—The Secretary shall administer programs developed under subparagraph (A) in a manner that achieves, to the maximum extent practicable, benchmark levels of precision in the measurement, in a cost-effective manner, of benefits and changes described in subparagraph (A).

''(2) PROJECTS.—

''(A) IN GENERAL.—The Secretary shall establish a program under which the monitoring programs developed under paragraph (1) are used in projects to demonstrate the feasibility of methods of measuring, verifying, and monitoring—

''(i) changes in organic carbon content and other carbon pools in soils and plants (including trees); and

''(ii) net changes in emissions of other greenhouse gases.

''(B) EVALUATION OF IMPLICATIONS.—The projects under subparagraph (A) shall include evaluation of the implications for reassessed baselines, carbon or other greenhouse gas leakage, and the permanence of sequestration.

''(C) SUBMISSION OF PROPOSALS.—Proposals for projects under subparagraph (A) shall be submitted by the appropriate agency of each State, in consultation with interested local jurisdictions and State agricultural and conservation organizations.

''(b) OUTREACH.—

''(1) IN GENERAL.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall widely disseminate information about the economic and environmental benefits that can be generated by adoption of conservation practices that increase sequestration of carbon and reduce emission of other greenhouse gases.

''(2) PROJECT RESULTS.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall provide for the dissemination to farmers, ranchers, private forest landowners, and appropriate State agencies in each State of information concerning—

''(A) the results of demonstration projects under subsection (a)(2); and

''(B) the manner in which the methods demonstrated in the projects might be applicable to the operations of the farmers and ranchers.

''(3) POLICY OUTREACH.—The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall disseminate information on the connection between global climate change mitigation strategies and agriculture and forestry, so that farmers and ranchers may better understand the global implications of the activities of farmers and ranchers.

''(c) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.

''(2) ALLOCATION.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for demonstration projects under subsection (a)(2).''.

SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

(a) IN GENERAL.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

''SEC. 310. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this title $15,000,000 for each of fiscal years 2002 through 2006.''.

(b) TERMINATION OF AUTHORITY.—Section 311 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) (as redesignated by subsection (a)) is amended by striking ''December 31, 2005'' and inserting ''September 30, 2006''.

SEC. 904. RURAL ELECTRIFICATION ACT OF 1936.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

''SEC. 20. FINANCIAL AND TECHNICAL ASSISTANCE FOR RENEWABLE ENERGY PROJECTS.

''(a) DEFINITION OF RENEWABLE ENERGY.—In this section, the term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

''(b) LOANS, LOAN GUARANTEES, AND GRANTS.—The Secretary shall make loans, loan guarantees, and grants to rural electric cooperatives and other rural electric utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or for rural economic development.

''(c) INTEREST RATE.—A loan made or guaranteed under subsection (b) shall bear interest at a rate not exceeding 4 percent.

''(d) USE OF FUNDS.—

''(1) GRANTS.—A recipient of a grant under subsection (a) may use the grant funds to pay up to 75 percent of the cost of an economic feasibility study or technical assistance for a renewable energy project.

''(2) LOANS.—If a renewable energy project is determined to be economically feasible, a recipient of a loan or loan guarantee under subsection (a) may use the loan funds to pay a percentage of the cost of the project determined by the Secretary.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $9,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 905. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) greenhouse gas emissions resulting from human activity present potential risks and potential opportunities for agricultural and forestry production;

(2) there is a need to identify cost-effective methods that can be used in the agricultural and forestry sectors to reduce the threat of climate change;

(3) deforestation and other land use changes account for approximately 1,600,000,000 of the 7,900,000,000 metric tons of the average annual worldwide quantity of carbon emitted during the 1990s;

(4) ocean and terrestrial systems each sequestered approximately 2,300,000,000 metric tons of carbon annually, resulting in a sequestration of 60 percent of the annual human-induced emissions of carbon during the 1990s;

(5) there are opportunities for increasing the quantity of carbon that can be stored in terrestrial systems through improved, human-induced agricultural and forestry practices;

(6) increasing the carbon content of soil helps to reduce erosion, reduce flooding, minimize the effects of drought, prevent nutrients and pesticides from washing into water bodies, and contribute to water infiltration, air and water holding capacity, and good seed germination and plant growth;

(7) tree planting and wetland restoration could play a major role in sequestering carbon and reducing greenhouse gas concentrations in the atmosphere;

(8) nitrogen management is a cost-effective method of addressing nutrient overenrichment in the estuaries of the United States and of reducing emissions of nitrous oxide;

(9) animal feed and waste management can be cost-effective methods to address water quality issues and reduce emissions of methane; and

(10) there is a need to—

(A) demonstrate that carbon sequestration in soils, plants, and forests and reductions in greenhouse gas emissions through nitrogen and animal feed and waste management can be measured and verified; and

(B) develop and refine quantification, verification, and auditing methodologies for carbon sequestration and greenhouse gas emission reductions on a project by project basis.

(b) PROGRAM.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

''SEC. 409. CARBON SEQUESTRATION DEMONSTRATION PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE PROJECT.—The term 'eligible project' means a project that is likely to result in—

''(A) demonstrable reductions in net emissions of greenhouse gases; or

''(B) demonstrable net increases in the quantity of carbon sequestered in soils and forests.

''(2) PANEL.—The term 'panel' means the panel of experts established under subsection (b)(4)(A).

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting in consultation with—

''(A) the Under Secretary of Agriculture for Natural Resources and Environment;

''(B) the Under Secretary of Agriculture for Research, Education, and Economics;

''(C) the Chief Economist of the Department; and

''(D) the panel.

''(b) DEMONSTRATION PROGRAM.—

''(1) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a program to provide grants, on a competitive, cost-shared basis, to agricultural producers to assist in paying the costs incurred in measuring, estimating, monitoring, verifying, auditing, and testing methodologies involved in public-private partnerships for measurement and monitoring of greenhouse gas fluxes (including costs incurred in employing certified independent third persons to carry out those activities).

''(2) CONDITIONS FOR RECEIPT OF GRANT.—As a condition of the acceptance of a grant under paragraph (1), an agricultural producer shall—

''(A) establish a carbon and greenhouse gas monitoring, verification, and reporting system that meets such requirements as the Secretary shall prescribe; and

''(B) under the system and through the use of an independent third party for any necessary monitoring, verifying, reporting, and auditing, measure and report to the Secretary the quantity of carbon sequestered, or the quantity of greenhouse gas emissions reduced, as a result of the conduct of an eligible project.

''(3) CRITERIA FOR AWARD OF GRANT.—

''(A) IN GENERAL.—In awarding a grant for an eligible project under paragraph (1), the Secretary shall take into consideration—

''(i) the likelihood of the eligible project in succeeding in achieving greenhouse gas emissions reductions and net carbon sequestration increases; and

''(ii) the usefulness of the information to be obtained from the eligible project in determining how best to quantify, monitor, and verify sequestered carbon or reductions in greenhouse gas emissions.

''(B) PRIORITY CRITERIA.—The Secretary shall give priority in awarding a grant under paragraph (1) to an eligible project that—

''(i) involves multiple parties, a whole farm approach, or any other approach, such as the aggregation of land areas, that would—

''(I) increase the environmental benefits or reduce the transaction costs of the eligible project; and

''(II) reduce the costs of measuring, monitoring, and verifying any net sequestration of carbon or net reduction in greenhouse gas emissions;

''(ii) is designed to achieve long-term sequestration of carbon or long-term reductions in greenhouse gas emissions;

''(iii) is designed to address concerns concerning leakage;

''(iv) provides certain other benefits, such as improvements in—

''(I) soil fertility;

''(II) wildlife habitat;

''(III) water quality;

''(IV) soil erosion management;

''(V) the use of renewable resources to produce energy;

''(VI) the avoidance of ecosystem fragmentation; and

''(VII) the promotion of ecosystem restoration with native species; or

''(v) does not involve the conversion of native forest land or native grassland.

''(4) PANEL.—

''(A) IN GENERAL.—The Secretary shall establish a panel to provide advice and recommendations to the Secretary with respect to criteria for awarding grants under this subsection.

''(B) COMPOSITION.—The panel shall be composed of the following representatives, to be appointed by the Secretary:

''(i) Experts from each of—

''(I) the Department;

''(II) the Environmental Protection Agency; and

''(III) the Department of Energy.

''(ii) Experts from nongovernmental and academic entities.

''(5) PAYMENT OF GRANT FUNDS.—The Secretary shall provide a grant awarded under this section in such number of installments as is necessary to ensure proper implementation of an eligible project.

''(c) METHODOLOGY GRANT PROGRAM.—

''(1) ESTABLISHMENT.—The Secretary shall establish a program to provide grants to determine the best methodologies for estimating and measuring increases or decreases in—

''(A) agricultural greenhouse gas emissions; and

''(B) the quantity of carbon sequestered in soils, forests, and trees.

''(2) ELIGIBLE RECIPIENTS.—The Secretary shall award a grant under paragraph (1), on a competitive basis, to a college or university, or other research institution, that seeks to demonstrate the viability of a methodology described in paragraph (1).

''(d) DISSEMINATION OF INFORMATION.—As soon as practicable after the date of enactment of this section, the Secretary shall establish an Internet site through which agricultural producers may obtain information concerning—

''(1) potential public-private partnerships for measurement and monitoring of greenhouse gas fluxes; and

''(2) activities of the Secretary under this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 906. SENSE OF CONGRESS CONCERNING NATIONAL RENEWABLE FUELS STANDARD.

It is the sense of Congress that—

(1) Congress supports and encourages adoption of a national renewable fuels program, under which the motor vehicle fuel placed into commerce by a refiner, blender, or importer shall be composed of renewable fuel measured according to a statutory formula for specified calendar years; and

(2) the Secretary of Agriculture should ensure that the policies and programs of the Department of Agriculture promote the production of fuels from renewable fuel sources.

SEC. 907. SENSE OF CONGRESS CONCERNING THE BIOENERGY PROGRAM OF THE DEPARTMENT OF AGRICULTURE.

It is the sense of Congress that—

(1) ethanol and biofuel production capacity will be needed to phase out the use of methyl tertiary butyl ether in gasoline and the dependence of the United States on foreign oil; and

(2) the bioenergy program of the Department of Agriculture under part 1424 of title 7, Code of Federal Regulations, should be continued and expanded.

TITLE X—MISCELLANEOUS

Subtitle A—Country of Origin and Quality Grade Labeling

SEC. 1001. COUNTRY OF ORIGIN LABELING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''Subtitle C—Country of Origin Labeling

''SEC. 271. DEFINITIONS.

''In this subtitle:

''(1) BEEF.—The term 'beef' means meat produced from cattle (including veal).

''(2) COVERED COMMODITY.—

''(A) IN GENERAL.—The term 'covered commodity' means—

''(i) muscle cuts of beef, lamb, and pork;

''(ii) ground beef, ground lamb, and ground pork;

''(iii) farm-raised fish;

''(iv) a perishable agricultural commodity; and

''(v) peanuts.

''(B) EXCLUSIONS.—The term 'covered commodity' does not include—

''(i) processed beef, lamb, and pork food items; and

''(ii) frozen entrees containing beef, lamb, and pork.

''(3) FARM-RAISED FISH.—The term 'farm-raised fish' includes—

''(A) farm-raised shellfish; and

''(B) fillets, steaks, nuggets, and any other flesh from a farm-raised fish or shellfish.

''(4) FOOD SERVICE ESTABLISHMENT.—The term 'food service establishment' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

''(5) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

''(6) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms 'perishable agricultural commodity' and 'retailer' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

''(7) PORK.—The term 'pork' means meat produced from hogs.

''(8) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

''SEC. 272. NOTICE OF COUNTRY OF ORIGIN.

''(a) IN GENERAL.—

''(1) REQUIREMENT.—Except as provided in subsection (b), a retailer of a covered commodity shall inform consumers, at the final point of sale of the covered commodity to consumers, of the country of origin of the covered commodity.

''(2) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity may designate the covered commodity as having a United States country of origin only if the covered commodity—

''(A) in the case of beef, lamb, and pork, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States; and

''(B) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States; and

''(C) in the case of a perishable agricultural commodities or peanut, is exclusively produced in the United States.

''(b) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Subsection (a) shall not apply to a covered commodity if the covered commodity is—

''(1) prepared or served in a food service establishment; and

''(2)(A) offered for sale or sold at the food service establishment in normal retail quantities; or

''(B) served to consumers at the food service establishment.

''(c) METHOD OF NOTIFICATION.—

''(1) IN GENERAL.—The information required by subsection (a) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

''(2) LABELED COMMODITIES.—If the covered commodity is already individually labeled for retail sale regarding country of origin, the retailer shall not be required to provide any additional information to comply with this section.

''(d) AUDIT VERIFICATION SYSTEM.—The Secretary may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under section 274.

''(e) INFORMATION.—Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

''(f) CERTIFICATION OF ORIGIN.—

''(1) MANDATORY IDENTIFICATION.—The Secretary shall not use a mandatory identification system to verify the country of origin of a covered commodity.

''(2) EXISTING CERTIFICATION PROGRAMS.—To certify the country of origin of a covered commodity, the Secretary may use as a model certification programs in existence on the date of enactment of this Act, including—

''(A) the carcass grading and certification system carried out under this Act;

''(B) the voluntary country of origin beef labeling system carried out under this Act;

''(C) voluntary programs established to certify certain premium beef cuts;

''(D) the origin verification system established to carry out the child and adult care food program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766); or

''(E) the origin verification system established to carry out the market access program under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623).

''SEC. 273. ENFORCEMENT.

''(a) IN GENERAL.—Except as provided in subsection (b), section 253 shall apply to a violation of this subtitle.

''(b) WARNINGS.—If the Secretary determines that a retailer is in violation of section 272, the Secretary shall—

''(1) notify the retailer of the determination of the Secretary; and

''(2) provide the retailer a 30-day period, beginning on the date on which the retailer receives the notice under paragraph (1) from the Secretary, during which the retailer may take necessary steps to comply with section 272.

''(c) FINES.—If, on completion of the 30-day period described in subsection (c)(2), the Secretary determines that the retailer has willfully violated section 272, after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer in an amount determined by the Secretary.

''SEC. 274. REGULATIONS.

''(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to carry out this subtitle.

''(b) PARTNERSHIPS WITH STATES.—In promulgating the regulations, the Secretary shall, to the maximum extent practicable, enter into partnerships with States with enforcement infrastructure to carry out this subtitle.

''SEC. 275. APPLICATION.

''This subtitle shall apply to the retail sale of a covered commodity beginning on the date that is 180 days after the date of the enactment of this subtitle.''.

SEC. 1002. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) (as amended by section 1001) is amended by adding at the end the following:

''Subtitle D—Commodity-Specific Grading Standards

''SEC. 281. DEFINITION OF SECRETARY.

''In this subtitle, the term 'Secretary' means the Secretary of Agriculture.

''SEC. 282. QUALITY GRADE LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.

''An imported carcass, part thereof, meat, or meat food product (as defined by the Secretary) shall not bear a label that indicates a quality grade issued by the Secretary.

''SEC. 283. REGULATIONS.

''The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.''.

Subtitle B—General Provisions

SEC. 1011. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

(a) IN GENERAL.—Title III of the Packers and Stockyards Act, 1921, is amended by inserting after section 317 (7 U.S.C. 217a) the following:

''SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

''(a) DEFINITIONS.—In this section:

''(1) HUMANELY EUTHANIZED.—The term 'humanely euthanized' means to kill an animal by mechanical, chemical, or other means that immediately render the animal unconscious, with this state remaining until the animal's death.

''(2) NONAMBULATORY LIVESTOCK.—The term 'nonambulatory livestock' means any livestock that is unable to stand and walk unassisted.

''(b) UNLAWFUL PRACTICES.—

''(1) IN GENERAL.—It shall be unlawful under section 312 for any stockyard owner, market agency, or dealer to buy, sell, give, receive, transfer, market, hold, or drag any nonambulatory livestock unless the nonambulatory livestock has been humanely euthanized.

''(2) EXCEPTIONS.—

''(A) NON-GIPSA FARMS.—Paragraph (1) shall not apply to any farm the animal care practices of which are not subject to the authority of the Grain Inspection, Packers, and Stockyards Administration.

''(B) VETERINARY CARE.—Paragraph (1) shall not apply in a case in which nonambulatory livestock receive veterinary care intended to render the livestock ambulatory.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) takes effect 1 year after the date of the enactment of this Act.

(2) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations consistent with the amendment, relating to the handling, treatment, and disposition of nonambulatory livestock at livestock marketing facilities or by dealers.

SEC. 1012. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (7 U.S.C. 473), is amended by striking ''2002'' and inserting ''2006''.

SEC. 1013. PROTECTION FOR PURCHASERS OF FARM PRODUCTS.

Section 1324 of the Food Security Act of 1985 (7 U.S.C. 1631) is amended—

(1) in subsection (c)(4)—

(A) in subparagraph (B), by striking ''signed,'' and inserting ''signed, authorized, or otherwise authenticated by the debtor,'';

(B) by striking subparagraph (C);

(C) in subparagraph (D)—

(i) in clause (iii), by adding ''and'' after the semicolon at the end; and

(ii) in clause (iv), by striking ''applicable;'' and all that follows and inserting ''applicable, and the name of each county or parish in which the farm products are growing or located;''; and

(D) by redesignating subparagraphs (D) through (I) as subparagraphs (C) through (H), respectively;

(2) in subsection (e)—

(A) in paragraph (1)(A)—

(i) in clause (ii)—

(I) in subclause (III), by adding ''and'' after the semicolon at the end; and

(II) in subclause (IV), by striking ''crop year,'' and all that follows and inserting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(iii) in clause (v), by inserting ''contains'' before ''any payment''; and

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''subparagraph'' and inserting ''subsection''; and

(ii) in subparagraph (B), by striking ''; and'' and inserting a period; and

(3) subsection (g)(2)(A)—

(A) in clause (ii)—

(i) in subclause (III), by adding ''and'' after the semicolon at the end; and

(ii) in subclause (IV), by striking ''crop year,'' and all that follows and inserting ''crop year, and the name of each county or parish in which the farm products are growing or located;''; and

(B) in clause (v), by inserting ''contains'' before ''any payment''.

SEC. 1014. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting ''PENALTIES.—'' after ''(e)'';

(B) by striking ''$5,000'' and inserting ''$15,000''; and

(C) by striking ''1 year'' and inserting ''2 years''; and

(2) in subsection (g)(2)(B), by inserting at the end before the semicolon the following: ''or from any State into any foreign country''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 1015. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended by striking subsection (a) and inserting the following:

''(a) OUTREACH AND ASSISTANCE.—

''(1) DEFINITIONS.—In this subsection:

''(A) DEPARTMENT.—The term 'Department' means the Department of Agriculture.

''(B) ELIGIBLE ENTITY.—The term 'eligible entity' means—

''(i) any community-based organization, network, or coalition of community-based organizations that—

''(I) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

''(II) has provided to the Secretary documentary evidence of work with socially disadvantaged farmers and ranchers during the 2-year period preceding the submission of an application for assistance under this subsection; and

''(III) has not engaged in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986;

''(ii)(I) an 1890 institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), including West Virginia State College;

''(II) a 1994 institution (as defined in section 2 of that Act);

''(III) an Indian tribal community college;

''(IV) an Alaska Native cooperative college;

''(V) a Hispanic-serving institution (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

''(VI) any other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region; and

''(iii) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) or a national tribal organization that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region.

''(C) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(2) PROGRAM.—The Secretary shall carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers—

''(A) in owning and operating farms and ranches; and

''(B) in participating equitably in the full range of agricultural programs offered by the Department.

''(3) REQUIREMENTS.—The outreach and technical assistance program under paragraph (2) shall—

''(A) enhance coordination of the outreach, technical assistance, and education efforts authorized under various agriculture programs; and

''(B) include information on, and assistance with—

''(i) commodity, conservation, credit, rural, and business development programs;

''(ii) application and bidding procedures;

''(iii) farm and risk management;

''(iv) marketing; and

''(v) other activities essential to participation in agricultural and other programs of the Department.

''(4) GRANTS AND CONTRACTS.—

''(A) IN GENERAL.—The Secretary may make grants to, and enter into contracts and other agreements with, an eligible entity to provide information and technical assistance under this subsection.

''(B) RELATIONSHIP TO OTHER LAW.—The authority to carry out this section shall be in addition to any other authority provided in this or any other Act.

''(5) FUNDING.—

''(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2002 through 2006.

''(B) INTERAGENCY FUNDING.—In addition to funds authorized to be appropriated under subparagraph (A), any agency of the Department may participate in any grant, contract, or agreement entered into under this section by contributing funds, if the agency determined that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.''.

SEC. 1016. PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY COMMITTEE ELECTIONS.

Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) is amended by striking subparagraph (B) and inserting the following:

''(B) ESTABLISHMENT AND ELECTIONS FOR COUNTY, AREA, OR LOCAL COMMITTEES.—

''(i) ESTABLISHMENT.—

''(I) IN GENERAL.—In each county or area in which activities are carried out under this section, the Secretary shall establish a county or area committee.

''(II) LOCAL ADMINISTRATIVE AREAS.—The Secretary may designate local administrative areas within a county or a larger area under the jurisdiction of a committee established under subclause (I).

''(ii) COMPOSITION OF COUNTY, AREA, OR LOCAL COMMITTEES.—A committee established under clause (i) shall consist of not fewer than 3 nor more than 5 members that—

''(I) are fairly representative of the agricultural producers within the area covered by the county, area, or local committee; and

''(II) are elected by the agricultural producers that participate or cooperate in programs administered within the area under the jurisdiction of the county, area, or local committee.

''(iii) ELECTIONS.—

''(I) IN GENERAL.—Subject to subclauses (II) through (V), the Secretary shall establish procedures for nominations and elections to county, area, or local committees.

''(II) NONDISCRIMINATION STATEMENT.—Each solicitation of nominations for, and notice of elections of, a county, area, or local committee shall include the nondiscrimination statement used by the Secretary.

''(III) NOMINATIONS.—

''(aa) ELIGIBILITY.—To be eligible for nomination and election to the applicable county, area, or local committee, as determined by the Secretary, an agricultural producer shall be located within the area under the jurisdiction of a county, area, or local committee, and participate or cooperate in programs administered within that area.

''(bb) OUTREACH.—In addition to such nominating procedures as the Secretary may prescribe, the Secretary shall solicit and accept nominations from organizations representing the interests of socially disadvantaged groups (as defined in section 355(e)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)(1)).

''(IV) OPENING OF BALLOTS.—

''(aa) PUBLIC NOTICE.—At least 10 days before the date on which ballots are to be opened and counted, a county, area, or local committee shall announce the date, time, and place at which election ballots will be opened and counted.

''(bb) OPENING OF BALLOTS.—Election ballots shall not be opened until the date and time announced under item (aa).

''(cc) OBSERVATION.—Any person may observe the opening and counting of the election ballots.

''(V) REPORT OF ELECTION.—Not later than 20 days after the date on which an election is held, a county, area, or local committee shall file an election report with the Secretary and the State office of the Farm Service Agency that includes—

''(aa) the number of eligible voters in the area covered by the county, area, or local committee;

''(bb) the number of ballots cast in the election by eligible voters (including the percentage of eligible voters that cast ballots);

''(cc) the number of ballots disqualified in the election;

''(dd) the percentage that the number of ballots disqualified is of the number of ballots received;

''(ee) the number of nominees for each seat up for election;

''(ff) the race, ethnicity, and gender of each nominee, as provided through the voluntary self-identification of each nominee; and

''(gg) the final election results (including the number of ballots received by each nominee).

''(VI) NATIONAL REPORT.—Not later than 90 days after the date on which the first election of a county, area, or local committee that occurs after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 is held, the Secretary shall complete a report that consolidates all the election data reported to the Secretary under subclause (V).

''(VII) ELECTION REFORM.—

''(aa) ANALYSIS.—If determined necessary by the Secretary after analyzing the data contained in the report under subclause (VI), the Secretary shall promulgate and publish in the Federal Register proposed uniform guidelines for conducting elections for members and alternate members of county, area, and local committees not later than 1 year after the date of completion of the report.

''(bb) INCLUSION.—The procedures promulgated by the Secretary under item (aa) shall ensure fair representation of socially disadvantaged groups described in subclause (III)(bb) in an area covered by the county, area, or local committee, in cases in which those groups are underrepresented on the county, area, or local committee for that area.

''(cc) METHODS OF INCLUSION.—Notwithstanding clause (ii), the Secretary may ensure inclusion of socially disadvantaged farmers and ranchers through provisions allowing for appointment of additional voting members to a county, area, or local committee or through other methods.

''(iv) TERM OF OFFICE.—The term of office for a member of a county, area, or local committee shall not exceed 3 years.''.

SEC. 1017. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 1018. TREE ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 194 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 945) is amended to read as follows:

''SEC. 194. TREE ASSISTANCE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that produces annual crops from trees for commercial purposes,

''(2) NATURAL DISASTER.—The term 'natural disaster' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, and other natural occurrences, as determined by the Secretary.

''(3) TREE.—The term 'tree' includes trees, bushes, and vines.

''(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(b) ELIGIBILITY.—

''(1) LOSS.—Subject to paragraph (2), the Secretary shall provide assistance in accordance with subsection (c) to eligible orchardists that, as determined by the Secretary—

''(A) planted trees for commercial purposes; and

''(B) lost those trees as a result of a natural disaster.

''(2) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (c) only if the tree mortality rate of the orchardist, as a result of the natural disaster, exceeds 15 percent (adjusted for normal mortality), as determined by the Secretary.

''(c) ASSISTANCE.—

''(1) IN GENERAL.—Assistance provided by the Secretary to eligible orchardists for losses described in subsection (b) shall consist of—

''(A) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

''(B) at the discretion of the Secretary, sufficient tree seedlings to reestablish the stand.

''(2) LIMITATION ON ASSISTANCE.—

''(A) LIMITATION.—The total amount of payments that a person may receive under this section shall not exceed—

''(i) $100,000; or

''(ii) an equivalent value in tree seedlings.

''(B) REGULATIONS.—The Secretary shall promulgate regulations that—

''(i) define the term 'person' for the purposes of this section (which definition shall conform, to the extent practicable, to the regulations defining the term 'person' promulgated under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308); and

''(ii) prescribe such rules as the Secretary determines are necessary to ensure a fair and reasonable application of the limitation established under this section.

''(d) AUTHORIZATION OF APPROPRIATIONS.—Notwithstanding section 161, there is authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2006.''.

(b) APPLICATION DATE.—The amendment made by subsection (a) shall apply to tree losses that are incurred as a result of a natural disaster after January 1, 2000.

SEC. 1019. HUMANE METHODS OF ANIMAL SLAUGHTER.

It is the sense of Congress that—

(1) the Secretary of Agriculture should—

(A) resume tracking the number of violations of Public Law 85–765 (7 U.S.C. 1901 et seq.) and report the results and relevant trends annually to Congress; and

(B) fully enforce Public Law 85–765 by ensuring that humane methods in the slaughter of livestock—

(i) prevent needless suffering;

(ii) result in safer and better working conditions for persons engaged in the slaughtering of livestock;

(iii) bring about improvement of products and economies in slaughtering operations; and

(iv) produce other benefits for producers, processors, and consumers that tend to expedite an orderly flow of livestock and livestock products in interstate and foreign commerce; and

(2) it should be the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with

slaughter shall be carried out only by humane methods.

Subtitle C—Administration

SEC. 1031. REGULATIONS.

(a) IN GENERAL.—The Secretary of Agriculture may promulgate such regulations as are necessary to implement this Act and the amendments made by this Act.

(b) PROCEDURE.—The promulgation of the regulations and administration of title I and sections 456 and 508 and the amendments made by title I and sections 456 and 508 shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out subsection (b), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 1032. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act and notwithstanding any other provision of law, this Act and the amendments made by this Act shall not affect the authority of the Secretary of Agriculture to carry out an agricultural market transition, price support, or production adjustment program for any of the 1996 through 2001 crop, fiscal, or calendar years under a provision of law in effect immediately before the date of enactment of this Act.

(b) LIABILITY.—A provision of this Act or an amendment made by this Act shall not affect the liability of any person under any provision of law as in effect immediately before the date of enactment of this Act.

SA 2672. Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill H.R. 3210, to ensure the continued financial capacity of insurers to provide coverage for risks from terrorism, which was ordered to lie on the table; as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''National Terrorism Reinsurance Loan and Grant Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—GENERAL PROVISIONS

Sec. 101. Loan and grant programs.
Sec. 102. Credit for reinsurance.
Sec. 103. Mandatory coverage by property and casualty insurers for acts of terrorism.
Sec. 104. Monitoring and enforcement.
Sec. 105. Administrative provisions.
Sec. 106. Termination of programs.
Sec. 107. Definitions.

TITLE II—LOAN PROGRAM

Sec. 201. National terrorism reinsurance loan program.
Sec. 202. Repayment of loans.
Sec. 203. Reports by insurers.
Sec. 204. Rates; rate-making methodology and data.

TITLE III—GRANT PROGRAM

Sec. 301. National terrorism insurance loss grant program.
Sec. 302. Coverage provided.
Sec. 303. Authorization of appropriations.

TITLE IV—LITIGATION

Sec. 401. Consolidation and venue.
Sec. 402. Punitive damages.

TITLE I—GENERAL PROVISIONS

SEC. 101. LOAN AND GRANT PROGRAMS

(a) IN GENERAL.—If the Secretary determines that there are loses from terrorism on covered lines in calendar year 2002 then the Secretary shall—

(1) make loans to insurers under title II, to the extent that the aggregate amount of such losses does not exceed $10,000,000,000; and

(2) make grants under title III, to the extent that the aggregate amount of such losses exceeds $10,000,000,000.

(b) DETERMINATION.

(1) INITIAL DETERMINATION.—The Secretary shall make an initial determination as to whether the losses were caused by an act of terrorism.

(2) NOTICE AND HEARING.—The Secretary shall give public notice of the initial determination and afford all interested parties an opportunity to be heard on the question of whether the losses were caused by an act of terrorism.

(3) FINAL DETERMINATION.—Within 30 days after the Secretary's initial determination, the Secretary shall make a final determination as to whether the losses were caused by an act of terrorism.

(4) STANDARD OF REVIEW.—The Secretary's determination shall be upheld upon judicial review if based upon substantial evidence.

SEC. 102. CREDIT FOR REINSURANCE.

Each State shall afford an insurer credit on the same basis and to the same extent that credit for reinsuracne would be available to that insurer under applicable State law when reinsurance is obtained from an assuming insurer licensed or accredited in that State that is economically equivalent to that insurer's eligibility for loans under title II and grants under title III.

SEC. 103. MANDATORY COVERAGE BY PROPERTY AND CASUALTY INSURERS FOR ACTS OF TERRORISM.

(a) IN GENERAL.—An insurer that provides lines of coverage described in section 107(1)(A) or (B) may not—

(1) exclude or limit coverage in those lines for losses from acts of terrorism in the United States, its territories, and possessions in property and casualty insurance policy forms; or

(2) deny or cancel coverage solely due to the risk of losses from acts of terrorism in the United States.

(b) TERMS AND CONDITIONS.—Insurance against losses from acts of terrorism in the United States shall be covered with the same deductibles, limits, terms, and conditions as the standard provisions of the policy for noncatastrophic perils.

SEC. 104. MONITORING AND ENFORCEMENT.

(a) FTC ANALYSIS AND ENFORCEMENTS.—The Federal Trade Commission shall review reports submitted by insurers under title II or III treating any proprietary data, privileged data, or trade or business secret information contained in the reports as privileged and confidential, for the purpose of determining whether any insurer is engaged in unfair methods of competition of unfair or deceptive acts or practices in or affecting commerce (within the meaning of section 5 of the Federal Trade Commission Act (15 U.S.C. 45)).

(b) GAO REVIEW OF REPORTS AND STATE REGULATORS.—The Comptroller General shall—

(1) provide for review and analysis of the reports submitted under title II and III;

(2) review the efforts of State insurance regulatory authorities to keep premium rates for insurance against losses from acts of terrorism on covered lines reasonable;

(3) if the Secretary makes any loans under this title, provide for the audit of loan claims filed by insurers as requested by the Secretary; and

(4) on a timely basis, make any recommendations the Comptroller General may deem appropriate to the Congress for improvements in the programs established by this title before its termination.

(c) APPLICATION OF CERTAIN LAWS.—Notwithstanding any limitation in the McCarran-Ferguson Act (15 U.S.C. 1011 et seq.) or section 6 of the Federal Trade Commission Act (15 U.S.C. 46), the Federal Trade Commission Act (15 U.S.C. 41 et seq.) shall apply to insurers receiving a loan or grant under this Act. In determining whether any such insurer has been, or is, using any unfair method of competition, or unfair or deceptive act or practice, in violation of section 5 of that Act (15 U.S.C. 45), the Federal Trade Commission shall consider relevant information provided in reports submitted under this Act.

SEC. 105. ADMINISTRATIVE PROVISIONS.

In carrying out this Act, the Secretary may—

(1) issue such rules and regulations as may be necessary to administer this Act;

(2) make loans and grants and carry out the activities necessary to implement this Act;

(3) take appropriate action to collect premiums or assessments under this Act; and

(4) audit the reports, claims, books, and records of insurers to which the Secretary has made loans or grants under this Act.

SEC. 106. TERMINATION OF PROGRAMS.

(a) LOAN PROGRAM.—

(1) IN GENERAL.—The authority of the Secretary to make loans under title II terminates on December 31, 2002, except to the extent necessary—

(A) to provide loans for losses from acts of terrorism occurring during calendar year 2002; and

(B) to recover the amount of any loans made under this title.

(2) ASSESSMENT AND COLLECTION OF LOAN REPAYMENTS.—The Secretary shall continue assessment and collection operations under title II as long as loans from the Secretary under that title are outstanding.

(3) REPORTING AND ENFORCEMENT.—The provisions of sections 202, 203, and 204 shall terminate when the authority of the Secretary to make loans under this title terminates.

(b) GRANT PROGRAM.—The authority of the Secretary to make grants under title III terminates on December 31, 2002.

SEC. 107. DEFINITIONS.

(1) COVERED LINE.—

(A) IN GENERAL.—The term ''covered line'' means any one or a combination of the following, written on a direct basis, as reported by property and casualty insurers in required financial reports on Statutory Page 14 of the NAIC Annual Statement Blank:

(i) Fire.
(ii) Allied lines.
(iii) Commercial multiple peril.
(iv) Ocean marine.
(v) Inland marine.
(vi) Workers compensation.
(vii) Products liability.
(viii) Commercial auto no-fault (personal injury protection), other commercial auto liability, or commercial auto physical damage.
(ix) Aircraft (all peril).
(x) Fidelity and surety.
(xi) Burglary and theft.
(xii) Boiler and machinery.
(xiii) Any other line of insurance that is reported by property and casualty insurers

in required financial reports on Statutory Page 14 of the NAIC Annual Statement Blank which is voluntarily elected by an insurer to be included in its terrorism coverage.

(B) OTHER LINES.—For purpose of clause (xiii), the lines of business that may be voluntarily selected for the following:

(i) Farmowners multiple peril.

(ii) Homeowners multiple peril.

(iii) Mortgage guaranty.

(iv) Financial guaranty.

(v) Private passenger automobile insurance.

(C) ELECTION.—The election to voluntarily include another line of insurance, if made, must apply to all affiliated insurers that are members of an insurer group. Any voluntary election is on a one-time basis and is irrevocable.

(2) INSURER.

(A) IN GENERAL.—The term ''insurer'' means an entity writing covered lines on a direct basis and licensed as a property and casualty insurer, risk retention group, or other entity authorized by law as a residual market mechanism providing property or casualty coverage in at least one jurisdiction of the United States, its territories, or possessions and includes residual market insurers.

(B) VOLUNTARY PARTICIPATION.—A State workers' compensation, auto, or property insurance fund may voluntarily participate as an insurer.

(C) GROUP LIFE INSURERS.—The Secretary shall provide, by rule, for—

(''i) the term ''insurer'' to include entities writing group life insurance on a direct basis and licensed as group life insurers; and.

(ii) the term ''covered line'' to include group life insurance written on a direct basis, as reported by group life insurers in required financial reports on the appropriate NAIC Annual Statement Blank.

(3) LOSSES.—The term ''losses'' means direct incurred losses from an act of terrorism for covered lines, plus defense and cost containment expenses.

(4) NAIC.—The term ''NAIC'' means the National Association of Insurance Commissioners.

(5) SECRETARY.—Except where otherwise specifically provided, the term ''Secretary'' means the Secretary of Commerce.

(6) TERRORISM; ACT OF TERRORISM.

(A) IN GENERAL.—The terms ''terrorism'' and ''act of terrorism'' mean any act, certified by the Secretary in concurrence with the Secretary of State and the Attorney General, as a violent act or act dangerous to human life, property or infrastructure, within the United States, its territories and possessions, that is committed by an individual or individuals acting on behalf of foreign agents or foreign interests (other than a foreign government) as part of an effort to coerce or intimidate the civilian population of the United States or to influence the policy or affect the conduct of the United States government.

(B) ACTS OF WAR.—No act shall be certified as an act of terrorism if the act is committed in the course of a war declared by the Congress of the United States or by a foreign government.

(C) FINALITY OF CERTIFICATION.—Any certification, or determination not to certify, by the Secretary under subparagraph (A) is final and not subject to judicial review.

TITLE II—LOAN PROGRAM

SEC. 201. NATIONAL TERRORISM REINSURANCE LOAN PROGRAM.

(a) IN GENERAL.—The Secretary of Commerce shall establish and administer a program to provide loans to insurers for claims for losses due to acts of terrorism.

(b) 80 PERCENT COVERAGE.—If the Secretary makes the determination described in section 101(a), then the Secretary shall provide a loan to any insurer for losses on covered lines from acts of terrorism occurring in calendar 2002 equal to 80 percent of the aggregate amount of claims on covered lines.

(c) $800 MILLION LOAN LIMIT.—Notwithstanding any other provision of this title, the total amount of loans outstanding at any time to insurers from the Secretary under this title may not exceed $800,000,000.

(d) 7.5 PERCENT RETENTION MUST BE PAID BEFORE LOAN RECEIVED.—The Secretary may not make a loan under subsection (b) to an insurer until that insurer has paid claims on covered lines for losses from acts of terrorism occurring in calendar year 2002 equal to at least 7.5 percent of that insurer's aggregate liability for such losses.

(e) TERM AND INTEREST RATE.—The Secretary, after consultation with the Secretary of the Treasury and after taking into account market rates of interest, credit ratings of the borrowers, risk factors, and the purpose of this title, shall establish the term, repayment schedule, and the rate of interest for any loan made under subsection (a).

SEC. 202. REPAYMENT OF LOANS.

If the Secretary makes loans to insurers under section 201, the Secretary shall assess all insurers an annual assessment of not more than 3 percent of the direct written premium for covered lines. The annual assessment may be recovered by an insurer from its covered lines policyholders as a direct surcharge calculated as a uniform percentage of premium.

SEC. 203. REPORTS BY INSURERS.

(a) COVERAGE AND CAPACITY.

(1) REPORTING TERRORISM COVERAGE.—An insurer shall—

(A) report the amount of its terrorism insurance coverage to the insurance regulatory authority for each State in which it does business; and

(B) obtain a certification from the State that it is not providing terrorism insurance coverage in excess of its capacity under State solvency requirements.'

(2) REPORTS TO SECRETARY.—The State regulator shall furnish a copy of the certification received under paragraph (1) to the Secretary.

(b) ADDITIONAL REPORTS.—Insurers receiving loans under this title shall submit reports on a quarterly or other basis (as required by the Secretary) to the Secretary, the Federal Trade Commission, and the General Accounting Office setting forth rates, premiums risk analysis, coverage, reserves, claims made for loans from the Secretary, and such additional additional financial and actuarial information as the Secretary may require regarding lines of coverage described in section 107(1)(A) or (B). The information in these reports shall be treated as confidential by the recipient.

SEC. 204. RATES; RATE-MAKING METHODOLOGY AND DATA.

(a) PREMIUM MUST BE SEPARATELY STATED.—Each insurer offering insurance against losses from acts of terrorism in the United States on covered lines during calendar year 2002 shall state the premium for that insurance separately in any invoice, proposal, or other written communication to policyholders and prospective policyholders.

(b) RATE-MAKING METHODS AND DATA MUST BE PUBLICLY DISCLOSED.

(1) 45-DAY NOTICE.—Not less than 45 days before the date on which an insurer establishes or increases the premium rate for any covered line of insurance described in section 107(1) based, in whole or in part, on risk associated with insurance against losses due to acts of terrorism during calendar year 2002, the insurer shall file a report with the State insurance regulatory authority for the State in which the premium is effective that—

(A) sets forth the methodology and data used to determine the premium; and

(B) identifies the portion of the premium properly attributable to risk associated with insurance offered by that insurer against losses due to acts of terrorism; and

(C) demonstrates, by substantial evidence, why that premium is actuarially justified.

(2) COPY TO FEDERAL TRADE COMMISSION AND GENERAL ACCOUNTING OFFICE.—Each insurer filing a report under paragraph (1) shall file a duplicate of the report with the Federal Trade Commission and the General Accounting Office at the same time as it is submitted to the State regulatory authority.

(3) REPORTS BY STATE REGULATORS.—Within 15 days after a State insurance regulatory authority receives a report from an insurer required by paragraph (1), the authority—

(A) shall submit a report to the Secretary of Commerce, the Federal Trade Commission, and the General Accounting Office;

(B) shall include in that report a determination with respect to whether an insurer has met the requirement of paragraph (1)(C);

(C) shall certify that—

(i) the methodology and data used by the insurer to determine the premium or increase are reasonable and adequate; and

(ii) the premium or increase is not excessive;

(D) shall disclose the methodology used by the authority to analyze the report and the methodology on which the authority based its certification; and

(E) may include with the report any commentary or analysis it deems appropriate.

(c) BASELINE DATA REPORTS.—Each insurer required to file a report under subsection (b) that provided insurance on covered lines against risk of loss from acts of terrorism in the United States on September 11, 2001, shall file a report with a report with the State insurance regulatory authority for the State in which that insurance was provided, the Federal Trade Commission, and the General Accounting Office that sets forth the methodology and data used to determine the premium for, or portion of the premium properly attributable to, insurance against risk of loss due to acts of terrorism in the United States under its insurance policies in effect on the date.

(d) SPECIAL RULE FOR INITIAL PERIOD.—

(1) SEPARATE STATEMENT OF PREMIUM.—An insurer offering insurance against losses from acts of terrorism in the United States on covered lines after the date of enactment of this Act and before March 15, 2002, shall notify each policyholder in writing as soon as possible, but no later than March 1, 2002, of the premium, or portion of the premium, attributable to that insurance, stated separately from any premium or increase in premium attributable to insurance against losses from other risks. Each such insurer shall file a copy of each such policyholder notice with the State insurance regulatory authority for the State in which the premium is effective.

(2) JUSTIFICATION OF PREMIUM; BASELINE DATA.—As soon as possible after the date of enactment of this Act, but no later than March 1, 2002, each such insurer shall comply with—

(A) the requirements of subsection (b)(1) and (2), with respect to the premium or portion of the premium attributable to such insurance; and

(B) the requirements of subsection (c).

TITLE III—GRANT PROGRAM

SEC. 301. NATIONAL TERRORISM INSURANCE LOSS GRANT PROGRAM.

If the Secretary determines under section 101(a) that losses from terrorism on covered

lines in calendar year 2002 exceed $10,000,000,000 in the aggregate, then the Secretary shall establish and administer a program under this title to provide grants to insurers for losses to the extent that the aggregate amount of such losses exceeds $10,000,000,000.

SEC. 302. GRANT AMOUNTS.

(a) IN GENERAL.—The Secretary shall make grants to insurers for 90 percent of losses in excess, in the aggregate, of $10,000,000,000 in calendar year 2002.

(b) $50,000,000,000 LIMIT.—Except as provided in subsection (c), the Secretary may not make grants in excess of a total amount for all insurers of $50,000,000,000.

(c) REPORTS TO STATE REGULATOR; CERTIFICATION.

(1) REPORTING TERRORISM COVERAGE.—An insurer shall—

(A) report the amount of its terrorism insurance coverage to the insurance regulatory authority for each State in which it does business; and

(B) obtain a certification from the State that it is not providing terrorism insurance coverage in excess of its capacity under State solvency requirements.

(2) REPORTS TO SECRETARY.—The State regulator shall furnish a copy of the certification received under paragraph (1) to Secretary.

SEC. 303. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this title.

TITLE IV—LITIGATION

SEC. 401. FEDERAL CAUSE OF ACTION; CONSOLIDATION

(a) IN GENERAL.—If the Secretary of Commerce makes the determination required by section 101(a), the exclusive remedy for any claim against an insurer in connection with a loss under a covered line (as defined in section 107(1) of this Act) from acts of terrorism shall be an action brought in a District Court of the United States designated under subsection (c).

(b) SUBSTANTIVE LAW.—The substantive law for decision in any such action shall be derived from the law, including choice of law principles, of the State in which such act of terrorism occurred, unless such law is inconsistent with or preempted by Federal law.

(c) JURISDICTION.—The Judicial Panel on Multidistrict Litigation shall designate one or more district courts of the United States which shall have original and exclusive jurisdiction over all actions brought pursuant to subsection (a).

SEC. 402. PUNITIVE DAMAGES.

(a) IN GENERAL.—No punitive damages may be awarded in an action described in section 401(a).

(b) EXCEPTION.—The preceding sentence does not apply to a defendant who committed the act of terrorism or knowingly conspired to commit that act.

SA 2673. Mr. SMITH of New Hampshire (for himself and Mr. CRAPO) submitted an amendment intended to be proposed by him to the bill S. 990 to amend the Pittman-Robertson Wildlife Restoration Act to improve the provisions relating to wildlife conservation and restoration programs, and for other purposes; which was ordered to lie on the table; as follows:

On page 74, line 11, insert ''(other than an incidental taking statement with respect to a species recovery agreement entered into by the Secretary under subsection (c))'' before the semicolon.

SA 2674. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.

(a) REMOVAL OF LIMITATION.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended by striking subsection (d) and inserting the following:

''(d) ACTIVITIES NOT SUBJECT TO PROHIBITION.—This section does not apply to the selling, buying, transporting, or delivery of animals in interstate or foreign commerce for any purpose or purposes, so long as those purposes do not include that of an animal fighting venture.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the date that is 30 days after the date of enactment of this Act.

SA 2675. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1731, to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) IN GENERAL.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting ''PENALTIES.—'' after ''(e)'';

(B) by striking ''$5,000'' and inserting ''$15,000''; and

(C) by striking ''1 year'' and inserting ''2 years''; and

(2) in subsection (g)(2)(B), by inserting before the semicoln at the end the following: ''or from any State into any foreign country''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect 30 days after the date of enactment of this Act.

SA 2676. Mr. HUTCHINSON (for himself, Mr. LOTT, Mr. SESSIONS, and Mr. HELMS) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Farm Security Act of 2001''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—COMMODITY PROGRAMS

Sec. 100. Definitions.

Subtitle A—Fixed Decoupled Payments and Counter-Cyclical Payments

Sec. 101. Payments to eligible producers.
Sec. 102. Establishment of payment yield.
Sec. 103. Establishment of base acres and payment acres for a farm.
Sec. 104. Availability of fixed, decoupled payments.
Sec. 105. Availability of counter-cyclical payments.
Sec. 106. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments.
Sec. 107. Planting flexibility.
Sec. 108. Relation to remaining payment authority under production flexibility contracts.
Sec. 109. Payment limitations.
Sec. 110. Farm counter-cyclical savings accounts.
Sec. 111. Period of effectiveness.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

Sec. 121. Availability of nonrecourse marketing assistance loans for covered commodities.
Sec. 122. Loan rates for nonrecourse marketing assistance loans.
Sec. 123. Term of loans.
Sec. 124. Repayment of loans.
Sec. 125. Loan deficiency payments.
Sec. 126. Payments in lieu of loan deficiency payments for grazed acreage.
Sec. 127. Special marketing loan provisions for upland cotton.
Sec. 128. Special competitive provisions for extra long staple cotton.
Sec. 129. Availability of recourse loans for high moisture feed grains and seed cotton and other fibers.
Sec. 130. Availability of nonrecourse marketing assistance loans for wool and mohair.
Sec. 131. Availability of nonrecourse marketing assistance loans for honey.
Sec. 132. Producer retention of erroneously paid loan deficiency payments and marketing loan gains.
Sec. 133. Reserve stock adjustment.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

Sec. 141. Milk price support program.
Sec. 142. Repeal of recourse loan program for processors.
Sec. 143. Extension of dairy export incentive and dairy indemnity programs.
Sec. 144. Fluid milk promotion.
Sec. 145. Dairy product mandatory reporting.
Sec. 146. Study of national dairy policy.

CHAPTER 2—SUGAR

Sec. 151. Sugar program.
Sec. 152. Reauthorize provisions of Agricultural Adjustment Act of 1938 regarding sugar.
Sec. 153. Storage facility loans.

CHAPTER 3—PEANUTS

Sec. 161. Definitions.
Sec. 162. Establishment of payment yield, peanut acres, and payment acres for a farm.
Sec. 163. Availability of fixed, decoupled payments for peanuts.
Sec. 164. Availability of counter-cyclical payments for peanuts.
Sec. 165. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments.

Sec. 166. Planting flexibility.
Sec. 167. Marketing assistance loans and loan deficiency payments for peanuts.
Sec. 168. Quality improvement.
Sec. 169. Payment limitations.
Sec. 170. Termination of marketing quota programs for peanuts and compensation to peanut quota holders for loss of quota asset value.

Subtitle D—Administration

Sec. 181. Administration generally.
Sec. 182. Extension of suspension of permanent price support authority.
Sec. 183. Limitations.
Sec. 184. Adjustments of loans.
Sec. 185. Personal liability of producers for deficiencies.
Sec. 186. Extension of existing administrative authority regarding loans.
Sec. 187. Assignment of payments.
Sec. 188. Report on effect of certain farm program payments on economic viability of producers and farming infrastructure.

TITLE II—CONSERVATION

Subtitle A—Environmental Conservation Acreage Reserve Program

Sec. 201. General provisions.

Subtitle B—Conservation Reserve Program

Sec. 211. Reauthorization.
Sec. 212. Enrollment.
Sec. 213. Duties of owners and operators.
Sec. 214. Reference to conservation reserve payments.
Sec. 215. Expansion of pilot program to all States.

Subtitle C—Wetlands Reserve Program

Sec. 221. Enrollment.
Sec. 222. Easements and agreements.
Sec. 223. Duties of the Secretary.
Sec. 224. Changes in ownership; agreement modification; termination.

Subtitle D—Environmental Quality Incentives Program

Sec. 231. Purposes.
Sec. 232. Definitions.
Sec. 233. Establishment and administration.
Sec. 234. Evaluation of offers and payments.
Sec. 235. Environmental Quality Incentives Program plan.
Sec. 236. Duties of the Secretary.
Sec. 237. Limitation on payments.
Sec. 238. Ground and surface water conservation.

Subtitle E—Funding and Administration

Sec. 241. Reauthorization.
Sec. 242. Funding.
Sec. 243. Allocation for livestock production.
Sec. 244. Administration and technical assistance.

Subtitle F—Other Programs

Sec. 251. Private grazing land and conservation assistance.
Sec. 252. Wildlife Habitat Incentives Program.
Sec. 253. Farmland Protection Program.
Sec. 254. Resource Conservation and Development Program.
Sec. 255. Grassland Reserve Program.
Sec. 256. Farmland Stewardship Program.
Sec. 257. Small Watershed Rehabilitation Program.
Sec. 258. Provision of assistance for Repaupo Creek Tide Gate and Dike Restoration Project, New Jersey.
Sec. 259. Grassroots source water protection program.

Subtitle G—Repeals

Sec. 261. Provisions of the Food Security Act of 1985.
Sec. 262. National Natural Resources Conservation Foundation Act.

TITLE III—TRADE

Sec. 301. Market Access Program.
Sec. 302. Food for Progress.
Sec. 303. Surplus commodities for developing or friendly countries.
Sec. 304. Export Enhancement Program.
Sec. 305. Foreign Market Development Cooperator Program.
Sec. 306. Export Credit Guarantee Program.
Sec. 307. Food for Peace (Public Law 480).
Sec. 308. Emerging markets.
Sec. 309. Bill Emerson Humanitarian Trust.
Sec. 310. Technical assistance for specialty crops.
Sec. 311. Farmers to Africa and the Caribbean Basin.
Sec. 312. George McGovern–Robert Dole International Food for Education and Child Nutrition Program.
Sec. 313. Study on fee for services.
Sec. 314. National export strategy report.

TITLE IV—NUTRITION PROGRAMS

Subtitle A—Food Stamp Program

Sec. 401. Simplified definition of income.
Sec. 402. Standard deduction.
Sec. 403. Transitional food stamps for families moving from welfare.
Sec. 404. Quality control systems.
Sec. 405. Simplified application and eligibility determination systems.
Sec. 406. Authorization of appropriations.

Subtitle B—Commodity Distribution

Sec. 441. Distribution of surplus commodities to special nutrition projects.
Sec. 442. Commodity supplemental food program.
Sec. 443. Emergency food assistance.

Subtitle C—Miscellaneous Provisions

Sec. 461. Hunger fellowship program.
Sec. 462. General effective date.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

Sec. 501. Direct loans.
Sec. 502. Financing of bridge loans.
Sec. 503. Limitations on amount of farm ownership loans.
Sec. 504. Joint financing arrangements.
Sec. 505. Guarantee percentage for beginning farmers and ranchers.
Sec. 506. Guarantee of loans made under State beginning farmer or rancher programs.
Sec. 507. Down payment loan program.
Sec. 508. Beginning farmer and rancher contract land sales program.

Subtitle B—Operating Loans

Sec. 511. Direct loans.
Sec. 512. Amount of guarantee of loans for tribal farm operations; waiver of limitations for tribal farm operations and other farm operations.

Subtitle C—Administrative Provisions

Sec. 521. Eligibility of limited liability companies for farm ownership loans, farm operating loans, and emergency loans.
Sec. 522. Debt settlement.
Sec. 523. Temporary authority to enter into contracts; private collection agencies.
Sec. 524. Interest rate options for loans in servicing.
Sec. 525. Annual review of borrowers.
Sec. 526. Simplified loan applications.
Sec. 527. Inventory property.
Sec. 528. Definitions.
Sec. 529. Loan authorization levels.
Sec. 530. Interest rate reduction program.
Sec. 531. Options for satisfaction of obligation to pay recapture amount for shared appreciation agreements.
Sec. 532. Waiver of borrower training certification requirement.
Sec. 533. Annual review of borrowers.

Subtitle D—Farm Credit

Sec. 541. Repeal of burdensome approval requirements.
Sec. 542. Banks for cooperatives.
Sec. 543. Insurance Corporation premiums.
Sec. 544. Board of Directors of the Federal Agricultural Mortgage Corporation.

Subtitle E—General Provisions

Sec. 551. Inapplicability of finality rule.
Sec. 552. Technical amendments.
Sec. 553. Effect of amendments.
Sec. 554. Effective date.

TITLE VI—RURAL DEVELOPMENT

Sec. 601. Funding for rural local television broadcast signal loan guarantees.
Sec. 602. Expanded eligibility for value-added agricultural product market development grants.
Sec. 603. Agriculture innovation center demonstration program.
Sec. 604. Funding of community water assistance grant program.
Sec. 605. Loan guarantees for the financing of the purchase of renewable energy systems.
Sec. 606. Loans and loan guarantees for renewable energy systems.
Sec. 607. Rural business opportunity grants.
Sec. 608. Grants for water systems for rural and native villages in Alaska.
Sec. 609. Rural cooperative development grants.
Sec. 610. National reserve account of Rural Development Trust Fund.
Sec. 611. Rural venture capital demonstration program.
Sec. 612. Increase in limit on certain loans for rural development.
Sec. 613. Pilot program for development and implementation of strategic regional development plans.
Sec. 614. Grants to nonprofit organizations to finance the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas for individuals with low or moderate incomes.
Sec. 615. National Rural Development Partnership.
Sec. 616. Eligibility of rural empowerment zones, rural enterprise communities, and champion communities for direct and guaranteed loans for essential community facilities.
Sec. 617. Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops.
Sec. 618. Loan guarantees for the purchase of stock in a farmer cooperative seeking to modernize or expand.
Sec. 619. Intangible assets and subordinated unsecured debt required to be considered in determining eligibility of farmer-owned cooperative for business and industry guaranteed loan.
Sec. 620. Ban on limiting eligibility of farmer cooperative for business and industry loan guarantee based on population of area in which cooperative is located; refinancing.
Sec. 621. Rural water and waste facility grants.
Sec. 622. Rural water circuit rider program.
Sec. 623. Rural water grassroots source water protection program.

Sec. 624. Delta regional authority.
Sec. 625. Predevelopment and small capitalization loan fund.
Sec. 626. Rural economic development loan and grant program.

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—Extensions

Sec. 700. Market expansion research.
Sec. 701. National Rural Information Center Clearinghouse.
Sec. 702. Grants and fellowships for food and agricultural sciences education.
Sec. 703. Policy research centers.
Sec. 704. Human nutrition intervention and health promotion research program.
Sec. 705. Pilot research program to combine medical and agricultural research.
Sec. 706. Nutrition education program.
Sec. 707. Continuing animal health and disease research programs.
Sec. 708. Appropriations for research on national or regional problems.
Sec. 709. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
Sec. 710. National research and training centennial centers at 1890 land-grant institutions.
Sec. 711. Hispanic-serving institutions.
Sec. 712. Competitive grants for international agricultural science and education programs.
Sec. 713. University research.
Sec. 714. Extension service.
Sec. 715. Supplemental and alternative crops.
Sec. 716. Aquaculture research facilities.
Sec. 717. Rangeland research.
Sec. 718. National genetics resources program.
Sec. 719. High-priority research and extension initiatives.
Sec. 720. Nutrient management research and extension initiative.
Sec. 721. Agricultural telecommunications program.
Sec. 722. Alternative agricultural research and commercialization revolving fund.
Sec. 723. Assistive technology program for farmers with disabilities.
Sec. 724. Partnerships for high-value agricultural product quality research.
Sec. 725. Biobased products.
Sec. 726. Integrated research, education, and extension competitive grants program.
Sec. 727. Institutional capacity building grants.
Sec. 728. 1994 Institution research grants.
Sec. 729. Endowment for 1994 Institutions.
Sec. 730. Precision agriculture.
Sec. 731. Thomas Jefferson initiative for crop diversification.
Sec. 732. Support for research regarding diseases of wheat, triticale, and barley caused by Fusarium Graminearum or by Tilletia Indica.
Sec. 733. Office of Pest Management Policy.
Sec. 734. National Agricultural Research, Extension, Education, and Economics Advisory Board.
Sec. 735. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
Sec. 736. Biomass research and development.
Sec. 737. Agricultural experiment stations research facilities.
Sec. 738. Competitive, special, and facilities research grants national research initiative.
Sec. 739. Federal agricultural research facilities authorization of appropriations.
Sec. 740. Cotton classification services.
Sec. 740A. Critical agricultural materials research.
Sec. 740B. Private nonindustrial hardwood research program.

Subtitle B—Modifications

Sec. 741. Equity in Educational Land-Grant Status Act of 1994.
Sec. 742. National Agricultural Research, Extension, and Teaching Policy Act of 1977.
Sec. 743. Agricultural Research, Extension, and Education Reform Act of 1998.
Sec. 744. Food, Agriculture, Conservation, and Trade Act of 1990.
Sec. 745. National Agricultural Research, Extension, and Teaching Policy Act of 1977.
Sec. 746. Biomass research and development.
Sec. 747. Biotechnology risk assessment research.
Sec. 748. Competitive, special, and facilities research grants.
Sec. 749. Matching funds requirement for research and extension activities of 1890 institutions.
Sec. 749A. Matching funds requirement for research and extension activities for the United States territories.
Sec. 750. Initiative for future agriculture and food systems.
Sec. 751. Carbon cycle research.
Sec. 752. Definition of food and agricultural sciences.
Sec. 753. Federal extension service.
Sec. 754. Policy research centers.
Sec. 755. Animals used in research.

Subtitle C—Related Matters

Sec. 761. Resident instruction at land-grant colleges in United States territories.
Sec. 762. Declaration of extraordinary emergency and resulting authorities.
Sec. 763. Agricultural biotechnology research and development for the developing world.

Subtitle D—Repeal of Certain Activities and Authorities

Sec. 771. Food Safety Research Information Office and National Conference.
Sec. 772. Reimbursement of expenses under Sheep Promotion, Research, and Information Act of 1994.
Sec. 773. National genetic resources program.
Sec. 774. National Advisory Board on Agricultural Weather.
Sec. 775. Agricultural information exchange with Ireland.
Sec. 776. Pesticide resistance study.
Sec. 777. Expansion of education study.
Sec. 778. Support for advisory board.
Sec. 779. Task force on 10-year strategic plan for agricultural research facilities.

Subtitle E—Agriculture Facility Protection

Sec. 790. Additional protections for animal or agricultural enterprises, research facilities, and other entities.

TITLE VIII—FORESTRY INITIATIVES

Sec. 801. Repeal of forestry incentives program and Stewardship Incentive Program.
Sec. 802. Establishment of Forest Land Enhancement Program.
Sec. 803. Renewable resources extension activities.
Sec. 804. Enhanced community fire protection.
Sec. 805. International forestry program.
Sec. 806. Wildfire prevention and hazardous fuel purchase program.
Sec. 807. McIntire-Stennis cooperative forestry research program.

TITLE IX—MISCELLANEOUS PROVISIONS

Subtitle A—Tree Assistance Program

Sec. 901. Eligibility.
Sec. 902. Assistance.
Sec. 903. Limitation on assistance.
Sec. 904. Definitions.

Subtitle B—Other Matters

Sec. 921. Bioenergy program.
Sec. 922. Availability of section 32 funds.
Sec. 923. Seniors farmers' market nutrition program.
Sec. 924. Department of Agriculture authorities regarding caneberries.
Sec. 925. National Appeals Division.
Sec. 926. Outreach and assistance for socially disadvantaged farmers and ranchers.
Sec. 927. Equal treatment of potatoes and sweet potatoes.
Sec. 928. Reference to sea grass and sea oats as crops covered by noninsured crop disaster assistance program.
Sec. 929. Operation of Graduate School of Department of Agriculture.
Sec. 930. Assistance for livestock producers.
Sec. 931. Compliance with Buy American Act and sense of Congress regarding purchase of American-made equipment, products, and services using funds provided under this Act.
Sec. 932. Report regarding genetically engineered foods.
Sec. 933. Market name for pangasius fish species.
Sec. 934. Program of public education regarding use of biotechnology in producing food for human consumption.
Sec. 935. GAO study.
Sec. 936. Interagency Task Force on Agricultural Competition.
Sec. 937. Authorization for additional staff and funding for the Grain Inspection, Packers and Stockyards Administration.
Sec. 938. Enforcement of the humane methods of Slaughter Act of 1958.
Sec. 939. Penalties and foreign commerce provisions of the Animal Welfare Act.
Sec. 940. Improve administration of Animal and Plant Health Inspection Service.
Sec. 941. Renewable energy resources.
Sec. 942. Use of amounts provided for fixed, decoupled payments to provide necessary funds for rural development programs.
Sec. 943. Unlawful stockyard practices involving nonambulatory livestock.
Sec. 944. Annual report on imports of beef and pork.

TITLE I—COMMODITY PROGRAMS

SEC. 100. DEFINITIONS.

In this title (other than chapter 3 of subtitle C):

(1) AGRICULTURAL ACT OF 1949.—The term ''Agricultural Act of 1949'' means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301).

(2) BASE ACRES.—The term ''base acres'', with respect to a covered commodity on a farm, means the number of acres established under section 103 with respect to the commodity upon the election made by the producers on the farm under subsection (a) of such section.

(3) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to producers under section 105.

(4) COVERED COMMODITY.—The term ''covered commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, and other oilseeds.

(5) EFFECTIVE PRICE.—The term ''effective price'', with respect to a covered commodity for a crop year, means the price calculated by the Secretary under section 105 to determine whether counter-cyclical payments are required to be made for that crop year.

(6) ELIGIBLE PRODUCER.—The term ''eligible producer'' means a producer described in section 101(a).

(7) FIXED, DECOUPLED PAYMENT.—The term ''fixed, decoupled payment'' means a payment made to producers under section 104.

(8) OTHER OILSEED.—The term ''other oilseed'' means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, another oilseed.

(9) PAYMENT ACRES.—The term ''payment acres'' means 85 percent of the base acres of a covered commodity on a farm, as established under section 103, upon which fixed, decoupled payments and counter-cyclical payments are to be made.

(10) PAYMENT YIELD.—The term ''payment yield'' means the yield established under section 102 for a farm for a covered commodity.

(11) PRODUCER.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract and shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

(12) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(13) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(14) TARGET PRICE.—The term ''target price'' means the price per bushel (or other appropriate unit in the case of upland cotton, rice, and other oilseeds) of a covered commodity used to determine the payment rate for counter-cyclical payments.

(15) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

Subtitle A—Fixed Decoupled Payments and Counter-Cyclical Payments

SEC. 101. PAYMENTS TO ELIGIBLE PRODUCERS.

(a) PAYMENTS REQUIRED.—Beginning with the 2002 crop of covered commodities, the Secretary shall make fixed decoupled payments and counter-cyclical payments under this subtitle—

(1) to producers on a farm that were parties to a production flexibility contract under section 111 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211) for fiscal year 2002; and

(2) to other producers on farms in the United States as described in section 103(a).

(b) TENANTS AND SHARECROPPERS.—In carrying out this title, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(c) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the eligible producers on a farm on a fair and equitable basis.

SEC. 102. ESTABLISHMENT OF PAYMENT YIELD.

(a) ESTABLISHMENT AND PURPOSE.—For the purpose of making fixed decoupled payments and counter-cyclical payments under this subtitle, the Secretary shall provide for the establishment of a payment yield for each farm for each covered commodity in accordance with this section.

(b) USE OF FARM PROGRAM PAYMENT YIELD.—Except as otherwise provided in this section, the payment yield for each of the 2002 through 2011 crops of a covered commodity for a farm shall be the farm program payment yield in effect for the 2002 crop of the covered commodity under section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465).

(c) FARMS WITHOUT FARM PROGRAM PAYMENT YIELD.—In the case of a farm for which a farm program payment yield is unavailable for a covered commodity (other than soybeans or other oilseeds), the Secretary shall establish an appropriate payment yield for the covered commodity on the farm taking in consideration the farm program payment yields applicable to the commodity under subsection (b) for similar farms in the area.

(d) PAYMENT YIELDS FOR OILSEEDS.—

(1) DETERMINATION OF AVERAGE YIELD.—In the case of soybeans and each other oilseed, the Secretary shall determine the average yield for the oilseed on a farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to the oilseed was zero. If, for any of these four crop years in which the oilseed was planted, the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 7 U.S.C. 1421 note), the Secretary shall assign a yield for that year equal to 65 percent of the county yield.

(2) ADJUSTMENT FOR PAYMENT YIELD.—The payment yield for a farm for an oilseed shall be equal to the product of the following:

(A) The average yield for the oilseed determined under paragraph (1).

(B) The ratio resulting from dividing the national average yield for the oilseed for the 1981 through 1985 crops by the national average yield for the oilseed for the 1998 through 2001 crops.

SEC. 103. ESTABLISHMENT OF BASE ACRES AND PAYMENT ACRES FOR A FARM.

(a) ELECTION BY PRODUCERS OF BASE ACRE CALCULATION METHOD.—For the purpose of making fixed decoupled payments and counter-cyclical payments with respect to a farm, the Secretary shall give producers on the farm an opportunity to elect one of the following as the method by which the base acres of all covered commodities on the farm are to be determined:

(1) The four-year average of acreage actually planted on the farm to a covered commodity for harvest, grazing, haying, silage, or other similar purposes during crop years 1998, 1999, 2000, and 2001 and any acreage on the farm that the producers were prevented from planting during such crop years to the covered commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary.

(2) The sum of contract acreage (as defined in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202)) used by the Secretary to calculate the fiscal year 2002 payment that, subject to section 109, would be made under section 114 of such Act (7 U.S.C. 7214) for the covered commodity on the farm and the four-year average determined under paragraph (1) for soybeans and each other oilseed produced on the farm.

(b) SINGLE ELECTION; TIME FOR ELECTION.—The opportunity to make the election described in subsection (a) shall be available to producers on a farm only once. The producers shall notify the Secretary of the election made by the producers under such subsection not later than 180 days after the date of the enactment of this Act.

(c) EFFECT OF FAILURE TO MAKE ELECTION.—If the producers on a farm fail to make the election under subsection (a), or fail to timely notify the Secretary of the selected option as required by subsection (b), the producers shall be deemed to have made the election described in subsection (a)(2) to determine base acres for all covered commodities on the farm.

(d) APPLICATION OF ELECTION TO ALL COVERED COMMODITIES.—The election made under subsection (a) or deemed to be made under subsection (c) with respect to a farm shall apply to all of the covered commodities on the farm. Producers may not make the election described in subsection (a)(1) for one covered commodity and the election described in subsection (a)(2) for other covered commodities on the farm.

(e) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—In the case of producers on a farm that make the election described in subsection (a)(2), the Secretary shall provide for an adjustment in the base acres for the farm whenever either of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) SPECIAL PAYMENT RULES.—For the fiscal year and crop year in which a base acre adjustment under paragraph (1) is first made, the producers on the farm shall elect to receive either fixed decoupled payments and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(f) PAYMENT ACRES.—The payment acres for a covered commodity on a farm shall be equal to 85 percent of the base acres for the commodity.

(g) PREVENTION OF EXCESS BASE ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of base acres for one or more covered commodities for the farm or peanut acres for the farm as necessary so that the sum of the base acres and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm. The Secretary shall give the producers on the farm the opportunity to select the base acres or peanut acres against which the reduction will be made.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any peanut acres for the farm under chapter 3 of subtitle C.

(B) Any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

(C) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) EXCEPTION FOR DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall make an exception in the case of double cropping, as determined by the Secretary.

SEC. 104. AVAILABILITY OF FIXED, DECOUPLED PAYMENTS.

(a) PAYMENT REQUIRED.—For each of the 2002 through 2011 crop years of each covered commodity, the Secretary shall make fixed, decoupled payments to eligible producers.

(b) PAYMENT RATE.—The payment rates used to make fixed, decoupled payments with respect to covered commodities for a crop year are as follows:

(1) Wheat, $0.53 per bushel.

(2) Corn, $0.30 per bushel.

(3) Grain sorghum, $0.36 per bushel.

(4) Barley, $0.25 per bushel.

(5) Oats, $0.025 per bushel.

(6) Upland cotton, $0.0667 per pound.

(7) Rice, $2.35 per hundredweight.

(8) Soybeans, $0.42 per bushel.

(9) Other oilseeds, $0.0074 per pound.

(c) PAYMENT AMOUNT.—The amount of the fixed, decoupled payment to be paid to the eligible producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).

(2) The payment acres of the covered commodity on the farm.

(3) The payment yield for the covered commodity for the farm.

(d) TIME FOR PAYMENT.—

(1) GENERAL RULE.—Fixed, decoupled payments shall be paid not later than September 30 of each of fiscal years 2002 through 2011. In the case of the 2002 crop, payments may begin to be made on or after December 1, 2001.

(2) ADVANCE PAYMENTS.—At the option of an eligible producer, 50 percent of the fixed, decoupled payment for a fiscal year shall be paid on a date selected by the producer. The selected date shall be on or after December 1 of that fiscal year, and the producer may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If a producer that receives an advance fixed, decoupled payment for a fiscal year ceases to be an eligible producer before the date the fixed, decoupled payment would otherwise have been made by the Secretary under paragraph (1), the producer shall be responsible for repaying the Secretary the full amount of the advance payment.

SEC. 105. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS.

(a) PAYMENT REQUIRED.—The Secretary shall make counter-cyclical payments with respect to a covered commodity whenever the Secretary determines that the effective price for the commodity is less than the target price for the commodity.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for a covered commodity is equal to the sum of the following:

(1) The higher of the following:

(A) The national average market price received by producers during the 12-month marketing year for the commodity, as determined by the Secretary.

(B) The national average loan rate for a marketing assistance loan for the covered commodity in effect for the same period under subtitle B.

(2) The payment rate in effect for the covered commodity under section 104 for the purpose of making fixed, decoupled payments with respect to the commodity.

(c) TARGET PRICE.—For purposes of subsection (a), the target prices for covered commodities are as follows:

(1) Wheat, $4.04 per bushel.

(2) Corn, $2.78 per bushel.

(3) Grain sorghum, $2.64 per bushel.

(4) Barley, $2.39 per bushel.

(5) Oats, $1.47 per bushel.

(6) Upland cotton, $0.736 per pound.

(7) Rice, $10.82 per hundredweight.

(8) Soybeans, $5.86 per bushel.

(9) Other oilseeds, $0.1036 per pound.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to a covered commodity for a crop year shall be equal to the difference between—

(1) the target price for the commodity; and

(2) the effective price determined under subsection (b) for the commodity.

(e) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the eligible producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres of the covered commodity on the farm.

(3) The payment yield for the covered commodity for the farm.

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—The Secretary shall make counter-cyclical payments under this section for a crop of a covered commodity as soon as possible after determining under subsection (a) that such payments are required for that crop year.

(2) PARTIAL PAYMENT.—The Secretary may permit, and, if so permitted, an eligible producer may elect to receive, up to 40 percent of the projected counter-cyclical payment, as determined by the Secretary, to be made under this section for a crop of a covered commodity upon completion of the first six months of the marketing year for that crop. The producer shall repay to the Secretary the amount, if any, by which the partial payment exceeds the actual counter-cyclical payment to be made for that marketing year.

(g) SPECIAL RULE FOR CURRENTLY UNDESIGNATED OILSEED.—If the Secretary uses the authority under section 100(8) to designate another oilseed as an oilseed for which counter-cyclical payments may be made, the Secretary may modify the target price specified in subsection (c)(9) that would otherwise apply to that oilseed as the Secretary considers appropriate.

(h) SPECIAL RULE FOR BARLEY USED ONLY FOR FEED PURPOSES.—For purposes of calculating the effective price for barley under subsection (b), the Secretary shall use the loan rate in effect for barley under section 122(b)(3), except, in the case of producers who received the higher loan rate provided under such section for barley used only for feed purposes, the Secretary shall use that higher loan rate.

SEC. 106. PRODUCER AGREEMENT REQUIRED AS CONDITION ON PROVISION OF FIXED, DECOUPLED PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments—

(A) to comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 107; and

(D) to use the land on the farm, in an amount equal to the base acres, for an agricultural or conserving use, and not for a non-agricultural commercial or industrial use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

(b) EFFECT OF FORECLOSURE.—A producer may not be required to make repayments to the Secretary of fixed, decoupled payments and counter-cyclical payments if the farm has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate to provide fair and equitable treatment. This subsection shall not void the responsibilities of the producer under subsection (a) if the producer continues or resumes operation, or control, of the farm. On the resumption of operation or control over the farm by the producer, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (4), a transfer of (or change in) the interest of a producer in base acres for which fixed, decoupled payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall be effective on the date of the transfer or change.

(2) TRANSFER OF PAYMENT BASE.—There is no restriction on the transfer of a farm's base acres or payment yield as part of a change in the producers on the farm.

(3) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

(4) EXCEPTION.—If a producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

(d) ACREAGE REPORTS.—

(1) IN GENERAL.—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers to submit to the Secretary acreage reports.

(2) CONFORMING AMENDMENT.—Section 15 of the Agricultural Marketing Act (12 U.S.C. 1141j) is amended by striking subsection (d).

(e) REVIEW.—A determination of the Secretary under this section shall be considered to be an adverse decision for purposes of the availability of administrative review of the determination.

SEC. 107. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on base acres on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on base acres:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) Wild rice.

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in such paragraph—

(A) in any region in which there is a history of double-cropping of covered commodities with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on base acres, except that fixed, decoupled payments and counter-cyclical payments shall

be reduced by an acre for each acre planted to such an agricultural commodity; or

(C) by a producer who the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

(i) the quantity planted may not exceed the producer's average annual planting history of such agricultural commodity in the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such agricultural commodity.

SEC. 108. RELATION TO REMAINING PAYMENT AUTHORITY UNDER PRODUCTION FLEXIBILITY CONTRACTS.

(a) TERMINATION OF SUPERSEDED PAYMENT AUTHORITY.—Notwithstanding section 113(a)(7) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7213(a)(7)) or any other provision of law, the Secretary shall not make payments for fiscal year 2002 after the date of the enactment of this Act under production flexibility contracts entered into under section 111 of such Act (7 U.S.C. 7211).

(b) CONTRACT PAYMENTS MADE BEFORE ENACTMENT.—If, on or before the date of the enactment of this Act, a producer receives all or any portion of the payment authorized for fiscal year 2002 under a production flexibility contract, the Secretary shall reduce the amount of the fixed, decoupled payment otherwise due the producer for that same fiscal year by the amount of the fiscal year 2002 payment previously received by the producer.

SEC. 109. PAYMENT LIMITATIONS.

Sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3) shall apply to fixed, decoupled payments and counter-cyclical payments.

SEC. 110. FARM COUNTER-CYCLICAL SAVINGS ACCOUNTS.

Subtitle B of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211 et seq.) is amended by adding at the end the following:

"SEC. 119. FARM COUNTER-CYCLICAL SAVINGS ACCOUNTS.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED GROSS REVENUE.—The term 'adjusted gross revenue' means the adjusted gross income for all agricultural enterprises of a producer in a year, excluding revenue earned from nonagricultural sources, as determined by the Secretary—

''(A) by taking into account gross receipts from the sale of crops and livestock on all agricultural enterprises of the producer, including insurance indemnities resulting from losses in the agricultural enterprises;

''(B) by including all farm payments paid by the Secretary for all agricultural enterprises of the producer, including any marketing loan gains described in section 1001(3)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(3)(A));

''(C) by deducting the cost or basis of livestock or other items purchased for resale, such as feeder livestock, on all agricultural enterprises of the producer; and

''(D) as represented on—

''(i) a schedule F of the Federal income tax returns of the producer; or

''(ii) a comparable tax form related to the agricultural enterprises of the producer, as approved by the Secretary.

''(2) AGRICULTURAL ENTERPRISE.—The term 'agricultural enterprise' means the production and marketing of all agricultural commodities (including livestock but excluding tobacco) on a farm or ranch.

''(3) AVERAGE ADJUSTED GROSS REVENUE.—The term 'average adjusted gross revenue' means—

''(A) the average of the adjusted gross revenue of a producer for each of the preceding 5 taxable years; or

''(B) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, the estimated income of the producer that will be earned from all agricultural enterprises for the applicable year, as determined by the Secretary.

''(4) PRODUCER.—The term 'producer' means an individual or entity, as determined by the Secretary for an applicable year, that—

''(A) shares in the risk of producing, or provides a material contribution in producing, an agricultural commodity for the applicable year;

''(B) has a substantial beneficial interest in the agricultural enterprise in which the agricultural commodity is produced;

''(C)(i) during each of the preceding 5 taxable years, has filed—

''(I) a schedule F of the Federal income tax returns; or

''(II) a comparable tax form related to the agricultural enterprises of the individual or entity, as approved by the Secretary; or

''(ii) is a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, as determined by the Secretary; and

''(D)(i) has earned at least $20,000 in average adjusted gross revenue for each of the preceding 5 taxable years;

''(ii) is a limited resource farmer or rancher, as determined by the Secretary; or

''(iii) in the case of a beginning farmer or rancher or other producer that does not have adjusted gross revenue for each of the preceding 5 taxable years, has at least $20,000 in estimated income from all agricultural enterprises for the applicable year, as determined by the Secretary.

''(b) ESTABLISHMENT.—A producer may establish a farm counter-cyclical savings account in the name of the producer in a bank or financial institution selected by the producer and approved by the Secretary.

''(c) CONTENT OF ACCOUNT.—A farm counter-cyclical savings account shall consist of—

''(1) contributions of the producer; and

''(2) matching contributions of the Secretary.

''(d) PRODUCER CONTRIBUTIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), a producer may deposit such amounts in the account of the producer as the producer considers appropriate.

''(2) MAXIMUM ACCOUNT BALANCE.—The balance of an account of a producer may not exceed 150 percent of the average adjusted gross revenue of the producer for the previous 5 years.

''(e) MATCHING CONTRIBUTIONS.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall provide a matching contribution on the amount deposited by the producer into the account.

''(2) FORMULA.—The Secretary shall establish a formula to determine the amount of matching contributions that will be provided by the Secretary under paragraph (1).

''(3) MAXIMUM CONTRIBUTIONS FOR INDIVIDUAL PRODUCER.—The amount of matching contributions that may be provided by the Secretary for an individual producer under this subsection shall not exceed $10,000.

''(4) MAXIMUM CONTRIBUTIONS FOR ALL PRODUCERS.—The total amount of matching contributions that may be provided by the Secretary for all producers under this subsection shall not exceed—

''(A) $800,000,000 for fiscal year 2002;

''(B) $900,000,000 for fiscal year 2003;

''(C) $1,000,000,000 for fiscal year 2004;

''(D) $1,100,000,000 for fiscal year 2005; and

''(E) $1,200,000,000 for fiscal year 2006.

''(5) DATE FOR MATCHING CONTRIBUTIONS.—The Secretary shall provide the matching contributions required for a producer under paragraph (1) as of the date that a majority of the covered commodities grown by the producer are harvested.

''(f) INTEREST.—Funds deposited into the account may earn interest at the commercial rates provided by the bank or financial institution in which the Account is established.

''(g) USE.—Funds credited to the account—

''(1) shall be available for withdrawal by a producer, in accordance with subsection (h); and

''(2) may be used for purposes determined by the producer.

''(h) WITHDRAWAL.—

''(1) IN GENERAL.—Subject to paragraph (2), a producer may withdraw funds from the account if the adjusted gross revenue of the producer is less than 90 percent of average adjusted gross revenue of the producer for the previous 5 years.

''(2) RETIREMENT.—

''(A) IN GENERAL.—Subject to subparagraph (B), a producer that ceases to be actively engaged in farming, as determined by the Secretary—

''(i) may withdraw the full balance from, and close, the account; and

''(ii) may not establish another account.

''(B) WAIVERS.—The Secretary shall promulgate regulations that provide for a waiver, in limited circumstances (as determined by the Secretary), of the application of subparagraph (B)(ii) to a producer.

''(i) ADMINISTRATION.—The Secretary shall administer this section through the Farm Service Agency and local, county, and area offices of the Department of Agriculture.''.

SEC. 111. PERIOD OF EFFECTIVENESS.

This subtitle shall be effective beginning with the 2002 crop year of each covered commodity through the 2011 crop year.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

SEC. 121. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR COVERED COMMODITIES.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2011 crops of each covered commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for covered commodities produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 122 for the covered commodity.

(2) INCLUSION OF EXTRA LONG STAPLE COTTON.—In this subtitle, the term ''covered commodity'' includes extra long staple cotton.

(b) ELIGIBLE PRODUCTION.—Any production of a covered commodity on a farm shall be eligible for a marketing assistance loan under subsection (a).

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subtitle, the Secretary shall make loans to a producer that is otherwise eligible to obtain a marketing assistance loan, but for the fact the covered commodity owned by the producer is commingled with covered commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producer obtaining the loan agrees to immediately redeem the loan collateral in accordance with section 166 of the Federal

Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(d) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(e) DEFINITION OF EXTRA LONG STAPLE COTTON.—In this subtitle, the term ''extra long staple cotton'' means cotton that—

(1) is produced from pure strain varieties of the Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

(2) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

(f) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 131 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231), nonrecourse marketing assistance loans shall not be made for the 2002 crop of covered commodities under subtitle C of title I of such Act.

SEC. 122. LOAN RATES FOR NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) WHEAT.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for wheat shall be—

(A) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding five crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $2.58 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(A) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(b) FEED GRAINS.—

(1) LOAN RATE FOR CORN AND GRAIN SORGHUM.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for corn and grain sorghum shall be—

(A) not less than 85 percent of the simple average price received by producers of corn or grain sorghum, respectively, as determined by the Secretary, during the marketing years for the immediately preceding five crops of the covered commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $1.89 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn or grain sorghum to total use for the marketing year will be—

(A) equal to or greater than 25 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 12.5 percent, the Secretary may not reduce the loan rate for the covered commodity for the corresponding crop.

(3) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 121 for barley and oats shall be—

(A) established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn; but

(B) not more than—

(i) $1.65 per bushel for barley, except not more than $1.70 per bushel for barley used only for feed purposes, as determined by the Secretary; and

(ii) $1.21 per bushel for oats.

(c) UPLAND COTTON.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the crop is planted, of the five lowest-priced growths of the growths quoted for Middling 1 3/32-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year preceding the year in which the crop is planted between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(2) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 121 for extra long staple cotton shall be $0.7965 per pound.

(e) RICE.—The loan rate for a marketing assistance loan under section 121 for rice shall be $6.50 per hundredweight.

(f) OILSEEDS.—

(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 121 for soybeans shall be—

(A) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding five crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $4.92 per bushel.

(2) OTHER OILSEEDS.—The loan rate for a marketing assistance loan under section 121 for other oilseeds shall be—

(A) not less than 85 percent of the simple average price received by producers of the other oilseed, as determined by the Secretary, during the marketing years for the immediately preceding five crops of the other oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.087 per pound.

SEC. 123. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each covered commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under section 121 shall have a term of nine months beginning on the first day of the first month after the month in which the loan is made.

(b) SPECIAL RULE FOR COTTON.—A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the month in which the loan is made.

(c) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for any covered commodity.

SEC. 124. REPAYMENT OF LOANS.

(a) REPAYMENT RATES FOR WHEAT, FEED GRAINS, AND OILSEEDS.—The Secretary shall permit a producer to repay a marketing assistance loan under section 121 for wheat, corn, grain sorghum, barley, oats, and oilseeds at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity; and

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers to repay a marketing assistance loan under section 121 for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or

(2) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(c) REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 127, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for each covered commodity, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each covered commodity.

(e) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(1) IN GENERAL.—During the period beginning on the date of the enactment of this Act and ending July 31, 2012, the prevailing world

market price for upland cotton (adjusted to United States quality and location) established under subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 122, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 3/32-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the ''Northern Europe price'').

(2) FURTHER ADJUSTMENT.—Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(A) The United States share of world exports.

(B) The current level of cotton export sales and cotton export shipments.

(C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(3) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under paragraph (2) may not exceed the difference between—

(A) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 3/32-inch cotton delivered C.I.F. Northern Europe; and

(B) the Northern Europe price.

(f) TIME FOR FIXING REPAYMENT RATE.—In the case of a producer that marketed or otherwise lost beneficial interest in a covered commodity before repaying the marketing assistance loan made under section 121 with respect to the commodity, the Secretary shall permit the producer to repay the loan at the lowest repayment rate that was in effect for that covered commodity under this section as of the date that the producer lost beneficial interest, as determined by the Secretary.

SEC. 125. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan under section 121 with respect to a covered commodity, agree to forgo obtaining the loan for the commodity in return for payments under this section.

(b) COMPUTATION.—A loan deficiency payment under this section shall be computed by multiplying—

(1) the loan payment rate determined under subsection (c) for the covered commodity; by

(2) the quantity of the covered commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under section 121.

(c) LOAN PAYMENT RATE.—For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 122 for the covered commodity; exceeds

(2) the rate at which a loan for the commodity may be repaid under section 124.

(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

(e) TIME FOR PAYMENT.—The Secretary shall make a payment under this section to a producer with respect to a quantity of a covered commodity as of the earlier of the following:

(1) The date on which the producer marketed or otherwise lost beneficial interest in the commodity, as determined by the Secretary.

(2) The date the producer requests the payment.

(f) CONTINUATION OF SPECIAL LDP RULE FOR 2001 CROP YEAR.—Section 135(a)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235(a)(2)) is amended by striking ''2000 crop year'' and inserting ''2000 and 2001 crop years''.

SEC. 126. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

(a) ELIGIBLE PRODUCERS.—Effective for the 2002 through 2011 crop years, in the case of a producer that would be eligible for a loan deficiency payment under section 125 for wheat, barley, or oats, but that elects to use acreage planted to the wheat, barley, or oats for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

(b) PAYMENT AMOUNT.—The amount of a payment made to a producer on a farm under this section shall be equal to the amount determined by multiplying—

(1) the loan deficiency payment rate determined under section 125(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(2) the payment quantity determined by multiplying—

(A) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of wheat, barley, or oats; and

(B) the payment yield for that covered commodity on the farm.

(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

(1) TIME AND MANNER.—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 125.

(2) AVAILABILITY.—The Secretary shall establish an availability period for the payment authorized by this section that is consistent with the availability period for wheat, barley, and oats established by the Secretary for marketing assistance loans authorized by this subtitle.

(d) PROHIBITION ON CROP INSURANCE OR NONINSURED CROP ASSISTANCE.—A 2002 through 2011 crop of wheat, barley, or oats planted on acreage that a producer elects, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop shall not be eligible for insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

SEC. 127. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) COTTON USER MARKETING CERTIFICATES.—

(1) ISSUANCE.—During the period beginning on the date of the enactment of this Act and ending July 31, 2012, the Secretary shall issue marketing certificates or cash payments, at the option of the recipient, to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive four-week period in which—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price; and

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 122.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference in the prices during the fourth week of the consecutive four-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) REDEMPTION, MARKETING, OR EXCHANGE.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton. Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates.

(C) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

(4) APPLICATION OF THRESHOLD.—

(A) 2002 MARKETING YEAR.—During the period beginning on the date of enactment of this Act and ending July 31, 2002, the Secretary shall make the calculations under paragraphs (1)(A) and (2) and subsection (b)(1)(B) without regard to the 1.25 cent threshold provided those paragraphs and subsection.

(B) 2003 THROUGH 2006 MARKETING YEARS.—During each 12-month period beginning August 1, 2002, through August 1, 2006, the Secretary may make the calculations under paragraphs (1)(A) and (2) and subsection (b)(1)(B) without regard to the 1.25 cent threshold provided those paragraphs and subsection.

(b) SPECIAL IMPORT QUOTA.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on the date of the enactment of this Act and ending July 31, 2012, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive four-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price there shall immediately be in effect a special import quota.

(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern

Europe, for the value of any certificates issued under subsection (a).

(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(2) QUANTITY.—The quota shall be equal to one week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent three months for which data are available.

(3) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after the date.

(4) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by paragraph (1), except that a special quota period may not be established under this subsection if a quota period has been established under subsection (c).

(5) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(C) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) DEFINITION.—In this subsection, the term ''special import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of five week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the three months immediately preceding the first special import quota established in any marketing year.

(c) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.—

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

(A) QUANTITY.—The quantity of the quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(ii) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(iii) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term ''supply'' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) DEMAND.—The term ''demand'' means—

(I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent three months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding six marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term ''limited global import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

SEC. 128. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of the enactment of this Act and ending on July 31, 2012, the Secretary shall carry out a program to maintain and expand the domestic use of extra long staple cotton produced in the United States, to increase exports of extra long staple cotton produced in the United States, and to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive four-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) ELIGIBLE RECIPIENTS.—The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States who enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) PAYMENT AMOUNT.—Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive four-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive four-week period.

(e) FORM OF PAYMENT.—Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

SEC. 129. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON AND OTHER FIBERS.

(a) HIGH MOISTURE FEED GRAINS.—

(1) RECOURSE LOANS AVAILABLE.—For each of the 2002 through 2011 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm who—

(A) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations issued by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

(2) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the producer's farm; by

(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(3) HIGH MOISTURE STATE DEFINED.—In this subsection, the term ''high moisture state'' means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 121.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—For each of the 2002 through 2011 crops of upland cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be

at the loan rate established for the commodity by the Secretary, plus interest (as determined by the Secretary).

(d) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 137 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7237), recourse loans shall not be made for the 2002 crop of corn, grain sorghum, and seed cotton under such section.

SEC. 130. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR WOOL AND MOHAIR.

(a) NONRECOURSE LOANS AVAILABLE.—During the 2002 through 2011 marketing years for wool and mohair, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for wool and mohair produced on the farm during that marketing year.

(b) LOAN RATE.—The loan rate for a loan under subsection (a) shall be not more than—

(1) $1.00 per pound for graded wool;

(2) $0.40 per pound for nongraded wool; and

(3) $4.20 per pound for mohair.

(c) TERM OF LOAN.—A loan under subsection (a) shall have a term of 1 year beginning on the first day of the first month after the month in which the loan is made.

(d) REPAYMENT RATES.—The Secretary shall permit a producer to repay a marketing assistance loan under subsection (a) for wool or mohair at a rate that is the lesser of—

(1) the loan rate established for the commodity under subsection (b), plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity; and

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to producers that, although eligible to obtain a marketing assistance loan under this section, agree to forgo obtaining the loan in return for payments under this subsection.

(2) COMPUTATION.—A loan deficiency payment under this subsection shall be computed by multiplying—

(A) the loan payment rate in effect under paragraph (3) for the commodity; by

(B) the quantity of the commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under this subsection.

(3) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate for wool or mohair shall be the amount by which—

(A) the loan rate in effect for the commodity under subsection (b); exceeds

(B) the rate at which a loan for the commodity may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to a producer with respect to a quantity of a wool or mohair as of the earlier of the following:

(A) The date on which the producer marketed or otherwise lost beneficial interest in the wool or mohair, as determined by the Secretary.

(B) The date the producer requests the payment.

(f) LIMITATIONS.—The marketing assistance loan gains and loan deficiency payments that a person may receive for wool and mohair under this section shall be subject to a separate payment limitation, but in the same dollar amount, as the payment limitation that applies to marketing assistance loans and loan deficiency payments received by producers of other agricultural commodities in the same marketing year.

SEC. 131. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR HONEY.

(a) NONRECOURSE LOANS AVAILABLE.—During the 2002 through 2011 crop years for honey, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for honey produced on the farm during that crop year.

(b) LOAN RATE.—The loan rate for a marketing assistance loan for honey under subsection (a) shall be equal to $0.60 cents per pound.

(c) TERM OF LOAN.—A marketing assistance loan under subsection (a) shall have a term of 1 year beginning on the first day of the first month after the month in which the loan is made.

(d) REPAYMENT RATES.—The Secretary shall permit a producer to repay a marketing assistance loan for honey under subsection (a) at a rate that is the lesser of—

(1) the loan rate for honey, plus interest (as determined by the Secretary); or

(2) the prevailing domestic market price for honey, as determined by the Secretary.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to any producer of honey that, although eligible to obtain a marketing assistance loan under subsection (a), agrees to forgo obtaining the loan in return for a payment under this subsection.

(2) COMPUTATION.—A loan deficiency payment under this subsection shall be determined by multiplying—

(A) the loan payment rate determined under paragraph (3); by

(B) the quantity of honey that the producer is eligible to place under loan, but for which the producer forgoes obtaining the loan in return for a payment under this subsection.

(3) LOAN PAYMENT RATE.—For the purposes of this subsection, the loan payment rate shall be the amount by which—

(A) the loan rate established under subsection (b); exceeds

(B) the rate at which a loan may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to a producer with respect to a quantity of a honey as of the earlier of the following:

(A) The date on which the producer marketed or otherwise lost beneficial interest in the honey, as determined by the Secretary.

(B) The date the producer requests the payment.

(f) LIMITATIONS.—The marketing assistance loan gains and loan deficiency payments that a person may receive for a crop of honey under this section shall be subject to a separate payment limitation, but in the same dollar amount, as the payment limitation that applies to marketing assistance loans and loan deficiency payments received by producers of other agricultural commodities in the same crop year.

(g) PREVENTION OF FORFEITURES.—The Secretary shall carry out this section in such a manner as to minimize forfeitures of honey marketing assistance loans.

SEC. 132. PRODUCER RETENTION OF ERRONEOUSLY PAID LOAN DEFICIENCY PAYMENTS AND MARKETING LOAN GAINS.

Notwithstanding any other provision of law, the Secretary of Agriculture and the Commodity Credit Corporation shall not require producers in Erie County, Pennsylvania, to repay loan deficiency payments and marketing loan gains erroneously paid or determined to have been earned by the Commodity Credit Corporation for certain 1998 and 1999 crops under subtitle C of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231 et seq.). In the case of a producer who has already made the repayment on or before the date of the enactment of this Act, the Commodity Credit Corporation shall reimburse the producer for the full amount of the repayment.

SEC. 133. RESERVE STOCK ADJUSTMENT.

Section 301(b)(14)(C) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(14)(C)) is amended—

(1) in clause (i), by striking ''100,000,000'' and inserting ''75,000,000''; and

(2) in clause (ii), by striking ''15 percent'' and inserting ''10 percent''.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

SEC. 141. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—During the period beginning on January 1, 2002, and ending on December 31, 2011, the Secretary of Agriculture shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) RATE.—During the period specified in subsection (a), the price of milk shall be supported at a rate equal to $9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) PURCHASE PRICES.—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary. The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK PURCHASE PRICES.—

(1) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

(2) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

(e) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

SEC. 142. REPEAL OF RECOURSE LOAN PROGRAM FOR PROCESSORS.

Section 142 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7252) is repealed.

SEC. 143. EXTENSION OF DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.

(a) DAIRY EXPORT INCENTIVE PROGRAM.—Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking ''2002'' and inserting ''2011''.

(b) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 4501) is amended by striking ''1995'' and inserting ''2011''.

SEC. 144. FLUID MILK PROMOTION.

(a) DEFINITION OF FLUID MILK PRODUCT.—Section 1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402) is amended by striking paragraph (3) and inserting the following new paragraph:

''(3) FLUID MILK PRODUCT.—The term 'fluid milk product' has the meaning given such term—

''(A) in section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made from time to time; or

''(B) in any successor regulation providing a definition of such term that is promulgated pursuant to the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.''.

(b) DEFINITION OF FLUID MILK PROCESSOR.—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking ''500,000'' and inserting ''3,000,000''.

(c) ELIMINATION OF ORDER TERMINATION DATE.—Section 1999O of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6414) is amended—

(1) by striking subsection (a); and

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

SEC. 145. DAIRY PRODUCT MANDATORY REPORTING.

Section 273(b)(1)(B) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b(b)(1)(B)) is amended—

(1) by inserting ''and substantially identical products designated by the Secretary'' after ''dairy products'' the first place it appears; and

(2) by inserting ''and such substantially identical products'' after ''dairy products'' the second place it appears.

SEC. 146. STUDY OF NATIONAL DAIRY POLICY.

(a) STUDY REQUIRED.—Not later than April 30, 2002, the Secretary of Agriculture shall submit to Congress a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

(1) farm price stability, farm profitability and viability, and local rural economies in the United States;

(2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and

(3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) NATIONAL DAIRY POLICY DEFINED.—In this section, the term ''national dairy policy'' means the dairy policy of the United States as evidenced by the following policies and programs:

(1) Federal Milk Marketing Orders.

(2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).

(3) Over-order premiums and State pricing programs.

(4) Direct payments to milk producers.

(5) Federal milk price support program.

(6) Export programs regarding milk and dairy products, such as the Dairy Export Incentive Program.

CHAPTER 2—SUGAR

SEC. 151. SUGAR PROGRAM.

(a) CONTINUATION OF PROGRAM.—Subsection (i) of section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251) is amended—

(1) by striking ''(other than subsection (f))''; and

(2) by striking ''2002 crops'' and inserting ''2011 crops''.

(b) TERMINATION OF MARKETING ASSESSMENT AND FORFEITURE PENALTY.—Effective as of October 1, 2001, subsections (f) and (g) of such section are repealed.

(c) LOAN RATE ADJUSTMENTS.—Subsection (c) of such section is amended—

(1) by striking ''REDUCTION IN LOAN RATES'' and inserting ''LOAN RATE ADJUSTMENTS''; and

(2) in paragraph (1)—

(A) by striking ''REDUCTION REQUIRED'' and inserting ''POSSIBLE REDUCTION''; and

(B) by striking ''shall'' and inserting ''may''.

(d) NOTIFICATION.—Subsection (e) of such section is amended by adding at the end the following new paragraph:

''(3) PREVENTION OF ONEROUS NOTIFICATION REQUIREMENTS.—The Secretary may not impose or enforce any prenotification or similar administrative requirement that has the effect of preventing a processor from choosing to forfeit the loan collateral upon the maturity of the loan.''.

(e) IN PROCESS SUGAR.—Such section is further amended by inserting after subsection (e) the following new subsection (f):

''(f) LOANS FOR IN-PROCESS SUGAR.—

''(1) AVAILABILITY; RATE.—The Secretary shall make nonrecourse loans available to processors of domestically grown sugarcane and sugar beets for in-process sugars and syrups derived from such crops. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, depending on the source material for the in-process sugars and syrups.

''(2) FURTHER PROCESSING UPON FORFEITURE.—As a condition on the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (1), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b). Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Corporation, which shall make a payment to the processor in an amount equal to the difference between the loan rate for raw cane sugar or refined beet sugar, whichever applies, and the loan rate the processor received under paragraph (1).

''(3) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (2), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may then obtain a loan under subsection (a) or (b) on the raw cane sugar or refined beet sugar, as appropriate.

''(4) DEFINITION.—In this subsection the term 'in-process sugars and syrups' does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished products that are otherwise eligible for loans under subsection (a) or (b).''.

(f) ADMINISTRATION OF PROGRAM.—Such section is further amended by adding at the end the following new subsection:

''(j) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

''(1) NO COST.—To the maximum extent practicable, the Secretary shall operate the sugar program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

''(2) INVENTORY DISPOSITION.—In support of the objective specified in paragraph (1), the Commodity Credit Corporation may accept bids for commodities in the inventory of the Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (when the processors are acting in conjunction with the producers of the sugarcane or sugar beets processed by such processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate. The authority provided under this paragraph is in addition to any authority of the Corporation under any other law.''.

(g) INFORMATION REPORTING.—Subsection (h) of such section is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively;

(2) by inserting after paragraph (1) the following new paragraphs:

''(2) DUTY OF PRODUCERS TO REPORT.—

''(A) PROPORTIONATE SHARE STATES.—The Secretary shall require a producer of sugarcane located in a State (other than Puerto Rico) in which there are in excess of 250 sugarcane producers to report, in the manner prescribed by the Secretary, the producer's sugarcane yields and acres planted to sugarcane.

''(B) OTHER STATES.—The Secretary may require producers of sugarcane or sugar beets not covered by paragraph (1) to report, in the manner prescribed by the Secretary, each producer's sugarcane or sugar beet yields and acres planted to sugarcane or sugar beets, respectively.

''(3) DUTY OF IMPORTERS TO REPORT.—The Secretary shall require an importer of sugars, syrups or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption, except such sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are at the lower rate of duties, to report, in the manner prescribed by the Secretary, the quantities of such products imported and the sugar content or equivalent of such products.''; and

(3) in paragraph (5), as so redesignated, by striking ''paragraph (1)'' and inserting ''this subsection''.

(h) INTEREST RATE.—Section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283) is amended by adding at the end the following new sentence: ''For purposes of this section, raw cane sugar, refined beet sugar, and in process sugar eligible for a loan under section 156 shall not be considered an agricultural commodity.''.

SEC. 152. REAUTHORIZE PROVISIONS OF AGRICULTURAL ADJUSTMENT ACT OF 1938 REGARDING SUGAR.

(a) INFORMATION REPORTING.—Section 359a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is repealed.

(b) ESTIMATES.—Section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended:

(1) in the section heading—

(A) by inserting ''**FLEXIBLE**'' before ''**MARKETING**''; and

(B) by striking ''**AND CRYSTALLINE FRUCTOSE**'';

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''Before'' and inserting ''Not later than August 1 before'';

(ii) by striking ''1992 through 1998'' and inserting ''2002 through 2011'';

(iii) in subparagraph (A), by striking ''(other than sugar'' and all that follows through ''stocks'';

(iv) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (E), respectively;

(v) by inserting after subparagraph (A) the following:

''(B) the quantity of sugar that would provide for reasonable carryover stocks;'';

(vi) in subparagraph (C), as so redesignated—

(I) by striking ''or'' and all that follows through ''beets''; and

(II) by striking the ''and'' following the semicolon;

(vii) by inserting after subparagraph (C), as so redesignated, the following:

''(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and''; and

(viii) in subparagraph (E), as so redesignated—

(I) by striking ''quantity of sugar'' and inserting ''quantity of sugars, syrups, and molasses'';

(II) by inserting ''human'' after ''imported for'' the first place it appears;

(III) by inserting after ''consumption'' the first place it appears the following: ''or to be used for the extraction of sugar for human consumption'';

(IV) by striking ''year'' and inserting ''year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff rate quota''; and

(V) by striking ''(other than sugar'' and all that follows through ''carry-in stocks'';

(B) by redesignating paragraph (2) as paragraph (3);

(C) by inserting after paragraph (1) the following new paragraph:

''(2) EXCLUSION.—The estimates in this section shall not include sugar imported for the production of polyhydric alcohol or to be refined and re-exported in refined form or in sugar containing products.'';

(D) in paragraph (3), as so redesignated—

(i) by striking ''QUARTERLY REESTIMATES'' and inserting ''REESTIMATES''; and

(ii) by inserting ''as necessary, but'' after ''a fiscal year'';

(3) in subsection (b)—

(A) by striking paragraph (1) and inserting the following new paragraph:

''(1) IN GENERAL.—By the beginning of each fiscal year, the Secretary shall establish for that fiscal year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically-produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar.''; and

(B) in paragraph (2), by striking ''or crystalline fructose'';

(4) by striking subsection (c);

(5) by redesignating subsection (d) as subsection (c); and

(6) in subsection (c), as so redesignated—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (2), as so redesignated—

(i) by striking ''or manufacturer'' and all that follows through ''(2)''; and

(ii) by striking ''or crystalline fructose''.

(c) ESTABLISHMENT.—Section 359c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc) is amended—

(1) in the section heading by inserting ''**FLEXIBLE**'' after ''**OF**'';

(2) in subsection (a), by inserting ''flexible'' after ''establish'';

(3) in subsection (b)—

(A) in paragraph (1)(A), by striking ''1,250,000'' and inserting ''1,532,000''; and

(B) in paragraph (2), by striking ''to the maximum extent practicable'';

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

''(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the fiscal year shall be allotted among—

''(1) sugar derived from sugar beets by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage of 54.35; and

''(2) sugar derived from sugarcane by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage of 45.65.'';

(5) by amending subsection (d) to read as follows:

''(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—Each marketing allotment for cane sugar established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.'';

(6) by striking subsection (e);

(7) by redesignating subsection (f) as subsection (e);

(8) in subsection (e), as so redesignated—

(A) by inserting ''(1) IN GENERAL.—'' before ''The allotment for sugar'' and indenting such paragraph appropriately;

(B) in such paragraph (1)—

(i) by striking ''the 5'' and inserting ''the'';

(ii) by inserting after ''sugarcane is produced,'' the following: ''after a hearing, if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe,'';

(iii) by striking ''on the basis of past marketings'' and all that follows through ''allotments'', and inserting ''as provided in this subsection and section 359d(a)(2)(A)(iv)''; and

(C) by inserting after paragraph (1) the following new paragraphs:

''(2) OFFSHORE ALLOTMENT.—

''(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.

''(B) INDIVIDUALLY.—The collective offshore State allotment provided for under subparagraph (A) shall be further allotted among the offshore States in which sugarcane is produced, after a hearing if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

''(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

''(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and

''(iii) past processings of sugar from sugarcane based on the 3 year average of the crop years 1998 through 2000.

''(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

''(A) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

''(B) the ability of processors to market the sugar covered under the allotments for the crop year; and

''(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collectively) during the 1991 through 2000 crop years.'';

(9) by inserting after subsection (e), as so redesignated, the following new subsection (f):

''(f) FILLING CANE SUGAR ALLOTMENTS.—Except as otherwise provided in section 359e, a State cane sugar allotment established under subsection (e) for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.'';

(10) in subsection (g)—

(A) in paragraph (1), by striking ''359b(a)(2)—'' and all that follows through the comma at the end of subparagraph (C) and inserting ''359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner'';

(B) in paragraph (2) by striking ''359f(b)'' and inserting ''359f(c)''; and

(C) in paragraph (3)—

(i) by striking ''REDUCTIONS'' and inserting ''CARRY-OVER OF REDUCTIONS'';

(ii) by inserting after ''this subsection, if'' the following: ''at the time of the reduction'';

(iii) by striking ''price support'' and inserting ''nonrecourse'';

(iv) by striking ''206'' and all that follows through ''the allotment'' and inserting ''156 of the Agricultural Market Transition Act (7 U.S.C. 7272),''; and

(v) by striking '', if any,''; and

(11) by amending subsection (h) to read as follows:

''(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates, or reestimates, under section 359b(a), or has reason to believe that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1.532 million short tons, raw value equivalent, and that such imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments until such time as such imports have been restricted, eliminated, or otherwise reduced to or below the level of 1.532 million tons.''.

(d) ALLOCATION.—Section 359d of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd) is amended—

(1) in subsection (a)(2)(A)—

(A) by inserting ''(i) IN GENERAL.—'' before ''The Secretary shall'' and indenting such clause appropriately;

(B) in clause (i), as so designated—

(i) by striking ''interested parties'' and inserting ''the affected sugar cane processors and growers'';

(ii) by striking ''by taking'' and all that follows through ''allotment allocated.'' and inserting ''with this subparagraph.''; and

(iii) by inserting at the end the following new sentence: ''Each such allocation shall be subject to adjustment under section 359c(g).'';

(C) by inserting after clause (i) the following new clauses:

''(ii) MULTIPLE PROCESSOR STATES.—Except as provided in clause (iii), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based upon—

''(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1996 through 2000 crops;

''(II) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year;

''(III) past processings of sugar from sugarcane, based on the average of the 3 highest years from among crop years 1996 through 2000; and

''(IV) however, only with respect to allotments under subclauses (I), (II), and (III) attributable to the former operations of the Talisman processing facility, shall be allocated among processors in the State coincident with the provisions of the agreements of March 25 and March 26, 1999, between the affected processors and the Department of the Interior.

''(iii) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single state based upon—

''(I) past marketings of sugar, based on the average of the two highest years of production of raw cane sugar from among the 1997 through 2001 crop years;

''(II) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and

''(III) past processings of sugar from sugarcane, based on the average of the two highest crop years from the five crop years 1997 through 2001.

''(iv) NEW ENTRANTS.—Notwithstanding clauses (ii) and (iii), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this clause, and after a hearing if requested by the affected sugarcane processors and growers, and on such notice as the Secretary by regulation may prescribe, may provide such processor with an allocation which provides a fair, efficient and equitable distribution of the allocations from the allotment for the State in which the processor is located and, in the case of proportionate share States, shall establish proportionate shares in an amount sufficient to produce the sugarcane required to satisfy such allocations. However, the allotment for a new processor under this clause shall not exceed 50,000 short tons, raw value.

''(v) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), in the event that a sugarcane processor is sold or otherwise transferred to another owner, or closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation for the processor to the purchaser, new owner, or successor in interest, as applicable, of the processor.''; and

(2) in subsection (a)(2)(B)—

(A) by striking ''interested parties'' and inserting ''the affected sugar beet processors and growers''; and

(B) by striking ''processing capacity'' and all that follows through ''allotment allocated'' and inserting the following: ''the marketings of sugar processed from sugar beets of any or all of the 1996 through 2000 crops, and such other factors as the Secretary may deem appropriate after consultation with the affected sugar beet processors and growers. However, in the case of any processor which has started processing sugar beets after January 1, 1996, the Secretary shall provide such processor with an allocation which provides a fair, efficient and equitable distribution of the allocations''.

(e) REASSIGNMENT.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B) by striking the ''and'' after the semicolon;

(B) by redesignating subparagraph (C) as subparagraph (D);

(C) by inserting after subparagraph (B) the following new subparagraph:

''(C) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(D) in subparagraph (D), as so redesignated, by inserting ''and sales'' after ''reassignments''; and

(2) in paragraph (2)—

(A) in subparagraph (A) by striking the ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''reassign the remainder to imports.'' and inserting ''use the estimated quantity of the deficit for the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(C) by inserting after subparagraph (B) the following new subparagraph:

''(C) if after such reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.''.

(f) PRODUCER PROVISIONS.—Section 359f of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is amended—

(1) in subsection (a)—

(A) by striking ''processor's allocation'' in the second sentence and inserting ''allocation to the processor''; and

(B) by inserting after ''request of either party'' the following: '', and such arbitration should be completed within 45 days, but not more than 60 days, of the request'';

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following new subsection:

''(b) SUGAR BEET PROCESSING FACILITY CLOSURES.— In the event that a sugar beet processing facility is closed and the sugar beet growers who previously delivered beets to such facility desire to deliver their beets to another processing company:

''(1) Such growers may petition the Secretary to modify existing allocations to accommodate such a transition; and

''(2) The Secretary may increase the allocation to the processing company to which the growers desire to deliver their sugar beets, and which the processing company agrees to accept, not to exceed its processing capacity, to accommodate the change in deliveries.

''(3) Such increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

''(4) The Secretary's determination on the issues raised by the petition shall be made within 60 days of the filing of the petition.'';

(4) in subsection (c), as so redesignated—

(A) in paragraph (3)(A), by striking ''the preceding five years'' and inserting ''the two highest years from among the years 1999, 2000, and 2001'';

(B) in paragraph (4)(A), by striking ''each'' and all that follows through ''in effect'' and inserting ''the two highest of the three (3) crop years 1999, 2000, and 2001''; and

(C) by inserting after paragraph (7) the following new paragraph:

''(8) PROCESSING FACILITY CLOSURES.—In the event that a sugarcane processing facility subject to this subsection is closed and the sugarcane growers who previously delivered sugarcane to such facility desire to deliver their sugarcane to another processing company—

''(A) such growers may petition the Secretary to modify existing allocations to accommodate such a transition;

''(B) the Secretary may increase the allocation to the processing company to which the growers desire to deliver the sugarcane, and which the processing company agrees to accept, not to exceed its processing capacity, to accommodate the change in deliveries;

''(C) such increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected; and

''(D) the Secretary's determination on the issues raised by the petition shall be made within 60 days of the filing of the petition.''.

(g) CONFORMING AMENDMENTS.—(1) The heading of part VII of subtitle B of Title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 359aa et seq.) is amended to read as follows:

''PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR''.

(2) Section 359g of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—

(A) by striking ''359f'' each place it appears and inserting ''359f(c)'';

(B) in subsection (b), by striking ''3 consecutive'' and inserting ''5 consecutive''; and

(C) in subsection (c), by inserting ''or adjusted'' after ''share established''.

(3) Section 359j(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359jj) is amended—

(A) by amending the subsection heading to read as follows: ''DEFINITIONS.—'';

(B) by striking ''Notwithstanding'' and inserting the following:

''(1) UNITED STATES AND STATE.—Notwithstanding''; and

(C) by inserting after such paragraph (1) the following new paragraph:

''(2) OFFSHORE STATES.—For purposes of this part, the term 'offshore States' means the sugarcane producing States located outside of the continental United States.''.

(h) LIFTING OF SUSPENSION.—Section 171(a)(1)(E) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)(E)) is amended by inserting before the period at the end the following: '', but only with respect to sugar marketings through fiscal year 2002''.

SEC. 153. STORAGE FACILITY LOANS.

(a) STORAGE FACILITY LOAN PROGRAM.—Notwithstanding any other provision of law and as soon as practicable after the date of the enactment of this section, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to build or upgrade storage and handling facilities for raw sugars and refined sugars.

(b) ELIGIBLE PROCESSORS.—Storage facility loans shall be made available to any processor of domestically produced sugarcane or sugar beets that has a satisfactory credit history, determines a need for increased storage capacity (taking into account the effects of marketing allotments), and demonstrates an ability to repay the loan.

(c) TERM OF LOANS.—Storage facility loans shall be for a minimum of seven years, and shall be in such amounts and on such terms and conditions (including down payment, security requirements, and eligible equipment) as are normal, customary, and appropriate for the size and commercial nature of the borrower.

(d) ADMINISTRATION.—The sugar storage facility loan program shall be administered using the services, facilities, funds, and authorities of the Commodity Credit Corporation.

CHAPTER 3—PEANUTS

SEC. 161. DEFINITIONS.

In this chapter:

(1) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to peanut producers under section 164.

(2) EFFECTIVE PRICE.—The term ''effective price'' means the price calculated by the

Secretary under section 164 for peanuts to determine whether counter-cyclical payments are required to be made under such section for a crop year.

(3) HISTORIC PEANUT PRODUCER.—The term ''historic peanut producer'' means a peanut producer on a farm in the United States that produced or attempted to produce peanuts during any or all of crop years 1998, 1999, 2000, and 2001.

(4) FIXED, DECOUPLED PAYMENT.—The term ''fixed, decoupled payment'' means a payment made to peanut producers under section 163.

(5) PAYMENT ACRES.—The term ''payment acres'' means 85 percent of the peanut acres on a farm, as established under section 162, upon which fixed, decoupled payments and counter-cyclical payments are to be made.

(6) PEANUT ACRES.—The term ''peanut acres'' means the number of acres assigned to a particular farm by historic peanut producers pursuant to section 162(b).

(7) PAYMENT YIELD.—The term ''payment yield'' means the yield assigned to a particular farm by historic peanut producers pursuant to section 162(b).

(8) PEANUT PRODUCER.—The term ''peanut producer'' means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop of peanuts in the United States and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(10) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(11) TARGET PRICE.—The term ''target price'' means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

(12) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

SEC. 162. ESTABLISHMENT OF PAYMENT YIELD, PEANUT ACRES, AND PAYMENT ACRES FOR A FARM.

(a) ESTABLISHMENT OF PAYMENT YIELD AND PAYMENT ACRES.—

(1) DETERMINATION OF AVERAGE YIELD.—

(A) IN GENERAL.—The Secretary shall determine, for each historic peanut producer, the average yield for peanuts on each farm on which the historic peanut producer produced peanuts for the 1998 through 2001 crop years, excluding any crop year in which the producer did not produce peanuts. If, for any of these four crop years in which peanuts were planted on a farm by the producer, the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), the Secretary shall assign a yield for the producer for that year equal to 65 percent of the county yield, as determined by the Secretary.

(B) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in subparagraph (A) is located is declared a disaster area during 1 or more of the 4 crop years described in subparagraph (A), for the purposes of determining the 4-year average yield for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

(i) the State 4-year average yield of peanuts produced in the State; or

(ii) the average yield for the historical peanut producer determined by the Secretary under subparagraph (A).

(2) ACREAGE AVERAGE.—Except as provided in paragraph (3), the Secretary shall determine, for the historical peanut producer, the 4-year average of—

(A) acreage planted to peanuts on all farms for harvest during the 1998 through 2001 crop years; and

(B) any acreage that was prevented from being planting to peanuts during the crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the historical peanut producer, as determined by the Secretary.

(3) SELECTION BY PRODUCER.—If a county in which a historical peanut producer described in paragraph (2) is located is declared a disaster area during 1 or more of the 4 crop years described in paragraph (2), for the purposes of determining the 4-year average acreage for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

(A) the State average of acreage actually planted to peanuts; or

(B) the average of acreage for the historical peanut producer determined by the Secretary under paragraph (2).

(4) TIME FOR DETERMINATIONS; FACTORS.—

(A) TIMING.—The Secretary shall make the determinations required by this subsection not later than 90 days after the date of enactment of this section.

(B) FACTORS.—In making the determinations, the Secretary shall take into account changes in the number and identity of historical peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historical peanut producer is no longer living or an entity composed of historical peanut producers has been dissolved.

(b) ASSIGNMENT OF YIELD AND ACRES TO FARMS.—

(1) ASSIGNMENT BY HISTORICAL PEANUT PRODUCERS.—For each of the 2002 and 2003 crop years, the Secretary shall provide each historical peanut producer with an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the historical peanut producer to cropland on a farm.

(2) PAYMENT YIELD.—The average of all of the yields assigned by historical peanut producers to a farm shall be considered to be the payment yield for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

(3) PEANUT ACRES.—Subject to subsection (e), the total number of acres assigned by historical peanut producers to a farm shall be considered to be the peanut acres for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

(c) ELECTION.—Not later than 180 days after the date of enactment of this section for the 2002 crop, and not later than 180 days after January 1, 2003, for the 2003 crop, a historical peanut producer shall notify the Secretary of the assignments described in subsection (b).

(d) PAYMENT ACRES.—The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

(e) PREVENTION OF EXCESS PEANUT ACRES.—

(1) REQUIRED REDUCTION.—If the total of the peanut acres for a farm, together with the acreage described in paragraph (3), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or contract acreage for 1 or more covered commodities for the farm as necessary so that the total of the peanut acres and acreage described in paragraph (3) does not exceed the actual cropland acreage of the farm.

(2) SELECTION OF ACRES.—The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or contract acreage against which the reduction will be made.

(3) OTHER ACREAGE.—For the purposes of paragraph (1), the Secretary shall include—

(A) any contract acreage for the farm under subtitle B;

(B) any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

(C) any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

SEC. 163. DIRECT PAYMENTS FOR PEANUTS.

(a) IN GENERAL.—For each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments to peanut producers on a farm with peanut acres under section 158B and a payment yield for peanuts under section 164.

(b) PAYMENT RATE.—The payment rate used to make direct payments with respect to peanuts for a fiscal year shall be equal to $0.018 per pound.

(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the peanut producers on a farm for peanuts for a fiscal year shall be equal to the product obtained by multiplying—

(1) the payment rate specified in subsection (b);

(2) the payment acres on the farm; by

(3) the payment yield for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—The Secretary shall make direct payments—

(A) in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and

(B) in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

(2) ADVANCE PAYMENTS.—

(A) IN GENERAL.—At the option of the peanut producers on a farm, the Secretary shall pay 50 percent of the direct payment for a fiscal year for the producers on the farm on a date selected by the peanut producers on the farm.

(B) SELECTED DATE.—The selected date for a fiscal year shall be on or after December 1 of the fiscal year.

(C) SUBSEQUENT FISCAL YEARS.—The peanut producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If any peanut producer on a farm that receives an advance direct payment for a fiscal year ceases to be eligible for a direct payment before the date the direct payment would have been made by the Secretary under paragraph (1), the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment.

SEC. 164. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the income protection price for peanuts.

(b) EFFECTIVE PRICE.—For the purposes of subsection (a), the effective price for peanuts is equal to the total of—

(1) the greater of—

(A) the national average market price received by peanut producers during the marketing season for peanuts, as determined by the Secretary; or

(B) the national average loan rate for a marketing assistance loan for peanuts under section 167 in effect for the marketing season for peanuts under this chapter; and

(2) the payment rate in effect for peanuts under section 165 for the purpose of making direct payments with respect to peanuts.

(c) INCOME PROTECTION PRICE.—For the purposes of subsection (a), the income protection price for peanuts shall be equal to $550 per ton.

(d) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product obtained by multiplying—

(1) the payment rate specified in subsection (e);

(2) the payment acres on the farm; by

(3) the payment yield for the farm.

(e) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to peanuts for a crop year shall be equal to the difference between—

(1) the income protection price for peanuts; and

(2) the effective price determined under subsection (b) for peanuts.

(f) TIME FOR PAYMENTS.—

(1) IN GENERAL.—The Secretary shall make counter-cyclical payments to peanut producers on a farm under this section for a crop of peanuts as soon as practicable after determining under subsection (a) that the payments are required for the crop year.

(2) PARTIAL PAYMENT.—

(A) IN GENERAL.—At the option of the Secretary, the peanut producers on a farm may elect to receive up to 40 percent of the projected counter-cyclical payment to be made under this section for a crop of peanuts on completion of the first 2 months of the marketing season for the crop, as determined by the Secretary.

(B) REPAYMENT.—The peanut producers on a farm shall repay to the Secretary the amount, if any, by which the payment received by producers on the farm (including any partial payments) exceeds the counter-cyclical payment the producers on the farm are eligible for under this section.

SEC. 165. PRODUCER AGREEMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the peanut producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the peanut producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for the payments—

(A) to comply with applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 166; and

(D) to use a quantity of the land on the farm equal to the peanut acres, for an agricultural or conserving use, and not for a non-agricultural commercial or industrial use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may promulgate such regulations as the Secretary considers necessary to ensure peanut producer compliance with paragraph (1).

(b) FORECLOSURE.—

(1) IN GENERAL.—The Secretary shall not require the peanut producers on a farm to repay a direct payment or counter-cyclical payment if a foreclosure has occurred with respect to the farm and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

(2) COMPLIANCE WITH REQUIREMENTS.—

(A) IN GENERAL.—This subsection shall not void the responsibilities of the peanut producers on a farm under subsection (a) if the peanut producers on the farm continue or resume operation, or control, of the farm.

(B) APPLICABLE REQUIREMENTS.—On the resumption of operation or control over the farm by the peanut producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the peanut producers on a farm in peanut acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

(2) EFFECTIVE DATE.—The termination takes effect on the date of the transfer or change.

(3) TRANSFER OF PAYMENT BASE AND YIELD.—The Secretary shall not impose any restriction on the transfer of the peanut acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the purposes of subsection (a), as determined by the Secretary.

(5) EXCEPTION.—If a peanut producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

(d) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this chapter, the Secretary shall require the peanut producers on a farm to submit to the Secretary acreage reports for the farm.

(e) TENANTS AND SHARECROPPERS.—In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(f) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the peanut producers on a farm on a fair and equitable basis.

SEC. 166. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on peanut acres on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on peanut acres:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) In the case of the 2003 and subsequent crops of an agricultural commodity, wild rice.

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

(A) in any region in which there is a history of double-cropping of peanuts with agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting agricultural commodities specified in paragraph (1) on peanut acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

(C) by the peanut producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in paragraph (1), except that—

(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

SEC. 167. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm nonrecourse marketing assistance loans for peanuts produced on the farm.

(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under this section for any quantity of peanuts produced on the farm.

(4) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this section, the Secretary shall make loans to peanut producers on a farm that would be eligible to obtain a marketing assistance loan but for the fact the peanuts owned by the peanut producers on the farm are commingled with other peanuts of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producers on a farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 165.

(5) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the peanut producers on a farm through—

(A) a designated marketing association of peanut producers that is approved by the Secretary, which may own or construct necessary storage facilities;

(B) the Farm Service Agency; or

(C) a loan servicing agent approved by the Secretary.

(b) LOAN RATE.—The loan rate for a marketing assistance loan for peanuts under subsection (a) shall be equal to $400 per ton.

(c) TERM OF LOAN.—

(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

(d) REPAYMENT RATE.—The Secretary shall permit peanut producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

(1) the loan rate established for peanuts under subsection (b), plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of peanuts by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing peanuts; and

(D) allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to the peanut producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for payments under this subsection.

(2) AMOUNT.—A loan deficiency payment under this subsection shall be obtained by multiplying—

(A) the loan payment rate determined under paragraph (3) for peanuts; by

(B) the quantity of the peanuts produced by the peanut producers on the farm, excluding any quantity for which the producers on the farm obtain a loan under subsection (a).

(3) LOAN PAYMENT RATE.—For the purposes of this subsection, the loan payment rate shall be the amount by which—

(A) the loan rate established under subsection (b); exceeds

(B) the rate at which a loan may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to the peanut producers on a farm with respect to a quantity of peanuts as of the earlier of—

(A) the date on which the peanut producers on the farm marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary; or

(B) the date the peanut producers on the farm request the payment.

(f) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the peanut producers on a farm shall comply during the term of the loan with—

(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.—To the maximum extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

SEC. 168. QUALITY IMPROVEMENT.

(a) OFFICIAL INSPECTION.—All peanuts placed under a marketing assistance loan under section 167 or otherwise sold or marketed shall be officially inspected and graded by a Federal or State inspector.

(b) EFFECTIVE DATE.—This section shall take effect with the 2002 crop of peanuts.

SEC. 169. PAYMENT LIMITATIONS.

For purposes of sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3), separate payment limitations shall apply to peanuts with respect to—

(1) fixed, decoupled payments;

(2) counter-cyclical payments, and

(3) limitations on marketing loan gains and loan deficiency payments.

SEC. 170. TERMINATION OF MARKETING QUOTA PROGRAMS FOR PEANUTS AND COMPENSATION TO PEANUT QUOTA HOLDERS FOR LOSS OF QUOTA ASSET VALUE.

(a) REPEAL OF MARKETING QUOTA.—

(1) REPEAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357–1359a), relating to peanuts, is repealed.

(2) TREATMENT OF 2001 CROP.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357–1359a), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 2001 crop of peanuts notwithstanding the amendment made by paragraph (1).

(b) COMPENSATION CONTRACT REQUIRED.—The Secretary shall offer to enter into a contract with eligible peanut quota holders for the purpose of providing compensation for the lost value of the quota on account of the repeal of the marketing quota program for peanuts under subsection (a). Under the contracts, the Secretary shall make payments to eligible peanut quota holders during fiscal years 2002 through 2006.

(c) TIME FOR PAYMENT.—The payments required under the contracts shall be provided in five equal installments not later than September 30 of each of fiscal years 2002 through 2006.

(d) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to a peanut quota holder under a contract shall be equal to the product obtained by multiplying—

(1) $0.10 per pound; by

(2) the actual farm poundage quota (excluding seed and experimental peanuts) established for the peanut quota holder's farm under section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)) for the 2001 marketing year.

(e) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to the payments made to peanut quota holders under the contracts. The peanut quota holder making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this subsection.

(f) PEANUT QUOTA HOLDER DEFINED.—In this section, the term ''peanut quota holder'' means a person or enterprise that owns a farm that—

(1) was eligible, immediately before the date of the enactment of this Act, to have a peanut quota established upon it;

(2) if there are not quotas currently established, would be eligible to have a quota established upon it for the succeeding crop year, in the absence of the amendment made by subsection (a); or

(3) is otherwise a farm that was eligible for such a quota at the time the general quota establishment authority was repealed.

The Secretary shall apply this definition without regard to temporary leases or transfers or quotas for seed or experimental purposes.

Subtitle D—Administration

SEC. 181. ADMINISTRATION GENERALLY.

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall carry out this title through the Commodity Credit Corporation.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(c) REGULATIONS.—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall issue such regulations as are necessary to implement this title. The issuance of the regulations shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804) relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly know as the ''Paperwork Reduction Act'').

(d) PROTECTION OF PRODUCERS.—The protection afforded producers that elect the option to accelerate the receipt of any payment under a production flexibility contract payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7212 note) shall also apply to the advance payment of fixed, decoupled payments and counter-cyclical payments.

(e) ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.—If the Secretary determines that expenditures under subtitles A, B, and C that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2(7) of the Uruguay Round Agreements Act (19 U.S.C. 3501(7))), as in effect on the date of the enactment of this Act, will exceed such allowable levels for any applicable reporting period, the Secretary may make adjustments in the amount of such expenditures during that period to ensure that such expenditures do not exceed, but in no case are less than, such allowable levels.

SEC. 182. EXTENSION OF SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Section 171(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)) is amended by striking ''2002'' both places it appears and inserting ''2011''.

(b) AGRICULTURAL ACT OF 1949.—Section 171(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(b)(1)) is amended by striking ''2002'' both places it appears and inserting ''2011''.

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—Section 171(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(c)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 183. LIMITATIONS.

(a) LIMITATION ON AMOUNTS RECEIVED.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (1)—

(A) by striking ''PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS'' and inserting ''FIXED, DECOUPLED PAYMENTS'';

(B) by striking ''contract payments made under the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts'' and inserting ''fixed, decoupled payments made to a person''; and

(C) by striking ''4'' and inserting ''5'';

(2) in paragraphs (2) and (3)—

(A) by striking ''payments specified'' and all that follows through ''and oilseeds'' and inserting ''following payments that a person shall be entitled to receive'';

(B) by striking ''75'' and inserting ''150'';

(C) by striking the period at the end of paragraph (2) and all that follows through ''the following'' in paragraph (3);

(D) by striking ''section 131'' and all that follows through ''section 132'' and inserting ''section 121 of the Farm Security Act of 2001 for a crop of any covered commodity at a lower level than the original loan rate established for the commodity under section 122''; and

(E) by striking ''section 135'' and inserting ''section 125''; and

(3) by inserting after paragraph (2) the following new paragraph (3):

''(3) LIMITATION ON COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments that a person may receive during any crop year shall not exceed the amount specified in paragraph (2), as in effect on the day before the date of the enactment of the Farm Security Act of 2001.''.

(b) DEFINITIONS.—Paragraph (4) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended to read as follows:

''(4) DEFINITIONS.—In this title, the terms 'covered commodity', 'counter-cyclical payment', and 'fixed, decoupled payment' have the meaning given those terms in section 100 of the Farm Security Act of 2001.''.

(c) TRANSITION.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to fiscal year 2001 and the 2001 crop of any covered commodity.

SEC. 184. ADJUSTMENTS OF LOANS.

Section 162(b) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282(b)) is amended by striking ''this title'' and inserting ''this title and title I of the Farm Security Act of 2001''.

SEC. 185. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking ''this title'' each places it appears and inserting ''this title and title I of the Farm Security Act of 2001''.

SEC. 186. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended—

(1) in subsection (a)—

(A) by striking ''IN GENERAL.—'' and inserting ''SPECIFIC PAYMENTS.—''; and

(B) by striking ''subtitle C'' and inserting ''subtitle C of this title and title I of the Farm Security Act of 2001''; and

(2) in subsection (c)(1)—

(A) by striking ''producer'' the first two places it appears and inserting ''person''; and

(B) by striking ''to producers under subtitle C'' and inserting ''by the Commodity Credit Corporation''.

SEC. 187. ASSIGNMENT OF PAYMENTS.

The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under the authority of this Act. The producer making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

SEC. 188. REPORT ON EFFECT OF CERTAIN FARM PROGRAM PAYMENTS ON ECONOMIC VIABILITY OF PRODUCERS AND FARMING INFRASTRUCTURE.

(a) REVIEW REQUIRED.—The Secretary of Agriculture shall conduct a review of the effects that payments under production flexibility contracts and market loss assistance payments have had, and that fixed, decoupled payments and counter-cyclical payments are likely to have, on the economic viability of producers and the farming infrastructure, particularly in areas where climate, soil types, and other agronomic conditions severely limit the covered crops that producers can choose to successfully and profitably produce.

(b) CASE STUDY RELATED TO RICE PRODUCTION.—The review shall include a case study of the effects that the payments described in subsection (a), and the forecast effects of increasing these or other decoupled payments, are likely to have on rice producers (including tenant rice producers), the rice milling industry, and the economies of rice farming areas in Texas, where harvested rice acreage has fallen from 320,000 acres in 1995 to only 211,000 acres in 2001.

(c) REPORT AND RECOMMENDATIONS.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the information collected for the review and the case study and any findings made on the basis of such information. The report shall include recommendations for minimizing the adverse effects on producers, with a special focus on producers who are tenants, on the agricultural economies in farming areas generally, on those particular areas described in subsection (a), and on the area that is the subject of the case study in subsection (b).

TITLE II—CONSERVATION

Subtitle A—Environmental Conservation Acreage Reserve Program

SEC. 201. GENERAL PROVISIONS.

Title XII of the Food Security Act of 1985 is amended—

(1) in section 1230(a), by striking ''1996 through 2002'' and inserting ''2002 through 2011'';

(2) by striking subsection (c) of section 1230; and

(3) in section 1230A (16 U.S.C. 3830a), by striking ''chapter'' each place it appears and inserting ''title''.

Subtitle B—Conservation Reserve Program

SEC. 211. REAUTHORIZATION.

(a) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended in each of subsections (a) and (d) by striking ''2002'' and inserting ''2011''.

(b) SCOPE OF PROGRAM.—Section 1231(a) of such Act (16 U.S.C. 3831(a)) is amended by striking ''and water'' and inserting '', water, and wildlife''.

SEC. 212. ENROLLMENT.

(a) CONSERVATION PRIORITY AREAS.—

(1) ELIGIBILITY.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(A) by striking paragraph (1) and inserting the following:

''(1) highly erodible cropland that—

''(A)(i) if permitted to remain untreated could substantially reduce the production capability for future generations; or

''(ii) cannot be farmed in accordance with a conservation plan that complies with the requirements of subtitle B; and

''(B) the Secretary determines had a cropping history or was considered to be planted for 3 of the 6 years preceding the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 (except for land enrolled in the conservation reserve program as of that date);''; and

(B) by adding at the end the following:

''(5) the portion of land in a field not enrolled in the conservation reserve in a case in which more than 50 percent of the land in the field is enrolled as a buffer under a program described in section 1234(i)(1), if the land is enrolled as part of the buffer; and

''(6) land (including land that is not cropland) enrolled through continuous signup—

''(A) to establish conservation buffers as part of the program described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

''(B) into the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(2) CRP PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended by adding at the end the following:

''(5) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

''(A) are ongoing as of the date of the application; and

''(B) meet the purposes of the program established under this subchapter.''.

(b) ELIGIBILITY ON CONTRACT EXPIRATION.—Section 1231(f) of such Act (16 U.S.C. 3831(f)) is amended to read as follows:

''(f) ELIGIBILITY ON CONTRACT EXPIRATION.—On the expiration of a contract entered into under this subchapter, the land subject to the contract shall be eligible to be considered for re-enrollment in the conservation reserve.''.

(c) BALANCE OF NATURAL RESOURCE PURPOSES.—

(1) IN GENERAL.—Section 1231 of such Act (16 U.S.C. 3831) is amended by adding at the end the following:

''(i) BALANCE OF NATURAL RESOURCE PURPOSES.—In determining the acceptability of contract offers under this subchapter, the Secretary shall ensure an equitable balance among the conservation purposes of soil erosion, water quality and wildlife habitat.''.

(2) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall issue final regulations implementing section 1231(i) of the Food Security Act of 1985, as added by paragraph (1) of this subsection.

SEC. 213. DUTIES OF OWNERS AND OPERATORS.

Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended—

(1) in subsection (a)—

(A) in paragraph (3), by inserting ''as described in section 1232(a)(7) or for other purposes'' before ''as permitted'';

(B) in paragraph (4), by inserting ''where practicable, or maintain existing cover'' before ''on such land''; and

(C) in paragraph (7), by striking ''Secretary—'' and all that follows and inserting ''Secretary may permit, consistent with the conservation of soil, water quality, and wildlife habitat—

''(A) managed grazing and limited haying, in which case the Secretary shall reduce the conservation reserve payment otherwise payable under the contract by an amount commensurate with the economic value of the activity;

''(B) wind turbines for the provision of wind energy, whether or not commercial in nature; and

''(C) land subject to the contract to be harvested for recovery of biomass used in energy production, in which case the Secretary shall reduce the conservation reserve payment otherwise payable under the contract by an amount commensurate with the economic value of such activity;''; and

(2) by striking subsections (c) and (d) and redesignating subsection (e) as subsection (c).

SEC. 214. REFERENCE TO CONSERVATION RESERVE PAYMENTS.

Subchapter B of chapter 1 of subtitle D of title XII of such Act (16 U.S.C. 3831–3836) is amended—

(1) by striking ''rental payment'' each place it appears and inserting ''conservation reserve payment'';

(2) by striking ''rental payments'' each place it appears and inserting ''conservation reserve payments''; and

(3) in the paragraph heading for section 1235(e)(4), by striking ''RENTAL PAYMENT'' and inserting ''CONSERVATION RESERVE PAYMENT''.

SEC. 215. EXPANSION OF PILOT PROGRAM TO ALL STATES.

Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) in paragraph (1), by striking ''and 2002'' and all that follows through ''South Dakota'' and inserting ''through 2011 calendar years, the Secretary shall carry out a program in each State'';

(2) in paragraph (3)(C), by striking ''—'' and all that follows and inserting ''not more than 150,000 acres in any 1 State.''; and

(3) by striking paragraph (2) and redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively.

Subtitle C—Wetlands Reserve Program

SEC. 221. ENROLLMENT.

(a) MAXIMUM.—Section 1237(b) of the Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended by striking paragraph (1) and inserting the following:

''(1) ANNUAL ENROLLMENT.—In addition to any acres enrolled in the wetlands reserve program as of the end of a calendar year, the Secretary may in the succeeding calendar year enroll in the program a number of additional acres equal to—

''(A) if the succeeding calendar year is calendar year 2002, 150,000; or

''(B) if the succeeding calendar year is a calendar year after calendar year 2002—

''(i) 150,000; plus

''(ii) the amount (if any) by which 150,000, multiplied by the number of calendar years in the period that begins with calendar year 2002 and ends with the calendar year preceding such succeeding calendar year, exceeds the total number of acres added to the reserve during the period.''.

(b) METHODS.—Section 1237 of such Act (16 U.S.C. 3837(b)(2)) is amended—

(1) in subsection (b), by striking paragraph (2) and inserting the following:

''(2) METHODS OF ENROLLMENT.—The Secretary shall enroll acreage into the wetlands reserve program through the use of easements, restoration cost share agreements, or both.''; and

(2) by striking subsection (g).

(c) EXTENSION.—Section 1237(c) of such Act (16 U.S.C. 3837(c)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 222. EASEMENTS AND AGREEMENTS.

Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended—

(1) in subsection (b), by striking paragraph (2) and inserting the following:

''(2) prohibits the alteration of wildlife habitat and other natural features of such land, unless specifically permitted by the plan;'';

(2) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) shall be consistent with applicable State law.'';

(3) by striking subsection (h).

SEC. 223. DUTIES OF THE SECRETARY.

Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended by striking subsection (d).

SEC. 224. CHANGES IN OWNERSHIP; AGREEMENT MODIFICATION; TERMINATION.

Section 1237E(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3837e(a)(2)) is amended to read as follows:

''(2) the ownership change occurred due to foreclosure on the land and the owner of the land immediately before the foreclosure exercises a right of redemption from the mortgage holder in accordance with State law; or''.

Subtitle D—Environmental Quality Incentives Program

SEC. 231. PURPOSES.

Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

(1) by striking ''to—'' and all that follows through ''provides—'' and inserting ''to provide—'';

(2) by striking ''that face the most serious threats to'' and inserting ''to address environmental needs and provide benefits to air,'';

(3) by redesignating the subparagraphs (A) through (D) that follow the matter amended by paragraph (2) of this section as paragraphs (1) through (4), respectively;

(4) by moving each of such redesignated provisions 2 ems to the left; and

(5) by striking ''farmers and ranchers'' each place it appears and inserting ''producers''.

SEC. 232. DEFINITIONS.

Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

(1) in paragraph (1)—

(A) by inserting ''non-industrial private forest land,'' before ''and other land''; and

(B) by striking ''poses a serious threat'' and all that follows and inserting ''provides increased environmental benefits to air, soil, water, or related resources.''; and

(2) in paragraph (4), by inserting '', including non-industrial private forestry'' before the period.

SEC. 233. ESTABLISHMENT AND ADMINISTRATION.

(a) REAUTHORIZATION.—Section 1240B(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is amended by striking ''2002'' and inserting ''2011''.

(b) TERM OF CONTRACTS.—Section 1240B(b)(2) of such Act (16 U.S.C. 3839aa–2(b)(2)) is amended by striking ''not less than 5, nor more than 10, years'' and inserting ''not less than 1 year, nor more than 10 years''.

(c) STRUCTURAL PRACTICES.—Section 1240B(c)(1)(B) of such Act (16 U.S.C. 3839aa–2(c)(1)(B)) is amended to read as follows:

''(B) achieving the purposes established under this subtitle.''.

(d) ELIMINATION OF CERTAIN LIMITATIONS ON ELIGIBILITY FOR COST-SHARE PAYMENTS.—Section 1240B(e)(1) of such Act (16 U.S.C. 3839aa–2(e)(1)) is amended—

(1) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(2) in subparagraph (B) (as so redesignated), by striking ''or 3''.

(e) INCENTIVE PAYMENTS.—Section 1240B of such Act (16 U.S.C. 3839aa-2) is amended—

(1) in subsection (e)—

(A) in the subsection heading, by striking '', INCENTIVE PAYMENTS,''; and

(B) by striking paragraph (2); and

(2) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and inserting after subsection (e) the following:

''(f) CONSERVATION INCENTIVE PAYMENTS.—

''(1) IN GENERAL.—The Secretary may make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform multiple land management practices and to promote the enhancement of soil, water, wildlife habitat, air, and related resources.

''(2) SPECIAL RULE.—In determining the amount and rate of incentive payments, the Secretary may accord great weight to those practices that include residue, nutrient, pest, invasive species, and air quality management.''.

SEC. 234. EVALUATION OF OFFERS AND PAYMENTS.

Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended by striking paragraphs (1) through (3) and inserting the following:

''(1) aid producers in complying with this title and Federal and State environmental laws, and encourage environmental enhancement and conservation;

''(2) maximize the beneficial usage of animal manure and other similar soil amendments which improve soil health, tilth, and water-holding capacity; and

''(3) encourage the utilization of sustainable grazing systems, such as year-round, rotational, or managed grazing.''.

SEC. 235. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

Section 1240E(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(a)) is amended by striking ''that incorporates such conservation practices'' and all that follows and inserting ''that provides or will continue to provide increased environmental benefits to air, soil, water, or related resources.''.

SEC. 236. DUTIES OF THE SECRETARY.

Section 1240F(3) of the Food Security Act of 1985 (16 U.S.C. 3839aa–6(3)) is amended to read as follows:

''(3) providing technical assistance or cost-share payments for developing and implementing 1 or more structural practices or 1 or more land management practices, as appropriate;''.

SEC. 237. LIMITATION ON PAYMENTS.

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''$10,000'' and inserting ''$50,000''; and

(B) in paragraph (2), by striking ''$50,000'' and inserting ''$200,000'';

(2) in subsection (b)(2), by striking ''the maximization of environmental benefits per dollar expended and''; and

(3) by striking subsection (c).

SEC. 238. GROUND AND SURFACE WATER CONSERVATION.

Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended to read as follows:

''SEC. 1240H. GROUND AND SURFACE WATER CONSERVATION.

''(a) SUPPORT FOR CONSERVATION MEASURES.—The Secretary shall provide cost-share payments and low-interest loans to encourage ground and surface water conservation, including irrigation system improvement, and provide incentive payments for capping wells, reducing use of water for irrigation, and switching from irrigation to dryland farming.

''(b) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available the following amounts to carry out this section:

''(1) $30,000,000 for fiscal year 2002.

''(2) $45,000,000 for fiscal year 2003.

''(3) $60,000,000 for each of fiscal years 2004 through 2011.''.

Subtitle E—Funding and Administration

SEC. 241. REAUTHORIZATION.

Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 242. FUNDING.

Section 1241(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3841(b)(1)) is amended—

(1) by striking ''$130,000,000'' and all that follows through ''2002, for'' and inserting ''the following amounts for purposes of'';

(2) by striking ''subtitle D.'' and inserting ''subtitle D:''; and

(3) by adding at the end the following:

''(A) $200,000,000 for fiscal year 2001.

''(B) $1,025,000,000 for each of fiscal years 2002 and 2003.

''(C) $1,200,000,000 for each of fiscal years 2004, 2005, and 2006.

''(D) $1,400,000,000 for each of fiscal years 2007, 2008, and 2009.

''(E) $1,500,000,000 for each of fiscal years 2010 and 2011.''.

SEC. 243. ALLOCATION FOR LIVESTOCK PRODUCTION.

Section 1241(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3841(b)(2)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 244. ADMINISTRATION AND TECHNICAL ASSISTANCE.

(a) BROADENING OF EXCEPTION TO ACREAGE LIMITATION.—Section 1243(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3843(b)(2)) is amended by striking ''that—'' and all that follows and inserting ''that the action would not adversely affect the local economy of the county.''.

(b) RULES GOVERNING PROVISION OF TECHNICAL ASSISTANCE.—Section 1243(d) of such Act (16 U.S.C. 3843(d)) is amended to read as follows:

''(d) RULES GOVERNING PROVISION OF TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall provide technical assistance under this title to a producer eligible for such assistance, by providing the assistance directly or, at the option of the producer, through an approved third party if available.

''(2) REEVALUATION.—The Secretary shall reevaluate the provision of, and the amount of, technical assistance made available under subchapters B and C of chapter 1 and chapter 4 of subtitle D.

''(3) CERTIFICATION OF THIRD-PARTY PROVIDERS.—

''(A) IN GENERAL.—Not later than 6 months after the date of the enactment of this subsection, the Secretary of Agriculture shall, by regulation, establish a system for approving persons to provide technical assistance pursuant to chapter 4 of subtitle D. For purposes of this paragraph, a person shall be considered approved if they have a memorandum of understanding regarding the provision of technical assistance in place with the Secretary.

''(B) EXPERTISE REQUIRED.—In prescribing such regulations, the Secretary shall ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, environmental engineering, including commercial entities, nonprofit entities, State or local governments or agencies, and other Federal agencies, are eligible to become approved providers of such technical assistance.''.

(c) DUTY OF SECRETARY.—

(1) IN GENERAL.—Section 1770(d) of such Act (7 U.S.C. 2276(d)) is amended—

(A) by striking ''or'' at the end of paragraph (9);

(B) by striking the period at the end of paragraph (11) and inserting ''; or''; and

(C) by adding at the end the following:

''(12) title XII of this Act.''.

(2) CONFORMING AMENDMENTS.—Section 1770(e) of such Act (7 U.S.C. 2276(e)) is amended—

(A) by striking the subsection heading and inserting ''EXCEPTIONS''; and

(B) by inserting '', or as necessary to carry out a program under title XII of this Act as determined by the Secretary'' before the period.

Subtitle F—Other Programs

SEC. 251. PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.

Section 386(d)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b(d)(1)) is amended—

(1) by striking ''and'' at the end of subparagraph (G);

(2) by striking the period at the end of subparagraph (H) and inserting ''; and''; and

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

''(I) encouraging the utilization of sustainable grazing systems, such as year-round, rotational, or managed grazing.''.

SEC. 252. WILDLIFE HABITAT INCENTIVES PROGRAM.

Subsection (c) of section 387 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3836a) is amended to read as follows:

''(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available $25,000,000 for each of fiscal years 2002 through 2011 to carry out this section.''.

SEC. 253. FARMLAND PROTECTION PROGRAM.

(a) REMOVAL OF ACREAGE LIMITATION; EXPANSION OF PURPOSES.—Subsection (a) of section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) is amended—

(1) by striking ''not less than 170,000, nor more than 340,000 acres of''; and

(2) by inserting '', or agricultural land that contains historic or archaeological resources,'' after ''other productive soil''.

(b) FUNDING.—Subsection (c) of such section is amended to read as follows:

''(c) FUNDING.—The Secretary shall use not more than $50,000,000 of the funds of the Commodity Credit Corporation in each of fiscal years 2002 through 2011 to carry out this section.''.

(c) ELIGIBLE ENTITIES.—Such section is further amended—

(1) in subsection (a), by striking ''a State or local government'' and inserting ''an eligible entity''; and

(2) by adding at the end the following:

''(d) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means—

''(1) any agency of any State or local government, or federally recognized Indian tribe, including farmland protection boards and land resource councils established under State law; and

''(2) any organization that—

''(A) is organized for, and at all times since the formation of the organization has been operated principally for, one or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

''(B) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code;

''(C) is described in section 509(a)(2) of that Code; or

''(D) is described in section 509(a)(3) of that Code and is controlled by an organization described in section 509(a)(2) of that Code.''.

SEC. 254. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

(a) PURPOSE.—Section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1528. It is the purpose'' and inserting the following:

''SEC. 1528. STATEMENT OF PURPOSE.

''It is the purpose''; and

(2) by inserting ''through designated RC&D councils'' before ''in rural areas''.

(b) DEFINITIONS.—Section 1529 of such Act (16 U.S.C. 3452) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1529. As used in this subtitle—'' and inserting the following:

''SEC. 1529. DEFINITIONS.

''In this title:'';

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting ''RC&D council'' before ''area plan'';

(B) in subparagraph (B), by striking ''through control of nonpoint sources of pollution'';

(C) in subparagraph (C)—

(i) by striking ''natural resources based'' and inserting ''resource-based'';

(ii) by striking ''development of aquaculture,'';

(iii) by striking ''and satisfaction'' and inserting ''satisfaction''; and

(iv) by inserting '', food security, economic development, and education'' before the semicolon; and

(D) in subparagraph (D), by striking ''other'' the 1st place it appears and inserting ''land management'';

(3) in paragraph (3), by striking ''any State, local unit of government, or local nonprofit organization'' and inserting ''the designated RC&D council'';

(4) by striking paragraphs (4) through (6) and inserting the following:

''(4)(A) The term 'financial assistance' means the Secretary may—

''(i) provide funds directly to RC&D councils or associations of RC&D councils through grants, cooperative agreements, and interagency agreements that directly implement RC&D area plans; and

''(ii) may join with other federal agencies through interagency agreements and other arrangements as needed to carry out the program's purpose.

''(B) Funds may be used for such things as—

''(i) technical assistance;

''(ii) financial assistance in the form of grants for planning, analysis and feasibility studies, and business plans;

''(iii) training and education; and

''(iv) all costs associated with making such services available to RC&D councils or RC&D associations.

''(5) The term 'RC&D council' means the responsible leadership of the RC&D area. RC&D councils and associations are nonprofit entities whose members are volunteers and include local civic and elected officials. Affiliations of RC&D councils are formed in states and regions.'';

(5) in paragraph (8), by inserting ''and federally recognized Indian tribes'' before the period;

(6) in paragraph (9), by striking ''works of improvement'' and inserting ''projects'';

(7) by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and

(8) by striking paragraph (10) and inserting the following:

''(9) The term 'project' means any action taken by a designated RC&D council that achieves any of the elements identified under paragraph (1).''.

(c) ESTABLISHMENT AND SCOPE.—Section 1530 of such Act (16 U.S.C. 3453) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1530. The Secretary'' and inserting the following:

''SEC. 1530. ESTABLISHMENT AND SCOPE.

''The Secretary''; and

(2) by striking ''the technical and financial assistance necessary to permit such States, local units of government, and local nonprofit organizations'' and inserting ''through designated RC&D councils the technical and financial assistance necessary to permit such RC&D Councils''.

(d) SELECTION OF DESIGNATED AREAS.—Section 1531 of such Act (16 U.S.C. 3454) is amended by striking the section heading and all that follows through ''SEC. 1531. The Secretary'' and inserting the following:

''SEC. 1531. SELECTION OF DESIGNATED AREAS.

''The Secretary''.

(e) AUTHORITY OF SECRETARY.—Section 1532 of such Act (16 U.S.C. 3455) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1532. In carrying'' and inserting the following:

''SEC. 1532. AUTHORITY OF SECRETARY.

''In carrying'';

(2) in each of paragraphs (1) and (3)—

(A) by striking ''State, local unit of government, or local nonprofit organization'' and inserting ''RC&D council''; and

(B) by inserting ''RC&D council'' before ''area plan'';

(3) in paragraph (2), by inserting ''RC&D council'' before ''area plans''; and

(4) in paragraph (4), by striking ''States, local units of government, and local nonprofit organizations'' and inserting ''RC&D councils or affiliations of RC&D councils''.

(f) TECHNICAL AND FINANCIAL ASSISTANCE.—Section 1533 of such Act (16 U.S.C. 3456) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1533. (a) Technical'' and inserting the following:

''SEC. 1533. TECHNICAL AND FINANCIAL ASSISTANCE.

''(a) Technical'';

(2) in subsection (a)—

(A) by striking ''State, local unit of government, or local nonprofit organization to assist in carrying out works of improvement specified in an'' and inserting ''RC&D councils or affiliations of RC&D councils to assist in carrying out a project specified in a RC&D council'';

(B) in paragraph (1)—

(i) by striking ''State, local unit of government, or local nonprofit organization'' and inserting ''RC&D council or affiliate''; and

(ii) by striking ''works of improvement'' each place it appears and inserting ''project'';

(C) in paragraph (2)—

(i) by striking ''works of improvement'' and inserting ''project''; and

(ii) by striking ''State, local unit of government, or local nonprofit organization'' and inserting ''RC&D council'';

(D) in paragraph (3), by striking ''works of improvement'' and all that follows and inserting ''project concerned is necessary to accomplish and RC&D council area plan objective;'';

(E) in paragraph (4), by striking ''the works of improvement provided for in the'' and inserting ''the project provided for in the RC&D council'';

(F) in paragraph (5), by inserting ''federally recognized Indian tribe'' before ''or local'' each place it appears; and

(G) in paragraph (6), by inserting ''RC&D council'' before ''area plan'';

(3) in subsection (b), by striking ''work of improvement'' and inserting ''project''; and

(4) in subsection (c), by striking ''any State, local unit of government, or local nonprofit organization to carry out any'' and inserting ''RC&D council to carry out any RC&D council''.

(g) RESOURCE CONSERVATION AND DEVELOPMENT POLICY BOARD.—Section 1534 of such Act (16 U.S.C. 3457) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1534. (a) The Secretary'' and inserting the following:

''SEC. 1534. RESOURCE CONSERVATION AND DEVELOPMENT POLICY BOARD.

''(a) The Secretary''; and

(2) in subsection (b), by striking ''seven''.

(h) PROGRAM EVALUATION.—Section 1535 of such Act (16 U.S.C. 3458) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1535. The Secretary'' and inserting the following:

''SEC. 1535. PROGRAM EVALUATION.

''The Secretary'';

(2) by inserting ''with assistance from RC&D councils'' before ''provided'';

(3) by inserting ''federally recognized Indian tribes,'' before ''local units''; and

(4) by striking ''1986'' and inserting ''2007''.

(i) LIMITATION ON ASSISTANCE.—Section 1536 of such Act (16 U.S.C. 3458) is amended by striking the section heading and all that follows through ''SEC. 1536. The program'' and inserting the following:

''SEC. 1536. LIMITATION ON ASSISTANCE.

''The program''.

(j) SUPPLEMENTAL AUTHORITY OF THE SECRETARY.—Section 1537 of such Act (16 U.S.C. 3460) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1537. The authority'' and inserting the following:

''SEC. 1537. SUPPLEMENTAL AUTHORITY OF SECRETARY.

''The authority''; and

(2) by striking ''States, local units of government, and local nonprofit organizations'' and inserting ''RC&D councils''.

(i) AUTHORIZATION OF APPROPRIATIONS.—Section 1538 of such Act (16 U.S.C. 3461) is amended—

(1) by striking the section heading and all that follows through ''SEC. 1538. There are'' and inserting the following:

''SEC. 1538. AUTHORIZATION OF APPROPRIATIONS.

''There are''; and

(2) by striking ''for each of the fiscal years 1996 through 2002''.

SEC. 255. GRASSLAND RESERVE PROGRAM.

(a) IN GENERAL.—Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830–3837f) is amended by adding at the end the following:

''Subchapter D—Grassland Reserve Program

''SEC. 1238. GRASSLAND RESERVE PROGRAM.

''(a) ESTABLISHMENT.—The Secretary, acting through the Natural Resource Conservation Service, shall establish a grassland reserve program (referred to in this subchapter as 'the program') to assist owners in restoring and protecting eligible land described in subsection (c).

''(b) ENROLLMENT CONDITIONS.—

''(1) IN GENERAL.—The Secretary shall enroll in the program, from willing owners, not less than—

''(A) 100 contiguous acres of land west of the 90th meridian; or

''(B) 50 contiguous acres of land east of the 90th meridian.

''(2) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 1,000,000 acres.

''(3) METHODS OF ENROLLMENT.—The Secretary shall enroll land in the program through—

''(A) permanent easements or 30-year easements;

''(B) in a State that imposes a maximum duration for such an easement, an easement for the maximum duration allowed under State law; or

''(C) a 30-year rental agreement.

''(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is—

''(1) natural grassland or shrubland;

''(2) land that—

''(A) is located in an area that has been historically dominated by natural grassland or shrubland; and

''(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to natural grassland or shrubland; or

''(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of the easement.

''SEC. 1238A. EASEMENTS AND AGREEMENTS.

''(a) IN GENERAL.—To be eligible to enroll land in the program, the owner of the land shall enter into an agreement with the Secretary—

''(1) to grant an easement that runs with the land to the Secretary;

''(2) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

''(3) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

''(4) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement; and

''(5) to comply with the terms of the easement and restoration agreement.

''(b) TERMS OF EASEMENT.—An easement under subsection (a) shall—

''(1) permit—

''(A) grazing on the land in a manner that is consistent with maintaining the viability of natural grass and shrub species indigenous to that locality;

''(B) haying (including haying for seed production) or mowing, except during the nesting season for birds in the area that are in significant decline, as determined by the Natural Resources Conservation Service State conservationist, or are protected Federal or State law; and

''(C) fire rehabilitation, construction of fire breaks, and fences (including placement of the posts necessary for fences);

''(2) prohibit—

''(A) the production of row crops, fruit trees, vineyards, or any other agricultural commodity that requires breaking the soil surface; and

''(B) except as permitted under paragraph (1)(C), the conduct of any other activities that would disturb the surface of the land covered by the easement, including—

''(i) plowing; and

''(ii) disking; and

''(3) include such additional provisions as the Secretary determines are appropriate to carry out this subchapter or to facilitate the administration of this subchapter.

''(c) EVALUATION AND RANKING OF EASEMENT APPLICATIONS.—

''(1) IN GENERAL.—The Secretary, in conjunction with State technical committees, shall establish criteria to evaluate and rank applications for easements under this subchapter.

''(2) CRITERIA.—In establishing the criteria, the Secretary shall emphasize support for grazing operations, plant and animal biodiversity, and grassland and shrubland under the greatest threat of conversion.

''(d) RESTORATION AGREEMENTS.—

''(1) IN GENERAL.—The Secretary shall prescribe the terms by which grassland and shrubland subject to an easement under an agreement entered into under the program shall be restored.

''(2) REQUIREMENTS.—The restoration agreement shall describe the respective duties of the owner and the Secretary (including paying the Federal share of the cost of restoration and the provision of technical assistance).

''(e) VIOLATIONS.—

''(1) IN GENERAL.—On the violation of the terms or conditions of an easement or restoration agreement entered into under this section—

''(A) the easement shall remain in force; and

''(B) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.

''(2) PERIODIC INSPECTIONS.—

''(A) IN GENERAL.—After providing notice to the owner, the Secretary shall conduct periodic inspections of land subject to easements under this subchapter to ensure that the terms of the easement and restoration agreement are being met.

''(B) LIMITATION.—The Secretary may not prohibit the owner, or a representative of the owner, from being present during a periodic inspection.

''SEC. 1238B. DUTIES OF SECRETARY.

''(a) IN GENERAL.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall, in accordance with this section—

''(1) make easement payments;

''(2) pay the Federal share of the cost of restoration; and

''(3) provide technical assistance to the owner.

''(b) PAYMENT SCHEDULE.—

''(1) EASEMENT PAYMENTS.—

''(A) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

''(i) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

''(ii) in the case of a 30-year easement or an easement for the maximum duration allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

''(B) SCHEDULE.—Easement payments may be provided in not less than 1 payment nor more than 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

''(2) RENTAL AGREEMENT PAYMENTS.—

''(A) AMOUNT.—If an owner enters into a 30-year rental agreement authorized under section 1238(b)(3)(C), the Secretary shall make 30 annual rental payments to the owner in an amount that equals, to the maximum extent practicable, the 30-year easement payment amount under paragraph (1)(A)(ii).

''(B) ASSESSMENT.—Not less than once every 5 years throughout the 30-year rental period, the Secretary shall assess whether the value of the rental payments under subparagraph (A) equals, to the maximum extent practicable, the 30-year easement payments as of the date of the assessment.

''(C) ADJUSTMENT.—If on completion of the assessment under subparagraph (B), the Secretary determines that the rental payments do not equal, to the maximum extent practicable, the value of payments under a 30-year easement, the Secretary shall adjust the amount of the remaining payments to equal, to the maximum extent practicable, the value of a 30-year easement over the entire 30-year rental period.

''(c) FEDERAL SHARE OF COST OF RESTORATION.—The Secretary shall make payments to the owner of not more than 75 percent of the cost of carrying out measures and practices necessary to restore grassland and shrubland functions and values.

''(d) TECHNICAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary shall provide owners with technical assistance to execute easement documents and restore the grassland and shrubland.

''(2) REIMBURSEMENT BY COMMODITY CREDIT CORPORATION.—The Commodity Credit Corporation shall reimburse the Secretary, acting through the Natural Resources Conservation Service, for not more than 10 percent of the cost of acquisition of the easement and the Federal share of the cost of restoration obligated for that fiscal year.

''(e) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

''(f) OTHER PAYMENTS.—Easement payments received by an owner under this subchapter shall be in addition to, and not affect, the total amount of payments that the owner is otherwise eligible to receive under other Federal laws.

''SEC. 1238C. ADMINISTRATION.

''(a) DELEGATION TO PRIVATE ORGANIZATIONS.—

''(1) IN GENERAL.—The Secretary shall permit a private conservation or land trust organization or a State agency to hold and enforce an easement under this subchapter, in lieu of the Secretary, if—

''(A) the Secretary determines that granting such permission is likely to promote grassland and shrubland protection; and

''(B) the owner authorizes the private conservation or land trust or a State agency to hold and enforce the easement.

''(2) APPLICATION.—An organization that desires to hold an easement under this subchapter shall apply to the Secretary for approval.

''(3) APPROVAL BY SECRETARY.—The Secretary shall approve an organization under this subchapter that is constituted for conservation or ranching purposes and is competent to administer grassland and shrubland easements.

''(4) REASSIGNMENT.—If an organization holding an easement on land under this subchapter terminates—

''(A) the owner of the land shall reassign the easement to another organization described in paragraph (1) or to the Secretary; and

''(B) the owner and the new organization shall notify the Secretary in writing that a reassignment for termination has been made.

''(b) REGULATIONS.—Not later than 180 days after the date of enactment of this subchapter, the Secretary shall issue such regulations as are necessary to carry out this subchapter.''.

(b) FUNDING.—Section 1241(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(2)) is amended by striking ''subchapter C'' and inserting ''subchapters C and D''.

SEC. 256. FARMLAND STEWARDSHIP PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830–3839bb) is amended by inserting after chapter 1 (and the matter added by section 255 of this Act) the following:

''CHAPTER 2—FARMLAND STEWARDSHIP PROGRAM

''SEC. 1238. DEFINITIONS.

''In this chapter:

''(1) AGREEMENT.—The term 'agreement' means a service contract authorized by this chapter.

''(2) BIOFUEL.—

''(A) IN GENERAL.—The term 'biofuel' means an energy source derived from living organisms.

''(B) INCLUSIONS.—The term 'biofuel' includes—

''(i) plant residue that is harvested, dried, and burned, or further processed into a solid, liquid, or gaseous fuel;

''(ii) agricultural waste (such as cereal straw, seed hulls, corn stalks and cobs);

''(iii) native shrubs and herbaceous plants (such as some varieties of willows and prairie switchgrass); and

''(iv) animal waste (including methane gas that is produced as a byproduct of animal waste).

''(3) BIOPRODUCT.—The term 'bioproduct' means a product that is manufactured or produced—

''(A) by using plant material and plant byproduct (such as glucose, starch, and protein); and

''(B) to replace a petroleum-based product, additive, or activator used in the production of a solvent, paint, adhesive, chemical, or other product (such as tires or Styrofoam cups).

''(4) CARBON SEQUESTRATION.—The term 'carbon sequestration' means the process of providing plant cover to avoid contributing to the greenhouse effect by—

''(A) removing carbon dioxide from the air; and

''(B) developing a 'carbon sink' to retain that carbon dioxide.

''(5) CONTRACTING AGENCY.—The term 'contracting agency' means a local conservation district, resource conservation and development council, extension service office, state-chartered stewardship entity, nonprofit organization, local office of the Department, or other participating government agency that is authorized by the Secretary to enter into farmland stewardship agreements on behalf of the Secretary.

''(6) ELIGIBLE AGRICULTURAL LAND.—The term 'eligible agricultural land' means private land that is in primarily native or natural condition, or that is classified by the Secretary as cropland, pastureland, grazing land, timberland, or another similar type of land, that—

''(A) contains wildlife habitat, wetland, or other natural resources; or

''(B) provides 1 or more benefits to the public, such as—

''(i) conservation of soil, water, and related resources;

''(ii) water quality protection or improvement;

''(iii) control of invasive and exotic species;

''(iv) wetland restoration, development, and protection;

''(v) wildlife habitat development and protection;

''(vi) survival and recovery of listed species or candidate species;

''(vii) preservation of open spaces or prime, unique, or other productive farm land;

''(viii) increased participation in Federal agricultural or forestry programs in an area or region that has traditional under-representation in those programs;

''(ix) provision of a structure for interstate cooperation to address ecosystem challenges that affect an area involving 1 or more States;

''(x) improvements in the ecological integrity of the area, region or corridor;

''(xi) carbon sequestration;

''(xii) phytoremediation;

''(xiii) improvements in the economic viability of agriculture;

''(xiv) production of biofuels and bioproducts;

''(xv) establishment of experimental or innovative crops;

''(xvi) use of existing crops or crop byproducts in experimental or innovative ways;

''(xvii) installation of equipment to produce materials that may be used for biofuels or other bioproducts;

''(xviii) maintenance of experimental or innovative crops until the earlier of the date on which—

''(I) a viable market is established for those crops; or

''(II) an agreement terminates; and

''(xix) other similar conservation purposes identified by the Secretary.

''(7) GERMPLASM.—The term 'germplasm' means the genetic material of a germ cell of any life form that is important for food or agricultural production.

''(8) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4

of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(9) PROGRAM.—The term 'program' means the farmland stewardship program established by this chapter.

''(10) PYTOREMEDIATION.—The term 'pytoremediation' means the use of green living plant material (including plants that may be harvested and used to produce biofuel or other bioproduces) to remove contaminants from water and soil.

''(11) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting—

''(A) through the Natural Resources Conservation Service; and

''(B) in cooperation with any applicable agricultural or other agencies of a State.

''(12) SERVICE CONTRACT.—The term 'service contract' means a legally binding agreement between 2 parties under which—

''(A) 1 party agrees to render 1 or more services in accordance with the terms of the contract; and

''(B) the second party agrees to pay the first party for the each service rendered.

"SEC. 1238A. ESTABLISHMENT AND PURPOSE OF PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish within the Department a program to be known as the 'farmland stewardship program'.

''(2) PURPOSE.—The purpose of the program shall be to modify and more effectively target conservation programs administered by the Secretary to the specific conservation needs of, and opportunities presented by, individual parcels of eligible agricultural land.

''(b) RELATION TO OTHER CONSERVATION PROGRAMS.—Under the program, the Secretary may implement, alone or in combination, the features of—

''(1) any conservation program administered by the Secretary; or

''(2) any conservation program administered by another Federal agency or a State or local government, if implementation by the Secretary—

''(A) is feasible; and

''(B) is carried out with the consent of the applicable administering agency or government.

''(3) CONSERVATION ENHANCEMENT PROGRAMS.—

''(A) IN GENERAL.—States, local governments, Indian tribes, or any combination of those entities may submit, and the Secretary may approve, a conservation enhancement program that integrates 1 or more Federal agriculture and forestry conservation programs and 1 or more State, local, or private efforts to address, in critical areas and corridors, in a manner that enhances the conservation benefits of the individual programs and modifies programs to more effectively address State and local needs—

''(i) water quality;

''(ii) wildlife;

''(iii) farm preservation; and

''(iv) any other conservation need.

''(B) REQUIREMENT.—

''(i) IN GENERAL.—A conservation enhancement program submitted under subparagraph (A) shall be designed to provide benefits greater than benefits that, by reason of any factor described in clause (ii), would be provided through the individual application of a conservation program administered by the Secretary.

''(ii) FACTORS.—Factors referred to in clause (i) include—

''(I) conservation commitments of greater duration;

''(II) more intensive conservation benefits;

''(III) integrated treatment of special natural resource problems (such as preservation and enhancement of natural resource corridors); and

''(IV) improved economic viability for agriculture.

''(C) APPROVAL.—

''(i) DEFINITION OF RESOURCES.—In this subparagraph, the term 'resources' means, with respect to any conservation program administered by the Secretary—

''(I) acreage enrolled under the conservation program; and

''(II) funding made available to the Secretary to carry out the conservation program with respect to acreage described in subclause (I).

''(ii) DETERMINATION.—If the Secretary determines that a plan submitted under subparagraph (A) meets the requirements of subparagraph (B), the Secretary, in accordance with an agreement, may use not more than 20 percent of the resources of any conservation program administered by the Secretary to implement the plan.

''(D) CRP ACREAGE.—Acreage enrolled under an approved conservation reserve enhancement program shall be considered acreage of conservation reserve program that is committed to conservation reserve enhancement program.

''(c) FUNDING.—

''(1) IN GENERAL.—The program and agreements shall be funded by the Secretary using—

''(A) the funding authorities of the conservation programs that are implemented through the use of Farmland Stewardship Agreements for the conservation purposes listed in Sec. 1238(4)(A) and (B)(i through x);

''(B) technical assistance in accordance with Sec. 1243(d); and

''(C) such other funds as are appropriated to carry out the Farmland Stewardship Program.

''(2) COST SHARING.—It shall be a requirement of the Farmland Stewardship Program that the majority of the funds to carry out the Program must come from existing conservation programs, which may be Federal, State, regional, local, or private, that are combined into and made a part of an agreement, with the balance made up from matching funding contributions made by State, regional, or local agencies and divisions of government or from private funding sources. Funds from existing programs may be used only to carry out the purposes and intents of those programs to the degree that those programs are made a part of a Farmland Stewardship Agreement. Funding for other purposes or intents must come from the funds provided under paragraphs (1)(B) and (1)(C) of subsection (c) or from the matching funding contributions made by State, regional, or local agencies and divisions of government or from private funding sources.

''(d) PERSONNEL COSTS.—The Secretary shall use the Natural Resources Conservation Service to carry out the Farmland Stewardship Program in cooperation with the state department of agriculture or other designated agency within the state. The role of the Natural Resources Conservation Services shall be limited to federal oversight of the program. The Natural Resources Conservation Service shall perform its normal functions with respect to the conservation programs that it administers. However, it shall play no role in the assembly of programs administered by other federal agencies into Farmland Stewardship Agreements.

''(e) STATE LEVEL ADMINISTRATION.—The state departments of agriculture shall have primary responsibility for operating the Farmland Stewardship Program. A state department of agriculture may choose to operate the program on its own, may collaborate with another local, state or federal agency, conservation district or tribe in operating the program, or may delegate responsibility to another state agency, such as the state department of natural resources or the state conservation district agency. The state department of agriculture or designated state agency shall consult with the agencies with management authority and responsibility for the resources affected on properties on which Farmland Stewardship Agreements are negotiated and assembled.

''(1) A state department of agriculture shall submit an application to the Secretary requesting designation as the 'designated state agency' to operate the Farmland Stewardship Program. If the state department of agriculture chooses to delegate responsibility to another state agency, the department of agriculture shall ask the governor to designate another agency for this purpose and that agency shall submit application to the Secretary.

''(2) The Secretary shall approve the request for designation as the 'designated state agency' if the agency demonstrates that it has the capability to implement the Farmland Stewardship Program and attests that it shall conform with the confidentiality requirements in Sec. 1238B(g). Upon approval of the request, the Secretary shall enter into a memorandum of understanding with the designated state agency specifying the state's responsibilities in carrying out the program and the amount of technical assistance funds that shall be provided to the state on an annual basis to operate the program, in accordance with paragraphs (1)(C), (1)(E) and (1)(F) of subsection (g).

''(f) ANNUAL REPORTS.—The designated state agency shall annually submit to the Secretary and make publicly available a report that describes—

''(1) The progress achieved, the funds expended, the purposes for which funds were expended and monitoring and evaluating results obtained by local contracting agencies, and

''(2) The plans and objectives of the State for future activities under the program.

''(g) TECHNICAL ASSISTANCE.—

''(1) Of the funds used from other programs and of funds made available to carry out the Farmland Stewardship Program for a fiscal year, the Secretary shall reserve not more than twenty-five percent for the provision of technical assistance under the Program. Of the funds made available—

''(A) not more than 1.5% shall be reserved for administration, coordination and oversight through the Natural Resources Conservation Service headquarters office;

''(B) not more than 1.5% shall be reserved for the Farmland Stewardship Council to carry out its duties in cooperation with the State Technical Committees, as provided under section 1238E;

''(C) not more than 2.0% shall be reserved for administration and coordination through the designated state agency in the state where the property is located;

''(D) not more than 1.0% shall be reserved for administration and coordination through the Natural Resources Conservation Service state office, in the state where property is located;

''(E) not more than 1.0% shall be reserved for administration and coordination through the state conservation district agency, unless such agency is the designated state agency for administering this program, in which case these funds shall be added to the funds in the next paragraph; and

''(F) not less than 18% shall be reserved for local technical assistance, carried out through a designated 'contracting agency' and subcontractors chosen by and working with the contracting agency for preparing and executing agreements and monitoring, evaluating and administering agreements for their full term.

''(2) An owner or operator who is receiving a benefit under this chapter shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the owner or operator in carrying out a contract entered into under this chapter.

''(h) ENSURING AVAILABILITY OF FUNDS.—All amounts required for preparing, executing, carrying out, monitoring, evaluating and administering an agreement for its entire term shall be made available by the Federal, State, and local agencies and private sector entities involved in funding the agreement upon execution of the agreement.

''SEC. 1238B. USE OF FARMLAND STEWARDSHIP AGREEMENTS.

''(a) AGREEMENTS AUTHORIZED.—The Secretary shall carry out the Farmland Stewardship Program by entering into service contracts as determined by the Secretary, to be known as farmland stewardship agreements, with the owners or operators of eligible agricultural land to maintain and protect the natural and agricultural resources on the land.

''(b) LEGAL BASIS.—An agreement shall operate in all respects as a service contract and, as such, provides the Secretary with the opportunity to hire the owner or operator of eligible agricultural land as a vendor to perform one or more specific services for an equitable fee for each service rendered. Any agency participating in the Farmland Stewardship Program that has the authority to enter into service contracts and to expend public funds under such contracts may enter into or participate in the funding of an agreement.

''(c) BASIC PURPOSES.—An agreement with the owner or operator of eligible agricultural land shall be used—

''(1) to negotiate a mutually agreeable set of guidelines, practices, and procedures under which conservation practices will be provided by the owner or operator to protect, maintain, and, where possible, improve, the natural resources on the land covered by the agreement in return for annual payments to the owner or operator;

''(2) to enable an owner or operator to participate in one or more of the conservation programs offered through agencies at all levels of government and the private sector and, where possible and feasible, comply with permit requirements and regulations, through a one-stop, one-application process.

''(3) to implement a conservation program or series of programs where there is no such program or to implement conservation management activities where there is no such activity;

''(4) to expand or maintain conservation practices and resource management activities to a property where it is not possible at the present time to negotiate or reach agreement on a public purchase of a fee-simple or less-than-fee interest in the property for conservation purposes; and

''(5) to negotiate and develop agreements with private owners and operators to expand or maintain their participation in conservation activities and programs; to enable them to install or maintain best management practices (BMPs) and other recommended practices to improve the compatibility of agriculture, horticulture, silviculture, aquaculture and equine activities with the environment; and improve compliance with public health, safety and environmental regulations.

''(d) MODIFICATION OF OTHER CONSERVATION PROGRAM ELEMENTS.—If most, but not all, of the limitations, conditions, policies and requirements of a conservation program that is implemented in whole, or in part, through the Farmland Stewardship Program are met with respect to a parcel of eligible agricultural land, and the purposes to be achieved by the agreement to be entered into for such land are consistent with the purposes of the conservation program, then the Secretary may waive any remaining limitations, conditions, policies or requirements of the conservation program that would otherwise prohibit or limit the agreement. The Secretary may also grant requests to—

''(1) establish different or automatic enrollment criteria than otherwise established by regulation or policy;

''(2) establish different compensation rates to the extent the parties to the agreement consider justified;

''(3) establish different conservation practice criteria if doing so will achieve greater conservation benefits;

''(4) provide more streamlined and integrated paperwork requirements;

''(5) provide for the transfer of conservation program funds to states with flexible incentives accounts; and

''(6) provide funds for an adaptive management process to monitor the effectiveness of the Program for wildlife, the protection of natural resources, economic effectiveness and sustaining the agricultural economy.

''(7) For a waiver or exception to be considered, a contracting agency or the designated state agency must—

''(A) Submit a request for a waiver to the Secretary or Administrator who has responsibility for the program for which a waiver or exception is being requested. Requests for waivers or exceptions in programs administered by the United States Department of Agriculture shall be submitted to the Secretary of Agriculture, while requests for waivers or exceptions in programs administered by the United States Department of Interior shall be submitted to the Secretary of Interior and requests for waivers or exceptions in programs administered by the United States Environmental Protection Agency shall be submitted to the Administrator of that Agency, and so forth.

''(B) The request shall—

''(i) explain why the property qualifies for participation in the program;

''(ii) explain why it is necessary or desirable to make an exception to or waive one or more program limitations, conditions, policies or requirements;

''(iii) if possible, suggest alternative methods or approaches to satisfying these limitations, conditions, policies or requirements that are appropriate for the property in question;

''(iv) request that the Secretary or Administrator grant the exception or waiver, based on the documentation submitted.

''(C) The Secretary or Administrator may request additional documentation, or may suggest alternative methods of overcoming program limitations or obstacles on the property in question, prior to deciding whether or not to grant a request for an exception or waiver.

''(D) Waivers and exceptions may be granted by a Secretary or Administrator to allow additional flexibility in tailoring conservation programs to the specific needs, opportunities and challenges offered by individual parcels of land, and to remove administrative and regulatory obstacles that previously may have limited the use of these programs on eligible agricultural land, or would prevent these programs from being combined together through a Farmland Stewardship Agreement. Waivers and exceptions may be granted only if the purposes to be achieved by the program after the waiver or exception is granted remain consistent with the purposes for which the program was established.

''(E) The Secretaries and Administrators who receive requests for waivers or exceptions under this chapter shall respond to these requests within sixty (60) days of receipt. Decisions on whether to grant a request shall be rendered within one hundred eighty (180) days of receipt.

''(e) PROVISIONAL CONTRACTS.—Provisional contracts shall be used to provide payments to private landowners or operators, and to the organization or agency that will oversee the agreement, while baseline data is gathered, documents are prepared and the formal agreement is being negotiated. Provisional contracts shall pay for all technical services required to establish an agreement. Provisional contracts may be used to establish a Farmland Stewardship Agreement, or any other type of conservation program, permit or agreement on private land. Provisional contracts shall be used during a two-year planning period, which may be extended for up to two additional periods of six months each by mutual agreement between the Secretary, the contracting agency and the owner or operator.

''(f) PAYMENTS.—Payments to owners and operators shall be made as provided in the programs that are combined as part of a Farmland Stewardship Agreement. At the election of the owner or operator, payments may be collected and combined together by the designated state agency and issued to the owner or operator in equal annual payments over the term of the agreement. Payments for other services rendered by the owner or operator shall be made as follows—

''(1) IN GENERAL.—Programs that contain term or permanent easements may be combined into a Farmland Stewardship Agreement. Except for portions of a property affected by easements, Farmland Stewardship Agreements shall provide no interest in property and shall be solely contracts for specific services. The fees paid shall be based on the services provided. Compensation shall include—

''(A) ANNUAL BASE PAYMENT.—All owners or operators enrolled in a Farmland Stewardship Agreement shall receive an annual base payment, at a rate to be determined by the Secretary. The annual base payment shall be considered by the Secretary to be satisfied if the owner or operator receives annual payments from another conservation program that has been incorporated into the Farmland Stewardship Agreement. In addition, owners and operators shall receive—

''(B) DIRECT FEES FOR SERVICES.—These fees shall be based on the cost of providing each service. These fees may be set by adopting private sector market prices for the performance of similar services or by competitive bidding. Or, alternatively—

''(C) ANNUAL PER-ACRE STEWARDSHIP FEES.—These fees shall be based on the services provided, or the quantity of benefits provided, with higher fees for greater benefits that can be quantified. Such values shall be determined and set by the Secretary. Or, alternatively—

''(D) OTHER INCENTIVES.—Other forms of compensation acceptable to an owner or operator also may be considered. These other forms of compensation may include federal, state or local tax waivers, credits, reductions or exclusions; priority processing of permits from state and local agencies; consolidation of permits from state and local agencies into a single operating plan; extended-duration permits from state and local agencies; enhanced eligibility and priority listing for participation in cost-share programs, loan programs, conservation programs and permanent conservation easement or public purchase programs; and priority access to technical assistance services provided by federal and, where possible, local, regional and state agencies.

''(g) CONFIDENTIALITY OF DATA.—All information or data provided to, obtained by or

developed by the Secretary, or any contractor to the Secretary or the designated state agency, for the purpose of providing technical or financial assistance to owners or operators in connection with the United States Department of Agriculture's conservation programs, or in connection with the Farmland Stewardship Program, shall be—

''(1) Kept confidential by all officers and employees of the Department and the designated state agency;

''(2) Not released, disclosed, made public or in any manner communicated to any agency, state or person outside the Department and the designated state agency; and

''(3) Not subject to any other law that would require the information or data to be released, disclosed, made public or in any way communicated to any agency, state or person outside the Department and designated state agency.

''(4) Any information or data related to an individual farm owner or operator may be reported only in an anonymous, aggregated form as currently provided under the Department's National Agricultural Statistic Services.

''(h) STATE AND LOCAL CONSERVATION PRIORITIES.—To the maximum extent practicable, agreements shall address the conservation priorities established by the State and locality in which the eligible agricultural land are located. The Secretary may adopt for this purpose a pre-existing state or regional conservation plan or strategy that maps economically and ecologically important land, including a plan developed pursuant to planning requirements under Title VIII of the 2001 Interior Appropriations Act and Title IX of the 2001 Commerce, Justice, State Appropriations Act.

''(i) WATERSHED ENHANCEMENT.—To the extent practicable, the Secretary shall encourage the development of Farmland Stewardship Program applications on a watershed basis.

''SEC. 1238C. PARTNERSHIP APPROACH TO PROGRAM.

''(a) AUTHORITY OF SECRETARY EXERCISED THROUGH PARTNERSHIPS.—The Secretary may administer agreements under the Farmland Stewardship Program in partnership with other Federal, State, and local agencies whose programs are incorporated into the Program under section 1238A, and in partnership with state departments of agriculture or other designated state agencies.

''(b) DESIGNATION AND USE OF CONTRACTING AGENCIES.—Subject to subsection (c), the Secretary may authorize a local conservation district, resource conservation and development council, extension service office, state-chartered stewardship entity, nonprofit organization, local office of the Department of Agriculture, or other participating government agency to enter into and administer agreements under the Program as a contracting agency on behalf of the Secretary.

''(c) CONDITIONS OF DESIGNATION.—The Secretary may designate an eligible district or office as a contracting agency under subsection (b) only if the district or office—

''(1) submits a written request for such designation to the Secretary;

''(2) affirms that it is willing to follow all guidelines for executing and administering an agreement, as promulgated by the Secretary;

''(3) demonstrates to the satisfaction of the Secretary that it has established working relationships with owners and operators of eligible agricultural land, and based on the history of these working relationships, demonstrates that it has the ability to work with owners and operators of eligible agricultural land in a cooperative manner;

''(4) affirms its responsibility for preparing all documentation for the agreement, negotiating its terms with an owner or operator, monitoring compliance, making annual reports to the Secretary, and administering the agreement throughout its full term; and

''(5) demonstrates to the satisfaction of the Secretary that it has or will have the necessary staff resources and expertise to carry out its responsibilities under paragraphs (3) and (4).

''(d) DELEGATION OF RESPONSIBILITY.—The Secretary may delegate responsibility for reviewing and approving applications from local contracting agencies to the state department of agriculture or other designated state agency in the state in which the property is located, provided that the designated agency follows the criteria for reviewing and approving applications as established by the Secretary and consults with the agencies with management authority and responsibility for the resources affected on properties on which Farmland Stewardship Agreements are negotiated and assembled.

''SEC. 1238D. PARTICIPATION OF OWNERS AND OPERATORS OF ELIGIBLE AGRICULTURAL LAND.

''(a) APPLICATION AND APPROVAL PROCESS.—To participate in the Farmland Stewardship Program, an owner or operator of eligible agricultural land shall—

''(1) submit to the Secretary an application indicating interest in the Program and describing the owner's or operator's property, its resources, and their ecological and agricultural values;

''(2) submit to the Secretary the purpose and objectives of the proposed agreement and a list of services to be provided, or a management plan to be implemented, or both, under the proposed agreement;

''(3) if the application and list are accepted by the Secretary, enter into an agreement that details the purpose and objectives of the agreement and the services to be provided, or management plan to be implemented, or both, and requires compliance with the other terms of the agreement.

''(b) APPLICATION ON BEHALF OF AN OWNER OR OPERATOR.—A designated contracting agency may submit the application required by subsection (a) on behalf of an owner or operator if the contracting agency has secured the consent of the owner or operator to enter into an agreement.

''(c) DELEGATION OF RESPONSIBILITY.—The Secretary may delegate responsibility for reviewing and approving applications from or on behalf of an owner or operator to the state department of agriculture or other designated agency in the state in which the property is located, provided that the designated agency follows the criteria for reviewing and approving applications as established by the Secretary and consults with the agencies with management authority and responsibility for the resources affected on properties on which Farmland Stewardship Agreements are negotiated and assembled.

''SEC. 1238E. CREATION OF A FARMLAND STEWARDSHIP COUNCIL REGARDING PROGRAM.

''(a) APPOINTMENT.—The Secretary shall appoint an advisory committee to assist the Secretary in carrying out the Farmland Stewardship Program.

''(b) IN GENERAL.—The Committee shall be known as the Farmland Stewardship Council and shall operate on the federal level in the same manner, with the same roles and responsibilities and the same membership requirements as provided in the policies and guidelines governing State Technical Committees in Subpart B of Part 501 of the United States Department of Agriculture's directives to the Natural Resources Conservation Service regarding Conservation Program Delivery.

''(c) DUTIES.—The Farmland Stewardship Council shall cooperate in all respects with the State Technical Committees and Resource Advisory Committees in each state. In addition to the roles and responsibilities set forth for these committees, the Farmland Stewardship Council shall assist the Secretary in—

''(1) drafting such regulations as are necessary to carry out the Program;

''(2) developing the documents necessary for executing farmland stewardship agreements;

''(3) developing procedures and guidelines to facilitate partnerships with other levels of government and nonprofit organizations and assist contracting agencies in gathering data and negotiating agreements;

''(4) designing criteria to consider applications submitted under sections 1238C and 1238D;

''(5) providing assistance and training to designated state agencies, project partners and contracting agencies;

''(6) assisting designated state agencies, project partners and contracting agencies in combining together other conservation programs into agreements;

''(7) tailoring the agreements to each individual property;

''(8) developing agreements that are highly flexible and can be used to respond to and fit in with the conservation needs and opportunities on any property in the United States;

''(9) developing a methodology for determining a fair market price in each state for each service rendered by a private owner or operator under a Farmland Stewardship Agreement;

''(10) developing guidelines for administering the Farmland Stewardship Program on a national basis that respond to the conservation needs and opportunities in each state and in each rural community in which Farmland Stewardship Agreements may be implemented;

''(11) monitoring progress under the agreements; and

''(12) reviewing and recommending possible modifications, additions, adaptations, improvements, enhancements, or other changes to the Program to improve the way in which the program operates.

''(d) MEMBERSHIP.—The Farmland Stewardship Council shall have the same membership requirements as the State Technical Committees, except that C

''(1) All participating members must have offices located in the Washington, D.C. metropolitan area;

''(2) The list of members representing 'Federal Agencies and Other Groups Required by Law' shall be expanded to include all federal agencies whose programs might be included in Farmland Stewardship Program;

''(3) State agency representation shall be provided by the organizations located in the Washington, D.C. metropolitan area representing state agencies and shall include individuals from organizations representing wetland managers, environmental councils, fish and wildlife agencies, counties, resource and conservation development councils, state conservation agencies, state departments of agriculture, state foresters, and governors; and

''(4) Private Interest Membership shall be comprised of 21 members representing the principal agricultural commodity groups, farm organizations, national forestry associations, woodland owners, conservation districts, rural stewardship organizations, and up to a maximum of six (6) conservation and environment organizations, including organizations with an emphasis on wildlife,

rangeland management and soil and water conservation.

''(5) The Secretary shall appoint one of the Private Interest Members to serve as chair. The Private Interest Members shall appoint another member to serve as co-chair.

''(6) The Secretary shall follow equal opportunity practices in making appointments to the Farmland Stewardship Council. To ensure that recommendations of the Council take into account the needs of the diverse groups served by the United States Department of Agriculture, membership will include, to the extent practicable, individuals with demonstrated ability to represent minorities, women, and persons with disabilities.

''(e) PERSONNEL COSTS.—The technical assistance funds designated in Sec. 1238A(g)(1)(B) may be used to provide staff positions and support for the Farmland Stewardship Council to—

''(1) carry out its duties as provided in subsection (c);

''(2) ensure communication and coordination with all federal agencies, state organizations and Private Interest Members on the council, and the constituencies represented by these agencies, organizations and members;

''(3) ensure communication and coordination with the State Technical Committees and Resource Advisory Committees in each state;

''(4) solicit input from agricultural producers and owners and operators of private forestry operations and woodland through the organizations represented on the council and other organizations, as necessary; and

''(5) take into consideration the needs and interests of producers of different agricultural commodities and forest products in different regions of the nation.

''(6) Representatives of federal agencies and state organizations shall serve without additional compensation, except for reimbursement of travel expenses and per diem costs which are incurred as a result of their Council responsibilities and service.

''(7) Payments may be made to the organizations serving as Private Interest Members for the purposes of providing staff and support to carry out paragraphs (1) through (5). The amounts and duration of these payments and the number of staff positions to be created within Private Interest Member organizations to carry out these duties shall be determined by the Secretary.

''(f) REPORTS.—The Farmland Stewardship Council shall annually submit to the Secretary and make publicly available a report that describes—

''(1) The progress achieved, the funds expended, the purposes for which funds were expended and results obtained by the council; and

''(2) The plans and objectives for future activities.

''(g) TERMINATION.—The Farmland Stewardship Council shall remain in force for as long as the Secretary administers the Farmland Stewardship Program, except that the council will terminate in 2011 unless renewed by Congress in the next Farm Bill.

''SEC. 1238F. STATE BLOCK GRANT PROGRAM.

''(a) IN GENERAL.—The Secretary of Agriculture may provide agricultural stewardship block grants on an annual basis to state departments of agriculture as a means of providing assistance and support, cost-share payments, incentive payments, technical assistance or education to agricultural producers and owners and operators of agriculture, silviculture, aquaculture, horticulture or equine operations for environmental enhancements, best management practices, or air and water quality improvements addressing resource concerns. Under the block grant program, states shall have maximum flexibility to—

''(1) Address threats to soil, air, water and related natural resources including grazing land, wetland and wildlife habitats;

''(2) Comply with state and federal environmental laws;

''(3) Make beneficial, cost-effective changes to cropping systems; grazing management; nutrient, pest, or irrigation management; land uses; or other measures needed to conserve and improve soil, water, and related natural resources; and

''(4) Implement other practices or obtain other services to benefit the public through Farmland Stewardship Agreements.

''(b) PROGRAM APPLICATION.—A state department of agriculture, in collaboration with other state and local agencies, conservation districts, tribes, partners or organizations, may submit an application to the Secretary requesting approval for an agricultural stewardship block grant program. The Secretary shall approve the grant request if the program proposed by the state maintains or improves the state's natural resources, and the state has the capability to implement the agricultural stewardship program. Upon approval of a stewardship program submitted by a state department of agriculture, the Secretary shall—

''(1) Allocate funds to the state for administration of the program, and

''(2) Enter into a memorandum of understanding with the state department of agriculture specifying the state's responsibilities in carrying out the program and the amount of the block grant that shall be provided to the state on an annual basis.

''(c) PARTICIPATION.—A state department of agriculture may choose to operate the block grant program, may collaborate with another local, state or federal agency, conservation district or tribe in operating the program, or may delegate responsibility for the program to another local, state or federal agency, such as the state office of the United States Department of Agriculture, Natural Resources Conservation Service, or the state conservation district agency.

''(d) COORDINATION.—A state department of agriculture may establish an agricultural stewardship planning committee, or other advisory body, or expand the authority of an existing body, to design, develop and implement the state's agricultural stewardship block grant program. Such planning committee or advisory committee shall cooperate fully with the Farmland Stewardship Council established in Sec. 1238E and the State Technical Committee and Resource Advisory Committee in the state.

''(e) DELIVERY.—The state department of agriculture, or other designated agency, shall administer the stewardship block grants through existing delivery systems, infrastructure or processes, including contracts, cooperative agreements, and grants with local, state and federal agencies that address resource concerns and were prioritized and developed in cooperation with locally-led advisory groups.

''(f) STRATEGIC PLANS.—The state department of agriculture may collaborate with a local advisory or planning committee to develop a state strategic plan for the enhancement and protection of land, air, water and wildlife through resource planning. The state strategic plan shall be submitted to the Secretary annually in a report on the implementation of projects, activities, and other measures under the block grant program. In general, state strategic plans shall include—

''(1) A description of goals and objectives, including outcome-related goals for designated program activities;

''(2) A description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technologies, and the human capital, information and other resources required to meet the goals and objectives;

''(3) A description of performance indicators to be used in measuring or assessing the relevant output service levels and outcomes of the program activities; and

''(4) A description of the program evaluation to be used in comparing actual results with established goals and objectives.

''(g) ANNUAL REPORTS.—The state department of agriculture shall annually submit to the Secretary and make publicly available a report that describes—

''(1) The progress achieved, the funds expended, the purposes for which funds were expended and monitoring results obtained by the agricultural stewardship planning committee or local advisory group, where applicable; and

''(2) The plans and objectives of the State for future activities under the program.

''(h) COORDINATION WITH FEDERAL AGENCIES.—To the maximum extent possible, the Secretary shall coordinate with other federal departments and agencies to acknowledge and ensure that the block grant program is consistent with and is meeting the needs and desired public benefits of other federal programs on a state-by-state basis.

''(i) PAYMENTS.—The agricultural stewardship program may be used as a means of providing compensation to owners and operators for implementing on-farm practices that enhance environmental goals. The type of financial assistance may be in the form of cost-share payments, incentive payments or Farmland Stewardship Agreements, as determined by guidelines established by the state department of agriculture and the agricultural stewardship planning committee.

''(j) PROGRAM EXPENDITURES.—States shall have flexibility to target resources where needed, including the ability to allocate dollars between payments to owners and operators or technical assistance based upon needs and priorities.

''(k) METHOD OF PAYMENT.—A state department of agriculture may collaborate with the agricultural stewardship planning committee or other local advisory group to determine payment levels and methods for individual program activities and projects, including any conditions, limitations or restrictions. Payments may be made—

''(1) To compensate for a verifiable or measurable loss;

''(2) Under a binding agreement providing for payments to carry out specific activities, measures, practices or services prioritized by the state department of agriculture, the agricultural stewardship planning committee or a local advisory board; or

''(3) To fund portions of projects and measures to complement other federal programs, including the Conservation Reserve Program, the Environmental Quality Incentives Program, the Wetlands Reserve Program, the Forestry Incentives Program, the Farmland Protection Program, and the Wildlife Habitat Incentives Program.''.

SEC. 257. SMALL WATERSHED REHABILITATION PROGRAM.

Section 14(h) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)) is amended—

(1) by adding ''and'' at the end of paragraph (1); and

(2) by striking all that follows paragraph (1) and inserting the following:

''(2) $15,000,000 for fiscal year 2002 and each succeeding fiscal year.''.

SEC. 258. PROVISION OF ASSISTANCE FOR REPAUPO CREEK TIDE GATE AND DIKE RESTORATION PROJECT, NEW JERSEY.

Notwithstanding section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203), the

Secretary of Agriculture, acting through the Natural Resources Conservation Service, shall provide assistance for planning and implementation of the Repaupo Creek Tide Gate and Dike Restoration Project in the State of New Jersey.

SEC. 259. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

Section 1256 of the Food Security Act of 1985 (16 U.S.C. 2101 note) is amended to read as follows:

"SEC. 1256. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

''(a) IN GENERAL.—The Secretary shall establish a national grassroots water protection program to more effectively use onsite technical assistance capabilities of each State rural water association that, as of the date of enactment of the Farm Security Act of 2001, operates a wellhead or groundwater protection program in the State.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each fiscal year.''.

Subtitle G—Repeals

SEC. 261. PROVISIONS OF THE FOOD SECURITY ACT OF 1985.

(a) WETLANDS MITIGATION BANKING PROGRAM.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (k).

(b) CONSERVATION RESERVE PROGRAM.—

(1) REPEALS.—(A) Section 1234(f) of such Act (16 U.S.C. 3834(f)) is amended by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(B) Section 1236 of such Act (16 U.S.C. 3836) is repealed.

(2) CONFORMING AMENDMENTS.—(A) Section 1232(a)(5) of such Act (16 U.S.C. 3832(a)(5)) is amended by striking ''in addition to the remedies provided under section 1236(d),''.

(B) Section 1234(d)(4) of such Act (16 U.S.C. 3834(d)(4)) is amended by striking ''subsection (f)(4)'' and inserting ''subsection (f)(3)''.

(c) WETLANDS RESERVE PROGRAM.—Section 1237D(c) of such Act (16 U.S.C. 3837d(c)) is amended by striking paragraph (3).

(d) ENVIRONMENTAL EASEMENT PROGRAM.—

(1) REPEAL.—Chapter 3 of subtitle D of title XII of such Act (16 U.S.C. 3839–3839d) is repealed.

(2) CONFORMING AMENDMENT.—Section 1243(b)(3) of such Act (16 U.S.C. 3843(b)(3)) is amended by striking ''or 3''.

(e) CONSERVATION FARM OPTION.—Chapter 5 of subtitle D of title XII of such Act (16 U.S.C. 3839bb) is repealed.

SEC. 262. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION ACT.

Subtitle F of title III of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5801–5809) is repealed.

TITLE III—TRADE

SEC. 301. MARKET ACCESS PROGRAM.

Section 211(c)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amended—

(1) by striking ''and not more'' and inserting ''not more'';

(2) by inserting ''and not more than $200,000,000 for each of fiscal years 2002 through 2011,'' after ''2002,''; and

(3) by striking ''2002'' and inserting ''2001''.

SEC. 302. FOOD FOR PROGRESS.

(a) IN GENERAL.—Subsections (f)(3), (g), (k), and (l)(1) of section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) are each amended by striking ''2002'' and inserting ''2011''.

(b) INCREASE IN FUNDING.—Section 1110(l)(1) of the Food Security Act of 1985 (7 U.S.C.1736o(l)(1)) is amended—

(1) by striking ''2002'' and inserting ''2011''; and

(2) by striking ''$10,000,000'' and inserting ''$15,000,000.

(c) EXCLUSION FROM LIMITATION.—Section 1110(e)(2) of the Food Security Act of 1985 (7 U.S.C. 1736o(e)(2)) is amended by inserting '', and subsection (g) does not apply to such commodities furnished on a grant basis or on credit terms under title I of the Agricultural Trade Development Act of 1954'' before the final period.

(d) TRANSPORTATION COSTS.—Section 1110(f)(3) of the Food Security Act of 1985 (7 U.S.C. 1736o(f)(3)) is amended by striking ''$30,000,000'' and inserting ''$40,000,000''.

(e) AMOUNTS OF COMMODITIES.—Section 1110(g) of the Food Security Act of 1985 (7 U.S.C. 1736o(g)) is amended by striking ''500,000'' and inserting ''1,000,000''.

(f) MULTIYEAR BASIS.—Section 1110(j) of the Food Security Act of 1985 (7 U.S.C. 1736o(j)) is amended—

(1) by striking ''may'' and inserting ''is encouraged''; and

(2) by inserting ''to'' before ''approve''.

(g) MONETIZATION.—Section 1110(l)(3) of the Food Security Act of 1985 (7 U.S.C. 1736o(l)(3)) is amended by striking ''local currencies'' and inserting ''proceeds''.

(h) NEW PROVISIONS.—Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by adding at the end the following:

''(p) The Secretary is encouraged to finalize program agreements and resource requests for programs under this section before the beginning of the relevant fiscal year. By November 1 of the relevant fiscal year, the Secretary shall provide to the Committee on Agriculture and the Committee on International Relations of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of approved programs, countries, and commodities, and the total amounts of funds approved for transportation and administrative costs, under this section.''.

SEC. 303. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking ''foreign currency'' each place it appears;

(2) in clause (ii)—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds''; and

(B) by striking ''foreign currency''; and

(3) in clause (iv)—

(A) by striking ''Foreign currency proceeds'' and inserting ''Proceeds'';

(B) by striking ''country of origin'' the second place it appears and all that follows through ''as necessary to expedite'' and inserting ''country of origin as necessary to expedite'';

(C) by striking ''; or'' and inserting a period; and

(D) by striking subclause (II).

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b)(8)(A) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)(A)) is amended—

(1) by inserting ''(i)'' after ''(A)''; and

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

''(ii) The Secretary shall publish in the Federal Register, not later than October 31 of each fiscal year, an estimate of the commodities that shall be available under this section for that fiscal year.

''(iii) The Secretary is encouraged to finalize program agreements under this section not later than December 31 of each fiscal year.''.

SEC. 304. EXPORT ENHANCEMENT PROGRAM.

Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by inserting ''and for each fiscal year thereafter through fiscal year 2011'' after ''2002''.

SEC. 305. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

(a) IN GENERAL.—Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C.5723) is amended—

(1) by inserting ''(a) PRIOR YEARS.—'' before ''There'';

(2) by striking ''2002'' and inserting ''2001''; and

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

''(b) FISCAL 2002 AND LATER.—For each of fiscal years 2002 through 2011 there are authorized to be appropriated such sums as may be necessary to carry out this title, and, in addition to any sums so appropriated, the Secretary shall use $37,000,000 of the funds of, or an equal value of the commodities of, the Commodity Credit Corporation to carry out this title.''.

(b) VALUE ADDED PRODUCTS.—

(1) IN GENERAL.—Section 702(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5721 et seq.) is amended by inserting '', with a significant emphasis on the importance of the export of value-added United States agricultural products into emerging markets'' after ''products''.

(2) REPORT TO CONGRESS.—Section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722) is amended by adding at the end the following:

''(c) REPORT TO CONGRESS.—

''(1) IN GENERAL.—The Secretary shall report annually to appropriate congressional committees the amount of funding provided, types of programs funded, the value added products that have been targeted, and the foreign markets for those products that have been developed.

''(2) DEFINITION.—In this subsection, the term 'appropriate congressional committees' means—

''(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

''(B) the Committee on Agriculture, Nutrition and Forestry and the Committee on Foreign Relations of the Senate.''.

SEC. 306. EXPORT CREDIT GUARANTEE PROGRAM.

(a) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking ''2002'' and inserting ''2011''.

(b) PROCESSED AND HIGH VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '', 2001, and 2002'' and inserting ''through 2011''.

SEC. 307. FOOD FOR PEACE (PUBLIC LAW 480).

The Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) is amended—

(1) in section 2 (7 U.S.C. 1691), by striking paragraph (2) and inserting the following:

''(2) promote broad-based, equitable, and sustainable development, including agricultural development as well as conflict prevention;'';

(2) in section 202(e)(1) (7 U.S.C. 1722(e)(1)), by striking ''not less than $10,000,000, and not more than $28,000,000'' and inserting ''not less than 5 percent and not more than 10 percent of such funds'';

(3) in section 203(a) (7 U.S.C. 1723(a)), by striking ''the recipient country, or in a country'' and inserting ''one or more recipient countries, or one or more countries'';

(4) in section 203(c) (7 U.S.C. 1723(c))—

(A) by striking ''foreign currency''; and

(B) by striking ''the recipient country, or in a country'' and inserting ''one or more recipient countries, or one or more countries'';

(5) in section 203(d) (7 U.S.C. 1723(d))—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds'';

(B) in paragraph (2)—

(i) by striking ''income generating'' and inserting ''income-generating''; and

(ii) by striking ''the recipient country or within a country'' and inserting ''one or more recipient countries, or one or more countries''; and

(C) in paragraph (3), by inserting a comma after ''invested'' and ''used'';

(6) in section 204(a) (7 U.S.C. 1724(a))—

(A) by striking ''1996 through 2002'' and inserting ''2002 through 2011''; and

(B) by striking ''2,025,000'' and inserting ''2,250,000'';

(7) in section 205(f) (7 U.S.C. 1725(f)), by striking ''2002'' and inserting ''2011'';

(8) by striking section 206 (7 U.S.C. 1726);

(9) in section 207(a) (7 U.S.C. 1726a(a))—

(A) by redesignating paragraph (2) as paragraph (3); and

(B) by striking paragraph (1) and inserting the following:

''(1) RECIPIENT COUNTRIES.—A proposal to enter into a non-emergency food assistance agreement under this title shall identify the recipient country or countries subject to the agreement.

''(2) TIME FOR DECISION.—Not later than 120 days after receipt by the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall make a decision concerning such proposal.'';

(10) in section 208(f), by striking ''2002'' and inserting ''2011'';

(11) in section 403 (7 U.S.C. 1733), by inserting after subsection (k) the following:

''(l) SALES PROCEDURES.—Subsections (b) and (h) shall apply to sales of commodities to generate proceeds for titles II and III of this Act, section 416(b) of the Agricultural Act of 1949, and section 1110 of the Food and Security Act of 1985. Such sales transactions may be in United States dollars and other currencies.'';

(12) in section 407(c)(4), by striking ''2001 and 2002'' and inserting ''2001 through 2011'';

(13) in section 407(c)(1) (7 U.S.C. 1736a(c)(1))—

(A) by striking ''The Administrator'' and inserting ''(A) The Administrator''; and

(B) by adding at the end the following:

''(B) In the case of commodities made available for nonemergency assistance under title II for least developed countries that meet the poverty and other eligibility criteria established by the International Bank for Reconstruction and Development for financing under the International Development Association, the Administrator may pay the transportation costs incurred in moving the commodities from designated points of entry or ports of entry abroad to storage and distribution sites and associated storage and distribution costs.''.

(14) in section 408, by striking ''2002'' and inserting ''2011''; and

(15) in section 501(c), by striking ''2002'' and inserting ''2011''.

SEC. 308. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note) is amended—

(1) in subsections (a) and (d)(1)(A)(i), by striking ''2002'' and inserting ''2011''; and

(2) in subsection (d)(1)(H), by striking ''$10,000,000 in any fiscal year'' and inserting ''$13,000,000 for each of fiscal years 2002 through 2011''.

SEC. 309. BILL EMERSON HUMANITARIAN TRUST.

Subsections (b)(2)(B)(i), (h)(1), and (h)(2) of section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) are each amended by striking ''2002'' and inserting ''2011''.

SEC. 310. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish an export assistance program (referred to in this section as the ''program'') to address unique barriers that prohibit or threaten the export of United States specialty crops.

(b) PURPOSE.—The program shall provide direct assistance through public and private sector projects and technical assistance to remove, resolve, or mitigate sanitary and phytosanitary and related barriers to trade.

(c) PRIORITY.—The program shall address time sensitive and strategic market access projects based on—

(1) trade effect on market retention, market access, and market expansion; and

(2) trade impact.

(d) FUNDING.—The Secretary shall make available $3,000,000 for each of fiscal years 2002 through 2011 of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation.

SEC. 311. FARMERS FOR AFRICA AND CARIBBEAN BASIN PROGRAM.

(a) FINDINGS.—Congress finds the following:

(1) Many African farmers and farmers in Caribbean Basin countries use antiquated techniques to produce their crops, which result in poor crop quality and low crop yields.

(2) Many of these farmers are losing business to farmers in European and Asian countries who use advanced planting and production techniques and are supplying agricultural produce to restaurants, resorts, tourists, grocery stores, and other consumers in Africa and Caribbean Basin countries.

(3) A need exists for the training of African farmers and farmers in Caribbean Basin countries and other developing countries in farming techniques that are appropriate for the majority of eligible farmers in African or Caribbean countries, including standard growing practices, insecticide and sanitation procedures, and other farming methods that will produce increased yields of more nutritious and healthful crops.

(4) African-American and other American farmers, as well as banking and insurance professionals, are a ready source of agribusiness expertise that would be invaluable for African farmers and farmers in Caribbean Basin countries.

(5) A United States commitment is appropriate to support the development of a comprehensive agricultural skills training program for these farmers that focuses on—

(A) improving knowledge of insecticide and sanitation procedures to prevent crop destruction;

(B) teaching modern farming techniques, including the identification and development of standard growing practices and the establishment of systems for recordkeeping, that would facilitate a continual analysis of crop production;

(C) the use and maintenance of farming equipment that is appropriate for the majority of eligible farmers in African or Caribbean Basin countries;

(D) expansion of small farming operations into agribusiness enterprises through the development and use of village banking systems and the use of agricultural risk insurance pilot products, resulting in increased access to credit for these farmers; and

(E) marketing crop yields to prospective purchasers (businesses and individuals) for local needs and export.

(6) The participation of African-American and other American farmers and American agricultural farming specialists in such a training program promises the added benefit of improving access to African and Caribbean Basin markets for American farmers and United States farm equipment and products and business linkages for United States insurance providers offering technical assistance on, among other things, agricultural risk insurance products.

(7) Existing programs that promote the exchange of agricultural knowledge and expertise through the exchange of American and foreign farmers have been effective in promoting improved agricultural techniques and food security, and, thus, the extension of additional resources to such farmer-to- farmer exchanges is warranted.

(b) DEFINITIONS.—In this section:

(1) AGRICULTURAL FARMING SPECIALIST.—The term ''agricultural farming specialist'' means an individual trained to transfer information and technical support relating to agribusiness, food security, the mitigation and alleviation of hunger, the mitigation of agricultural and farm risk, maximization of crop yields, agricultural trade, and other needs specific to a geographical location as determined by the President.

(2) CARIBBEAN BASIN COUNTRY.—The term ''Caribbean Basin country'' means a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

(3) ELIGIBLE FARMER.—The term ''eligible farmer'' means an individual owning or working on farm land (as defined by a particular country's laws relating to property) in the sub-Saharan region of the continent of Africa, in a Caribbean Basin country, or in any other developing country in which the President determines there is a need for farming expertise or for information or technical support described in paragraph (1).

(4) PROGRAM.—The term ''Program'' means the Farmers for Africa and Caribbean Basin Program established under this section.

(c) ESTABLISHMENT OF PROGRAM.—The President shall establish a grant program, to be known as the ''Farmers for Africa and Caribbean Basin Program'', to assist eligible organizations in carrying out bilateral exchange programs whereby African-American and other American farmers and American agricultural farming specialists share technical knowledge with eligible farmers regarding—

(1) maximization of crop yields;

(2) use of agricultural risk insurance as financial tools and a means of risk management (as allowed by Annex II of the World Trade Organization rules);

(3) expansion of trade in agricultural products;

(4) enhancement of local food security;

(5) the mitigation and alleviation of hunger;

(6) marketing agricultural products in local, regional, and international markets; and

(7) other ways to improve farming in countries in which there are eligible farmers.

(d) ELIGIBLE GRANTEES.—The President may make a grant under the Program to—

(1) a college or university, including a historically black college or university, or a foundation maintained by a college or university; and

(2) a private organization or corporation, including grassroots organizations, with an established and demonstrated capacity to carry out such a bilateral exchange program.

(e) TERMS OF PROGRAM.—(1) It is the goal of the Program that at least 1,000 farmers participate in the training program by December 31, 2005, of which 80 percent of the total number of participating farmers will be African farmers or farmers in Caribbean Basin countries and 20 percent of the total number of participating farmers will be American farmers.

(2) Training under the Program will be provided to eligible farmers in groups to ensure that information is shared and passed on to other eligible farmers. Eligible farmers will be trained to be specialists in their home communities and will be encouraged not to

retain enhanced farming technology for their own personal enrichment.

(3) Through partnerships with American businesses, the Program will utilize the commercial industrial capability of businesses dealing in agriculture to train eligible farmers on farming equipment that is appropriate for the majority of eligible farmers in African or Caribbean Basin countries and to introduce eligible farmers to the use of insurance as a risk management tool.

(f) SELECTION OF PARTICIPANTS.—(1) The selection of eligible farmers, as well as African-American and other American farmers and agricultural farming specialists, to participate in the Program shall be made by grant recipients using an application process approved by the President.

(2) Participating farmers must have sufficient farm or agribusiness experience and have obtained certain targets regarding the productivity of their farm or agribusiness.

(g) GRANT PERIOD.—The President may make grants under the Program during a period of 5 years beginning on October 1 of the first fiscal year for which funds are made available to carry out the Program.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2011.

SEC. 312. GEORGE MCGOVERN-ROBERT DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.

(a) IN GENERAL.—The President may, subject to subsection (j), direct the procurement of commodities and the provision of financial and technical assistance to carry out—

(1) preschool and school feeding programs in foreign countries to improve food security, reduce the incidence of hunger, and improve literacy and primary education, particularly with respect to girls; and

(2) maternal, infant, and child nutrition programs for pregnant women, nursing mothers, infants, and children who are 5 years of age or younger.

(b) ELIGIBLE COMMODITIES AND COST ITEMS.—Notwithstanding any other provision of law—

(1) any agricultural commodity is eligible for distribution under this section;

(2) as necessary to achieve the purposes of this section—

(A) funds may be used to pay the transportation costs incurred in moving commodities (including prepositioned commodities) provided under this section from the designated points of entry or ports of entry of one or more recipient countries to storage and distribution sites in these countries, and associated storage and distribution costs;

(B) funds may be used to pay the costs of activities conducted in the recipient countries by a nonprofit voluntary organization, cooperative, or intergovernmental agency or organization that would enhance the effectiveness of the activities implemented by such entities under this section; and

(C) funds may be provided to meet the allowable administrative expenses of private voluntary organizations, cooperatives, or intergovernmental organizations which are implementing activities under this section; and

(3) for the purposes of this section, the term ''agricultural commodities'' includes any agricultural commodity, or the products thereof, produced in the United States.

(c) GENERAL AUTHORITIES.—The President shall designate one or more Federal agencies to—

(1) implement the program established under this section;

(2) ensure that the program established under this section is consistent with the foreign policy and development assistance objectives of the United States; and

(3) consider, in determining whether a country should receive assistance under this section, whether the government of the country is taking concrete steps to improve the preschool and school systems in its country.

(d) ELIGIBLE RECIPIENTS.—Assistance may be provided under this section to private voluntary organizations, cooperatives, intergovernmental organizations, governments and their agencies, and other organizations.

(e) PROCEDURES.—

(1) IN GENERAL.—In carrying out subsection (a) the President shall assure that procedures are established that—

(A) provide for the submission of proposals by eligible recipients, each of which may include one or more recipient countries, for commodities and other assistance under this section;

(B) provide for eligible commodities and assistance on a multi-year basis;

(C) ensure eligible recipients demonstrate the organizational capacity and the ability to develop, implement, monitor, report on, and provide accountability for activities conducted under this section;

(D) provide for the expedited development, review, and approval of proposals submitted in accordance with this section;

(E) ensure monitoring and reporting by eligible recipients on the use of commodities and other assistance provided under this section; and

(F) allow for the sale or barter of commodities by eligible recipients to acquire funds to implement activities that improve the food security of women and children or otherwise enhance the effectiveness of programs and activities authorized under this section.

(2) PRIORITIES FOR PROGRAM FUNDING.—In carrying out paragraph (1) with respect to criteria for determining the use of commodities and other assistance provided for programs and activities authorized under this section, the implementing agency may consider the ability of eligible recipients to—

(A) identify and assess the needs of beneficiaries, especially malnourished or undernourished mothers and their children who are 5 years of age or younger, and school-age children who are malnourished, undernourished, or do not regularly attend school;

(B)(i) in the case of preschool and school-age children, target low-income areas where children's enrollment and attendance in school is low or girls' enrollment and participation in preschool or school is low, and incorporate developmental objectives for improving literacy and primary education, particularly with respect to girls; and

(ii) in the case of programs to benefit mothers and children who are 5 years of age or younger, coordinate supplementary feeding and nutrition programs with existing or newly-established maternal, infant, and children programs that provide health-needs interventions, and which may include maternal, prenatal, and postnatal and newborn care;

(C) involve indigenous institutions as well as local communities and governments in the development and implementation to foster local capacity building and leadership; and

(D) carry out multiyear programs that foster local self-sufficiency and ensure the longevity of recipient country programs.

(f) USE OF FOOD AND NUTRITION SERVICE.—The Food and Nutrition Service of the Department of Agriculture may provide technical advice on the establishment of programs under subsection (a)(1) and on their implementation in the field in recipient countries.

(g) MULTILATERAL INVOLVEMENT.—The President is urged to engage existing international food aid coordinating mechanisms to ensure multilateral commitments to, and participation in, programs like those supported under this section. The President shall report annually to the Committee on International Relations and the Committee on Agriculture of the United States House of Representatives and the Committee on Foreign Relations and the Committee on Agriculture, Nutrition, and Forestry of the United States Senate on the commitments and activities of governments, including the United States government, in the global effort to reduce child hunger and increase school attendance.

(h) PRIVATE SECTOR INVOLVEMENT.—The President is urged to encourage the support and active involvement of the private sector, foundations, and other individuals and organizations in programs assisted under this section.

(i) REQUIREMENT TO SAFEGUARD LOCAL PRODUCTION AND USUAL MARKETING.—The requirement of section 403(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(a) and 1733(h)) applies with respect to the availability of commodities under this section.

(j) FUNDING.—

(1) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2002 through 2011. Nothing in this section shall be interpreted to preclude the use of authorities in effect before the date of the enactment of this Act to carry out the ongoing Global Food for Education Initiative.

(2) ADMINISTRATIVE EXPENSES.—Funds made available to carry out the purposes of this section may be used to pay the administrative expenses of any agency of the Federal Government implementing or assisting in the implementation of this section.

SEC. 313. STUDY ON FEE FOR SERVICES.

(a) STUDY.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall provide a report to the designated congressional committees on the feasibility of instituting a program which would charge and retain a fee to cover the costs for providing persons with commercial services performed abroad on matters within the authority of the Department of Agriculture administered through the Foreign Agriculture Service or any successor agency.

(b) DEFINITION.—In this section, the term ''designated congressional committees'' means the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate.

SEC. 314. NATIONAL EXPORT STRATEGY REPORT.

(a) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Agriculture shall provide to the designated congressional committees a report on the policies and programs that the Department of Agriculture has undertaken to implement the National Export Strategy Report. The report shall contain a description of the effective coordination of these policies and programs through all other appropriate Federal agencies participating in the Trade Promotion Coordinating Committee and the steps the Department of Agriculture is taking to reduce the level of protectionism in agricultural trade, to foster market growth, and to improve the commercial potential of markets in both developed and developing countries for United States agricultural commodities.

(b) DEFINITION.—In this section, the term ''designated congressional committees'' means the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate.

TITLE IV—NUTRITION PROGRAMS

Subtitle A—Food Stamp Program

SEC. 401. SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) in paragraph (3)—

(A) by striking ''and (C)'' and inserting ''(C)''; and

(B) by inserting after ''premiums,'' the following:

''and (D) to the extent that any other educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like, are required to be excluded under title XIX of the Social Security Act, the state agency may exclude it under this subsection,'';

(2) by striking ''and (15)'' and inserting ''(15)'';

(3) by inserting before the period at the end the following:

'', (16) any state complementary assistance program payments that are excluded pursuant to subsections (a) and (b) of section 1931 of title XIX of the Social Security Act, and (17) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph shall not authorize a State agency to exclude earned income, payments under title I, II, IV, X, XIV, or XVI of the Social Security Act, or such other types of income whose consideration the Secretary determines essential to equitable determinations of eligibility and benefit levels except to the extent that those types of income may be excluded under other paragraphs of this subsection''.

SEC. 402. STANDARD DEDUCTION.

Section 5(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(1)) is amended—

(1) by striking ''of $134, $229, $189, $269, and $118'' and inserting ''equal to 9.7 percent of the eligibility limit established under section 5(c)(1) for fiscal year 2002 but not more than 9.7 percent of the eligibility limit established under section 5(c)(1) for a household of six for fiscal year 2002 nor less than $134, $229, $189, $269, and $118''; and

(2) by inserting before the period at the end the following:

'', except that the standard deduction for Guam shall be determined with reference to 2 times the eligibility limits under section 5(c)(1) for fiscal year 2002 for the 48 contiguous states and the District of Columbia''.

SEC. 403. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State may provide transitional food stamp benefits to a household that is no longer eligible to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

''(3) AMOUNT.—During the transitional benefits period under paragraph (2), a household shall receive an amount equal to the allotment received in the month immediately preceding the date on which cash assistance is terminated. A household receiving benefits under this subsection may apply for recertification at any time during the transitional benefit period. If a household reapplies, its allotment shall be determined without regard to this subsection for all subsequent months.

''(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

''(A) require a household to cooperate in a redetermination of eligibility to receive an authorization card; and

''(B) renew eligibility for a new certification period for the household without regard to whether the previous certification period has expired.

''(5) LIMITATION.—A household sanctioned under section 6, or for a failure to perform an action required by Federal, State, or local law relating to such cash assistance program, shall not be eligible for transitional benefits under this subsection.''.

(b) CONFORMING AMENDMENTS.—(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: ''The limits in this section may be extended until the end of any transitional benefit period established under section 11(s).''.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking ''No household'' and inserting ''Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household''.

SEC. 404. QUALITY CONTROL SYSTEMS.

(a) TARGETED QUALITY CONTROL SYSTEM.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)(C)—

(A) in the matter preceding clause (i), by inserting ''the Secretary determines that a 95 percent statistical probability exists that for the 3d consecutive year'' after ''year in which''; and

(B) in clause (i)(II)(aa)(bbb) by striking ''the national performance measure for the fiscal year'' and inserting ''10 percent'';

(2) in the 1st sentence of paragraph (4)—

(A) by striking ''or claim'' and inserting ''claim''; and

(B) by inserting ''or performance under the measures established under paragraph (10),'' after ''for payment error,'';

(3) in paragraph (5), by inserting ''to comply with paragraph (10) and'' before ''to establish'';

(4) in the 1st sentence of paragraph (6), by inserting ''one percentage point more than'' after ''measure that shall be''; and

(5) by inserting at the end the following:

''(10)(A) In addition to the measures established under paragraph (1), the Secretary shall measure the performance of State agencies in each of the following regards—

''(i) compliance with the deadlines established under paragraphs (3) and (9) of section 11(e); and

''(ii) the percentage of negative eligibility decisions that are made correctly.

''(B) For each fiscal year, the Secretary shall make excellence bonus payments of $1,000,000 each to the 5 States with the highest combined performance in the 2 measures in subparagraph (A) and to the 5 States whose combined performance under the 2 measures in subparagraph (A) most improved in such fiscal year.

''(C) For any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that a State agency's performance with respect to any of the 2 performance measures established in subparagraph (A) is substantially worse than a level the Secretary deems reasonable, other than for good cause shown, the Secretary shall investigate that State agency's administration of the food stamp program. If this investigation determines that the State's administration has been deficient, the Secretary shall require the State agency to take prompt corrective action.''.

(b) IMPLEMENTATION.—The amendment made by subsection (a)(5) shall apply to all fiscal years beginning on or after October 1, 2001, and ending before October 1, 2007. All other amendments made by this section shall apply to all fiscal years beginning on or after October 1, 1999.

SEC. 405. SIMPLIFIED APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by inserting at the end the following:

''(l) SIMPLIFICATION OF SYSTEMS.—The Secretary shall expend up to $9,500,000 million in each fiscal year to pay 100 percent of the costs of State agencies to develop and implement simple application and eligibility determination systems.''.

SEC. 406. AUTHORIZATION OF APPROPRIATIONS.

(a) EMPLOYMENT AND TRAINING PROGRAMS.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)(vii) by striking ''fiscal year 2002'' and inserting ''each of the fiscal years 2003 through 2011''; and

(2) in subparagraph (B) by striking ''2002'' and inserting ''2011''.

(b) COST ALLOCATION.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in subparagraph (A) by striking ''2002'' and inserting ''2011''; and

(2) in subparagraph (B)(ii) by striking ''2002'' and inserting ''2011''.

(c) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2011''.

(d) OUTREACH DEMONSTRATION PROJECTS.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended by striking ''1992 through 2002'' and inserting ''2003 through 2011''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1996 through 2002'' and inserting ''2003 through 2011''.

(f) PUERTO RICO.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) in clause (ii) by striking ''and'' at the end;

(B) in clause (iii) by adding ''and'' at the end; and

(C) by inserting after clause (iii) the following:

''(iv) for each of fiscal years 2003 through 2011, the amount equal to the amount required to be paid under this subparagraph for the preceding fiscal year, as adjusted by the percentage by which the thrifty food plan is adjusted under section 3(o)(4) for the current fiscal year for which the amount is determined under this clause;''; and

(2) in subparagraph (B)—

(A) by inserting ''(i)'' after ''(B)''; and

(B) by adding at the end the following:

''(ii) Notwithstanding subparagraph (A) and clause (i), the Commonwealth may spend up to $6,000,000 of the amount required under subparagraph (A) to be paid for fiscal year 2002 to pay 100 percent of the cost to upgrade and modernize the electronic data processing system used to provide such food assistance and to implement systems to simplify the determination of eligibility to receive such assistance.''.

(g) TERRITORY OF AMERICAN SAMOA.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is amended—

(1) by striking ''Effective October 1, 1995, from'' and inserting ''From''; and

(2) by striking ''$5,300,000 for each of fiscal years 1996 through 2002'' and inserting ''$5,750,000 for fiscal year 2002 and $5,800,000 for each of fiscal years 2003 though 2011''.

(h) ASSISTANCE FOR COMMUNITY FOOD PROJECTS.—Section 25(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2034(b)(2)) is amended—

(1) in subparagraph (A) by striking ''and'' at the end;

(2) in subparagraph (B)—

(A) by striking ''2002'' and inserting ''2001''; and

(B) by striking the period at the end and inserting ''; and''; and

(3) by inserting after subparagraph (B) the following:

''(C) $7,500,000 for each of the fiscal years 2002 through 2011.''.

(i) AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking ''1997 through 2002'' and inserting ''2002 through 2011''; and

(B) by striking ''$100,000,000'' and inserting ''$140,000,000''; and

(2) by adding at the end the following:

''(c) USE OF FUNDS FOR RELATED COSTS.—For each of the fiscal years 2002 through 2011, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay for the direct and indirect costs of the States related to the processing, storing, transporting, and distributing to eligible recipient agencies of commodities purchased by the Secretary under such subsection and commodities secured from other sources, including commodities secured by gleaning (as defined in section 111 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note)).''.

(j) SPECIAL EFFECTIVE DATE.—The amendments made by subsections (g), (h), and (i) shall take effect on October 1, 2001.

Subtitle B—Commodity Distribution

SEC. 441. DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.

Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by striking ''2002'' and inserting ''2011''.

SEC. 442. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

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

(1) in section 4(a) by striking ''1991 through 2002'' and inserting ''2003 through 2011''; and

(2) in subsections (a)(2) and (d)(2) of section 5 by striking ''1991 through 2002'' and inserting ''2003 through 2011''.

SEC. 443. EMERGENCY FOOD ASSISTANCE.

The 1st sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended—

(1) by striking ''1991 through 2002'' and inserting ''2003 through 2011'';

(2) by striking ''administrative''; and

(3) by inserting ''storage,'' after ''processing,''.

Subtitle C—Miscellaneous Provisions

SEC. 461. HUNGER FELLOWSHIP PROGRAM.

(a) SHORT TITLE; FINDINGS.—

(1) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(2) FINDINGS.—The Congress finds as follows:

(A) There is a critical need for compassionate individuals who are committed to assisting people who suffer from hunger as well as a need for such individuals to initiate and administer solutions to the hunger problem.

(B) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated his commitment to solving the problem of hunger in a bipartisan manner, his commitment to public service, and his great affection for the institution and the ideals of the United States Congress.

(C) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated his compassion for those in need, his high regard for public service, and his lively exercise of political talents.

(D) The special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all.

(E) These two outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, and therefore it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by creating a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(b) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government the Congressional Hunger Fellows Program (hereinafter in this section referred to as the ''Program'').

(c) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD OF TRUSTEES.—

(A) APPOINTMENT.—The Board shall be composed of 6 voting members appointed under clause (i) and one nonvoting ex officio member designated in clause (ii) as follows:

(i) VOTING MEMBERS.—(I) The Speaker of the House of Representatives shall appoint two members.

(II) The minority leader of the House of Representatives shall appoint one member.

(III) The majority leader of the Senate shall appoint two members.

(IV) The minority leader of the Senate shall appoint one member.

(ii) NONVOTING MEMBER.—The Executive Director of the program shall serve as a nonvoting ex officio member of the Board.

(B) TERMS.—Members of the Board shall serve a term of 4 years.

(C) VACANCY.—

(i) AUTHORITY OF BOARD.—A vacancy in the membership of the Board does not affect the power of the remaining members to carry out this section.

(ii) APPOINTMENT OF SUCCESSORS.—A vacancy in the membership of the Board shall be filled in the same manner in which the original appointment was made.

(iii) INCOMPLETE TERM.—If a member of the Board does not serve the full term applicable to the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), members of the Board may not receive compensation for service on the Board.

(ii) TRAVEL.—Members of the Board may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the program.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as may be appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Such bylaws and other regulations shall include provisions—

(I) for appropriate fiscal control, funds accountability, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in the procurement and employment actions taken by the Board or by any officer or employee of the Board and in the selection and placement of individuals in the fellowships developed under the program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) TRANSMITTAL TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall transmit to the appropriate congressional committees a copy of such bylaws.

(B) BUDGET.—For each fiscal year the program is in operation, the Board shall determine a budget for the program for that fiscal year. All spending by the program shall be pursuant to such budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board of Trustees shall determine the priority of the programs to be carried out under this section and the amount of funds to be allocated for the Emerson and Leland fellowships.

(d) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service, to recognize the needs of people who are hungry and poor, and to provide assistance and compassion for those in need;

(B) to increase awareness of the importance of public service; and

(C) to provide training and development opportunities for such leaders through placement in programs operated by appropriate organizations or entities.

(2) AUTHORITY.—The program is authorized to develop such fellowships to carry out the purposes of this section, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS OF BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(iii) FOCUS OF MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iv) WORKPLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the program shall, for each fellow, approve a work plan that

identifies the target objectives for the fellow in the fellowship, including specific duties and responsibilities related to those objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOW.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for no more than 1 year.

(ii) LELAND FELLOW.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for no more than 2 years. Not less than 1 year of the fellowship shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded pursuant to a nationwide competition established by the program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) a commitment to social change;

(III) leadership potential or actual leadership experience;

(IV) diverse life experience;

(V) proficient writing and speaking skills;

(VI) an ability to live in poor or diverse communities; and

(VII) such other attributes as determined to be appropriate by the Board.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a fellowship from the Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a fellowship from the Mickey Leland Hunger Fellowship shall be known as a ''Leland Fellow''.

(4) EVALUATION.—The program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships. Such evaluations shall include the following:

(A) An assessment of the successful completion of the work plan of the fellow.

(B) An assessment of the impact of the fellowship on the fellows.

(C) An assessment of the accomplishment of the purposes of the program.

(D) An assessment of the impact of the fellow on the community.

(e) TRUST FUND.—

(1) ESTABLISHMENT.—There is established the Congressional Hunger Fellows Trust Fund (hereinafter in this section referred to as the ''Fund'') in the Treasury of the United States, consisting of amounts appropriated to the Fund under subsection (i), amounts credited to it under paragraph (3), and amounts received under subsection (g)(3)(A).

(2) INVESTMENT OF FUNDS.—The Secretary of the Treasury shall invest the full amount of the Fund. Each investment shall be made in an interest bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary in consultation with the Board, has a maturity suitable for the Fund.

(3) RETURN ON INVESTMENT.—Except as provided in subsection (f)(2), the Secretary of the Treasury shall credit to the Fund the interest on, and the proceeds from the sale or redemption of, obligations held in the Fund.

(f) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the program from the amounts described in subsection (e)(3) and subsection (g)(3)(A) such sums as the Board determines are necessary to enable the program to carry out the provisions of this section.

(2) LIMITATION.—The Secretary may not transfer to the program the amounts appropriated to the Fund under subsection (i).

(3) USE OF FUNDS.—Funds transferred to the program under paragraph (1) shall be used for the following purposes:

(A) STIPENDS FOR FELLOWS.—To provide for a living allowance for the fellows.

(B) TRAVEL OF FELLOWS.—To defray the costs of transportation of the fellows to the fellowship placement sites.

(C) INSURANCE.—To defray the costs of appropriate insurance of the fellows, the program, and the Board.

(D) TRAINING OF FELLOWS.—To defray the costs of preservice and midservice education and training of fellows.

(E) SUPPORT STAFF.—Staff described in subsection (g).

(F) AWARDS.—End-of-service awards under subsection (d)(3)(D)(iii)(II).

(G) ADDITIONAL APPROVED USES.—For such other purposes that the Board determines appropriate to carry out the program.

(4) AUDIT BY GAO.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the program.

(B) BOOKS.—The program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the program and necessary to facilitate such audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit a copy of the results of each such audit to the appropriate congressional committees.

(g) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the program who shall administer the program. The Executive Director shall carry out such other functions consistent with the provisions of this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers necessary and appropriate to carry out the functions of the provisions of this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate of basic pay payable for level GS–15 of the General Schedule.

(3) POWERS.—In order to carry out the provisions of this section, the program may perform the following functions:

(A) GIFTS.—The program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the program. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Fund and shall be available for disbursement upon order of the Board.

(B) EXPERTS AND CONSULTANTS.—The program may procure temporary and intermittent services under section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—The program may contract, with the approval of a majority of the members of the Board, with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—The program shall make such other expenditures which the program considers necessary to carry out the provisions of this section, but excluding project development.

(h) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the program carried out during the previous fiscal year, and shall include the following:

(1) An analysis of the evaluations conducted under subsection (d)(4) (relating to evaluations of the Emerson and Leland fellowships and accomplishment of the program purposes) during that fiscal year.

(2) A statement of the total amount of funds attributable to gifts received by the program in that fiscal year (as authorized under subsection (g)(3)(A)), and the total amount of such funds that were expended to carry out the program that fiscal year.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $18,000,000 to carry out the provisions of this section.

(j) DEFINITION.—In this section, the term ''appropriate congressional committees'' means—

(1) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(2) the Committee on Agriculture, Nutrition and Forestry and the Committee on Foreign Relations of the Senate.

SEC. 462. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title shall take effect on October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 501. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking ''operated'' and inserting ''participated in the business operations of''.

SEC. 502. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) refinancing, during a fiscal year, a short-term, temporary bridge loan made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of land for a farm or ranch, if—

''(i) the Secretary approved an application for a direct farm ownership loan to the beginning farmer or rancher for acquisition of the land; and

''(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.''.

SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is

amended by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—The Secretary shall not make or insure a loan under section 302, 303, 304, 310D, or 310E that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

''(1) the value of the farm or other security; or

''(2)(A) in the case of a loan made by the Secretary—

''(i) to a beginning farmer or rancher, $250,000, as adjusted (beginning with fiscal year 2003) by the inflation percentage applicable to the fiscal year in which the loan is made; or

''(ii) to a borrower other than a beginning farmer or rancher, $200,000; or

''(B) in the case of a loan guaranteed by the Secretary, $700,000, as—

''(i) adjusted (beginning with fiscal year 2000) by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

''(ii) reduced by the amount of any unpaid indebtedness of the borrower on loans under subtitle B that are guaranteed by the Secretary.''.

SEC. 504. JOINT FINANCING ARRANGEMENTS.

Section 307(a)(3)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is amended—

(1) by striking ''If'' and inserting the following:

''(i) IN GENERAL.—Subject to clause (ii), if''; and

(2) by adding at the end the following:

''(ii) BEGINNING FARMERS AND RANCHERS.—The interest rate charged a beginning farmer or rancher for a loan described in clause (i) shall be 50 basis points less than the rate charged farmers and ranchers that are not beginning farmers or ranchers.''.

SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARMERS AND RANCHERS.

Section 309(h)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)(6)) is amended by striking ''GUARANTEED UP'' and all that follows through ''more than'' and inserting ''GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee''.

SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

''(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.''.

SEC. 507. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''30 percent'' and inserting ''40 percent''; and

(B) in paragraph (3), by striking ''10 years'' and inserting ''20 years''; and

(2) in subsection (c)(3)(B), by striking ''10-year'' and inserting ''20-year''.

SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

(a) IN GENERAL.—Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

''SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

''(a) IN GENERAL.—Not later than October 1, 2002, the Secretary shall carry out a pilot program in not fewer than 10 geographically dispersed States, as determined by the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

''(b) DATE OF COMMENCEMENT OF PROGRAM.—The Secretary shall commence the pilot program on making a determination that guarantees of contract land sales present a risk that is comparable with the risk presented in the case of guarantees to commercial lenders.''.

(b) REGULATIONS.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by subsection (a).

(2) PROCEDURE.—The promulgation of the regulations and administration of the amendment made by subsection (a) shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(C) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out the amendment made by subsection (a), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

Subtitle B—Operating Loans

SEC. 511. DIRECT LOANS.

Section 311(c)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amended by striking ''who has not'' and all that follows through ''5 years''.

SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL FARM OPERATIONS; WAIVER OF LIMITATIONS FOR TRIBAL OPERATIONS AND OTHER OPERATIONS.

(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking ''paragraphs (5) and (6)'' and inserting ''paragraphs (5), (6), and (7)''; and

(2) by adding at the end the following:

''(7) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—In the case of an operating loan made to a Native American farmer or rancher whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)), the Secretary shall guarantee 95 percent of the loan.''.

(b) WAIVER OF LIMITATIONS.—Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1), by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''; and

(2) by adding at the end the following:

''(4) WAIVERS.—

''(A) TRIBAL FARM AND RANCH OPERATIONS.—The Secretary shall waive the limitation under paragraph (1)(C) for a direct loan made under this subtitle to a Native American farmer or rancher whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)) if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

''(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

''(i) the borrower has a viable farm or ranch operation;

''(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

''(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

''(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).''.

Subtitle C—Administrative Provisions

SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking ''and joint operations'' each place it appears and inserting ''joint operations, and limited liability companies''.

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''or joint operations'' each place it appears and inserting ''joint operations, or limited liability companies''.

SEC. 522. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking ''carried out—'' and all that follows through ''(B) after'' and inserting ''carried out after''.

SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking ''lower of (1) the'' and inserting the following: ''lowest of—

''(1) the''; and

(2) by striking ''original loan or (2) the'' and inserting the following: ''original loan;

''(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

''(3) the''.

SEC. 525. ANNUAL REVIEW OF BORROWERS.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and inserting the following:

''(2) except with respect to a loan under section 306, 310B, or 314—

''(A) an annual review of the credit history and business operation of the borrower; and

''(B) an annual review of the continued eligibility of the borrower for the loan;''.

SEC. 526. SIMPLIFIED LOAN APPLICATIONS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking ''of loans the principal amount of which is $50,000 or

less'' and inserting ''of farmer program loans the principal amount of which is $100,000 or less''.

SEC. 527. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking ''75 days'' and inserting ''135 days''; and

(ii) by adding at the end the following:

''(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Secretary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate.''; and

(B) in subparagraph (C)—

(i) by striking ''75 days'' and inserting ''135 days''; and

(ii) by striking ''75-day period'' and inserting ''135-day period'';

(2) by striking paragraph (2) and inserting the following:

''(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1).''; and

(3) in paragraph (3)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

''(i) in consultation with the State Conservationist of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

''(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.''.

SEC. 528. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by striking ''25 percent'' and inserting ''30 percent''.

(b) DEBT FORGIVENESS.—Section 343(a)(12) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)) is amended by striking subparagraph (B) and inserting the following:

''(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

''(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

''(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.''.

SEC. 529. LOAN AUTHORIZATION LEVELS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in subsection (b)—

(A) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,750,000,000 for each of fiscal years 2002 through 2006, of which, for each fiscal year—

''(A) $750,000,000 shall be for direct loans, of which—

''(i) $200,000,000 shall be for farm ownership loans under subtitle A; and

''(ii) $550,000,000 shall be for operating loans under subtitle B; and

''(B) $3,000,000,000 shall be for guaranteed loans, of which—

''(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

''(ii) $2,000,000,000 shall be for guarantees of operating loans under subtitle B.''; and

(B) in paragraph (2)(A)(ii), by striking ''farmers and ranchers'' and all that follows and inserting ''farmers and ranchers 35 percent for each of fiscal years 2002 through 2006.''; and

(2) in subsection (c), by striking the last sentence.

SEC. 530. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking ''PROGRAM.—'' and all that follows through ''The Secretary'' and inserting ''PROGRAM.—The Secretary''; and

(B) by striking paragraph (2);

(2) by striking subsection (c) and inserting the following:

''(c) AMOUNT OF INTEREST RATE REDUCTION.—

''(1) IN GENERAL.—In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan, except that such payments shall not exceed the cost of reducing the rate by more than—

''(A) in the case of a borrower other than a beginning farmer or rancher, 3 percent; and

''(B) in the case of a beginning farmer or rancher, 4 percent.

''(2) BEGINNING FARMERS AND RANCHERS.—The percentage reduction of the interest rate for which payments are authorized to be made for a beginning farmer or rancher under paragraph (1) shall be 1 percent more than the percentage reduction for farmers and ranchers that are not beginning farmers or ranchers.''; and

(3) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) MAXIMUM AMOUNT OF FUNDS.—

''(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

''(B) BEGINNING FARMERS AND RANCHERS.—

''(i) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

''(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.''.

SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT FOR SHARED APPRECIATION AGREEMENTS.

(a) IN GENERAL.—Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margins appropriately;

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins appropriately;

(3) by striking the paragraph heading and inserting the following:

''(7) OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT.—

''(A) IN GENERAL.—As an alternative to repaying the full recapture amount at the end of the term of the agreement (as determined by the Secretary in accordance with this section), a borrower may satisfy the obligation to pay the amount of recapture by—

''(i) financing the recapture payment in accordance with subparagraph (B); or

''(ii) granting the Secretary an agricultural use protection and conservation easement on the property subject to the shared appreciation agreement in accordance with subparagraph (C).

''(B) FINANCING OF RECAPTURE PAYMENT.—''; and

(4) by adding at the end the following:

''(C) AGRICULTURAL USE PROTECTION AND CONSERVATION EASEMENT.—

''(i) IN GENERAL.—Subject to clause (iii), the Secretary shall accept an agricultural use protection and conservation easement from the borrower for all of the real security property subject to the shared appreciation agreement in lieu of payment of the recapture amount.

''(ii) TERM.—The term of an easement accepted by the Secretary under this subparagraph shall be 25 years.

''(iii) CONDITIONS.—The easement shall require that the property subject to the easement shall continue to be used or conserved for agricultural and conservation uses in accordance with sound farming and conservation practices, as determined by the Secretary.

''(iv) REPLACEMENT OF METHOD OF SATISFYING OBLIGATION.—A borrower that has begun financing of a recapture payment under subparagraph (B) may replace that financing with an agricultural use protection and conservation easement under this subparagraph.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a shared appreciation agreement that—

(1) matures on or after the date of enactment of this Act; or

(2) matured before the date of enactment of this Act, if—

(A) the recapture amount was reamortized under section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) (as in effect on the day before the date of enactment of this Act); or

(B)(i) the recapture amount had not been paid before the date of enactment of this Act because of circumstances beyond the control of the borrower; and

(ii) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

''(f) WAIVERS.—

''(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

''(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.''.

SEC. 533. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking ''biannual'' and inserting ''annual''.

Subtitle D—Farm Credit

SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking ''3.11(11)(B)(iv)'' and inserting ''3.11(11)(B)(iii)''; and

(2) by striking subsection (c).

SEC. 542. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking ''farm supplies'' each place it appears and inserting ''agricultural supplies''; and

(2) by adding at the end the following:

''(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

''(A) a farm supply; and

''(B)(i) agriculture-related processing equipment;

''(ii) agriculture-related machinery; and

''(iii) other capital-related goods related to the storage or handling of agricultural commodities or products.''.

SEC. 543. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking ''government-guaranteed loans provided for in subparagraph (C)'' and inserting ''loans provided for in subparagraphs (C) and (D)'';

(II) in subparagraph (B), by striking ''and'' at the end;

(III) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(IV) by adding at the end the following:

''(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation.''; and

(ii) by adding at the end the following:

''(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System.''; and

(B) in subsection (e)(4)(B), by striking ''government-guaranteed loans described in subsection (a)(1)(C)'' and inserting ''loans described in subparagraph (C) or (D) of subsection (a)(1)''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)'' after ''government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)'';

(ii) in paragraph (2), by striking ''and'' at the end;

(iii) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by the factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))'' after ''government-guaranteed loans'';

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

''(4) the annual average principal outstanding on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date on which Farm Credit System Insurance Corporation premiums are due from insured Farm Credit System banks under section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar year 2001.

SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–2(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (A), by striking ''common stock'' and all that follows and inserting ''Class A voting common stock;'';

(C) in subparagraph (B), by striking ''common stock'' and all that follows and inserting ''Class B voting common stock;'';

(D) by redesignating subparagraph (C) as subparagraph (D); and

(E) by inserting after subparagraph (B) the following:

''(C) 2 members shall be elected by holders of Class A voting common stock and Class B voting common stock, 1 of whom shall be the chief executive officer of the Corporation and 1 of whom shall be another executive officer of the Corporation; and'';

(2) in paragraph (3), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(3) in paragraph (4)—

(A) in subparagraph (A), by striking ''(A) or (B)'' and inserting ''(A), (B), or (C)''; and

(B) in subparagraph (B), by striking ''(2)(C)'' and inserting ''(2)(D)'';

(4) in paragraph (5)(A)—

(A) by inserting ''executive officers of the Corporation or'' after ''from among persons who are''; and

(B) by striking ''such a representative'' and inserting ''such an executive officer or representative'';

(5) in paragraph (6)(B), by striking ''(A) and (B)'' and inserting ''(A), (B), and (C)'';

(6) in paragraph (7), by striking ''8 members'' and inserting ''Nine members'';

(7) in paragraph (8)—

(A) in the paragraph heading, by inserting ''OR EXECUTIVE OFFICERS OF THE CORPORATION'' after ''EMPLOYEES''; and

(B) by inserting ''or executive officers of the Corporation'' after ''United States''; and

(8) by striking paragraph (9) and inserting the following:

''(9) CHAIRPERSON.—

''(A) ELECTION.—The permanent board shall annually elect a chairperson from among the members of the permanent board.

''(B) TERM.—The term of the chairperson shall coincide with the term served by elected members of the permanent board under paragraph (6)(B).''.

Subtitle E—General Provisions

SEC. 551. INAPPLICABILITY OF FINALITY RULE.

Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended—

(1) by striking ''This subsection'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection''; and

(2) by adding at the end the following:

''(B) AGRICULTURAL CREDIT DECISIONS.—This subsection shall not apply with respect to an agricultural credit decision made by such a State, county, or area committee, or employee of such a committee, under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).''.

SEC. 552. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''Disaster Relief and Emergency Assistance Act'' each place it appears and inserting ''Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''.

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking ''provided for in section 332 of this title''.

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking ''established pursuant to section 332,''.

(d) Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking ''established pursuant to section 332''.

SEC. 553. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary of Agriculture to carry out a farm credit program for any of the 1996 through 2001 fiscal years under a provision of law in effect immediately before the enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect immediately before the enactment of this Act.

SEC. 554. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and section 543(b), this title and the amendments made by this title take effect on October 1, 2001.

(b) BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—The amendments made by section 544 take effect on the date of enactment of this Act.

TITLE VI—RURAL DEVELOPMENT

SEC. 601. FUNDING FOR RURAL LOCAL TELEVISION BROADCAST SIGNAL LOAN GUARANTEES.

Section 1011(a) of the Launching Our Communities' Access to Local Television Act of 2000 (title X of H.R. 5548, as enacted by section 1(a)(2) of Public Law 106–553) is amended by adding at the end the following: ''In addition, a total of $200,000,000 of the funds of the Commodity Credit Corporation shall be available during fiscal years 2002 through 2006, without fiscal year limitation, for loan guarantees under this title.''.

SEC. 602. EXPANDED ELIGIBILITY FOR VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

Section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) ESTABLISHMENT AND PURPOSES.—

''(A) IN GENERAL.—In each of fiscal years 2002 through 2011, the Secretary shall award competitive grants—

''(i) to eligible independent producers (as determined by the Secretary) of value-added agricultural commodities and products of agricultural commodities to assist an eligible producer—

''(I) to develop a business plan for viable marketing opportunities for a value-added agricultural commodity or product of an agricultural commodity; or

''(II) to develop strategies for the ventures that are intended to create marketing opportunities for the producers; and

''(ii) to public bodies, institutions of higher learning, and trade associations to assist such entities—

''(I) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural commodity or product of an agricultural commodity; or

''(II) to develop strategies for the ventures that are intended to create marketing opportunities in emerging markets for the producers.

''(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $50,000,000 for each of fiscal years 2002 through 2011.'';

(2) by striking ''producer'' each place it appears thereafter and inserting ''grantee''; and

(3) in the heading for paragraph (3), by striking ''PRODUCER'' and inserting ''GRANTEE''.

SEC. 603. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

(a) PURPOSES.—The purposes of this section are to carry out a demonstration program under which agricultural producers are provided—

(1) technical assistance, including engineering services, applied research, scale production, and similar services to enable the producers to establish businesses for further processing of agricultural products;

(2) marketing, market development, and business planning; and

(3) overall organizational, outreach, and development assistance to increase the viability, growth, and sustainability of value-added agricultural businesses.

(b) NATURE OF PROGRAM.—The Secretary of Agriculture (in this section referred to as the ''Secretary'') shall—

(1) make grants to eligible applicants for the purposes of enabling the applicants to obtain the assistance described in subsection (a); and

(2) provide assistance to eligible applicants through the research and technical services of the Department of Agriculture.

(c) ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—An applicant shall be eligible for a grant and assistance described in subsection (b) to establish an Agriculture Innovation Center if—

(A) the applicant—

(i) has provided services similar to those described in subsection (a); or

(ii) shows the capability of providing the services;

(B) the application of the applicant for the grant and assistance sets forth a plan, in accordance with regulations which shall be prescribed by the Secretary, outlining support of the applicant in the agricultural community, the technical and other expertise of the applicant, and the goals of the applicant for increasing and improving the ability of local producers to develop markets and processes for value-added agricultural products;

(C) the applicant demonstrates that resources (in cash or in kind) of definite value are available, or have been committed to be made available, to the applicant, to increase and improve the ability of local producers to develop markets and processes for value-added agricultural products; and

(D) the applicant meets the requirement of paragraph (2).

(2) BOARD OF DIRECTORS.—The requirement of this paragraph is that the applicant shall have a board of directors comprised of representatives of the following groups:

(A) The 2 general agricultural organizations with the greatest number of members in the State in which the applicant is located.

(B) The Department of Agriculture or similar State organization or department, for the State.

(C) Organizations representing the 4 highest grossing commodities produced in the State, according to annual gross cash sales.

(d) GRANTS AND ASSISTANCE.—

(1) IN GENERAL.—Subject to subsection (g), the Secretary shall make annual grants to eligible applicants under this section, each of which grants shall not exceed the lesser of—

(A) $1,000,000; or

(B) twice the dollar value of the resources (in cash or in kind) that the applicant has demonstrated are available, or have been committed to be made available, to the applicant in accordance with subsection (c)(1)(C).

(2) INITIAL LIMITATION.—In the first year of the demonstration program under this section, the Secretary shall make grants under this section, on a competitive basis, to not more than 5 eligible applicants.

(3) EXPANSION OF DEMONSTRATION PROGRAM.—In the second year of the demonstration program under this section, the Secretary may make grants under this section to not more than 10 eligible applicants, in addition to any entities to which grants are made under paragraph (2) for such year.

(4) STATE LIMITATION.—In the first 3 years of the demonstration program under this section, the Secretary shall not make an Agricultural Innovation Center Demonstration Program grant under this section to more than 1 entity in a single State.

(e) USE OF FUNDS.—An entity to which a grant is made under this section may use the grant only for the following purposes, but only to the extent that the use is not described in section 231(d) of the Agricultural Risk Protection Act of 2000:

(1) Applied research.

(2) Consulting services.

(3) Hiring of employees, at the discretion of the board of directors of the entity.

(4) The making of matching grants, each of which shall be not more than $5,000, to agricultural producers, so long as the aggregate amount of all such matching grants shall be not more than $50,000.

(5) Legal services.

(f) RULE OF INTERPRETATION.—This section shall not be construed to prevent a recipient of a grant under this section from collaborating with any other institution with respect to activities conducted using the grant.

(g) AVAILABILITY OF FUNDS.—Of the amount made available under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 7 U.S.C. 1621 note), the Secretary shall use to carry out this section—

(1) not less than $5,000,000 for fiscal year 2002; and

(2) not less than $10,000,000 for each of the fiscal years 2003 and 2004.

(h) REPORT ON BEST PRACTICES.—

(1) EFFECTS ON THE AGRICULTURAL SECTOR.—The Secretary shall utilize $300,000 per year of the funds made available pursuant to this section to support research at any university into the effects of value-added projects on agricultural producers and the commodity markets. The research should systematically examine possible effects on demand for agricultural commodities, market prices, farm income, and Federal outlays on commodity programs using linked, long-term, global projections of the agricultural sector.

(2) DEPARTMENT OF AGRICULTURE.—Not later than 3 years after the first 10 grants are made under this section, the Secretary shall prepare and submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives a written report on the effectiveness of the demonstration program conducted under this section at improving the production of value-added agricultural products and on the effects of the program on the economic viability of the producers, which shall include the best practices and innovations found at each of the Agriculture Innovation Centers established under the demonstration program under this section, and detail the number and type of agricultural projects assisted, and the type of assistance provided, under this section.

SEC. 604. FUNDING OF COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) $30,000,000 for each of fiscal years 2002 though 2011.

(b) EXTENSION OF PROGRAM.—Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking ''2002'' and inserting ''2011''.

(c) MISCELLANEOUS AMENDMENTS.—Section 306A of such Act (7 U.S.C. 1926a) is amended—

(1) in the heading by striking ''emergency'';

(2) in subsection (a)(1)—

(A) by striking ''after'' and inserting ''when''; and

(B) by inserting ''is imminent'' after ''communities''; and

(3) in subsection (c), by striking ''shall—'' and all that follows and inserting ''shall be a public or private nonprofit entity.''.

SEC. 605. LOAN GUARANTEES FOR THE FINANCING OF THE PURCHASE OF RENEWABLE ENERGY SYSTEMS.

Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) by inserting ''(a)'' before ''The Secretary''; and

(2) by adding after and below the end the following:

''(b) LOAN GUARANTEES FOR THE FINANCING OF THE PURCHASE OF RENEWABLE ENERGY SYSTEMS.—The Secretary may provide a loan guarantee, on such terms and conditions as the Secretary deems appropriate, for the purpose of financing the purchase of a renewable energy system, including a wind energy system and anaerobic digestors for the purpose of energy generation, by any person or individual who is a farmer, a rancher, or an owner of a small business (as defined by the Secretary) that is located in a rural area (as defined by the Secretary). In providing guarantees under this subsection, the Secretary shall give priority to loans used primarily for power generation on a farm, ranch, or small business (as so defined).''.

SEC. 606. LOANS AND LOAN GUARANTEES FOR RENEWABLE ENERGY SYSTEMS.

Section 310B(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)(3)) is amended by inserting ''and other renewable energy systems including wind energy systems and anaerobic digestors for the purpose of energy generation'' after ''solar energy systems''.

SEC. 607. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 608. GRANTS FOR WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''and 2002'' and inserting ''through 2011''.

SEC. 609. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 610. NATIONAL RESERVE ACCOUNT OF RURAL DEVELOPMENT TRUST FUND.

Section 381E(e)(3)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(e)(3)(F)) is amended by striking ''fiscal year 2002'' and inserting ''each of the fiscal years 2002 through 2011''.

SEC. 611. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.

Section 381O(b)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009n(b)(3)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 612. INCREASE IN LIMIT ON CERTAIN LOANS FOR RURAL DEVELOPMENT.

Section 310B(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)) is amended by striking ''$25,000,000'' and inserting ''$100,000,000''.

SEC. 613. PILOT PROGRAM FOR DEVELOPMENT AND IMPLEMENTATION OF STRATEGIC REGIONAL DEVELOPMENT PLANS.

(a) DEVELOPMENT.—

(1) SELECTION OF STATES.—The Secretary of Agriculture (in this section referred to as the ''Secretary'') shall, on a competitive basis, select States in which to implement strategic regional development plans developed under this subsection.

(2) GRANTS.—

(A) AUTHORITY.—

(i) IN GENERAL.—From the funds made available to carry out this subsection, the Secretary shall make a matching grant to 1 or more entities in each State selected under subsection (a), to develop a strategic regional development plan that provides for rural economic development in a region in the State in which the entity is located.

(ii) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to entities that represent a regional coalition of community-based planning, development, governmental, and business organizations.

(B) TERMS OF MATCH.—In order for an entity to be eligible for a matching grant under this subsection, the entity shall make a commitment to the Secretary to provide funds for the development of a strategic regional development plan of the kind referred to in subparagraph (A) in an amount that is not less than the amount of the matching grant.

(C) LIMITATION.—The Secretary shall not make a grant under this subsection in an amount that exceeds $150,000.

(3) FUNDING.—

(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section for each of fiscal years 2002 through 2011 the total obtained by adding—

(i) $2,000,000; and

(ii) 2/13 of the amounts made available by section 943 of the Farm Security Act of 2001 for grants under this section.

(B) AVAILABILITY.—Funds made available pursuant to subparagraph (A) shall remain available without fiscal year limitation.

(b) STRATEGIC PLANNING IMPLEMENTATION.—

(1) The Secretary shall use the authorities provided in the provisions of law specified in section 793(c)(1)(A)(ii) of the Federal Agriculture Improvement and Reform Act of 1996 to implement the strategic regional development plans developed pursuant to subsection (a) of this section.

(2) FUNDING.—

(A) IN GENERAL.—The Secretary shall use $13,000,000 of the funds of the Commodity Credit Corporation, plus 11/13 of the amounts made available by section 943 of the Farm Security Act of 2001 for grants under this section, in each of fiscal years 2002 through 2011 to carry out this subsection.

(B) AVAILABILITY.—Funds made available pursuant to subparagraph (A) shall remain available without fiscal year limitation.

(c) USE OF FUNDS.—The amounts made available under subsections (a) and (b) may be used as the Secretary deems appropriate to carry out any provision of this section.

SEC. 614. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

(a) IN GENERAL.—Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922–1949) is amended by inserting after section 306D the following:

''SEC. 306E. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

''(a) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this section, the term 'eligible individual' means an individual who is a member of a household, the combined income of whose members for the most recent 12-month period for which the information is available, is not more than 100 percent of the median nonmetropolitan household income for the State or territory in which the individual resides, according to the most recent decennial census of the United States.

''(b) GRANTS.—The Secretary may make grants to private nonprofit organizations for the purpose of assisting eligible individuals in obtaining financing for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are owned (or to be owned) by the eligible individuals.

''(c) USE OF FUNDS.—A grant made under this section may be—

''(1) used, or invested to provide income to be used, to carry out subsection (b); and

''(2) used to pay administrative expenses associated with providing the assistance described in subsection (b).

''(d) PRIORITY IN AWARDING GRANTS.—In awarding grants under this section, the Secretary shall give priority to an applicant that has substantial expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.''.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on October 1, 2001.

SEC. 615. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009–2009n) is amended by adding at the end the following:

''SEC. 381P. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

''(a) RURAL AREA DEFINED.—In this section, the term 'rural area' means such areas as the Secretary may determine.

''(b) ESTABLISHMENT.—There is established a National Rural Development Partnership (in this section referred to as the 'Partnership'), which shall be composed of—

''(1) the National Rural Development Coordinating Committee established in accordance with subsection (c); and

''(2) State rural development councils established in accordance with subsection (d).

''(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

''(1) COMPOSITION.—The National Rural Development Coordinating Committee (in this section referred to as the 'Coordinating Committee') may be composed of—

''(A) representatives of all Federal departments and agencies with policies and programs that affect or benefit rural areas;

''(B) representatives of national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

''(C) national public interest groups; and

''(D) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee.

''(2) FUNCTIONS.—The Coordinating Committee may—

''(A) provide support for the work of the State rural development councils established in accordance with subsection (d); and

''(B) develop and facilitate strategies to reduce or eliminate conflicting or duplicative administrative and regulatory impediments confronting rural areas.

''(d) STATE RURAL DEVELOPMENT COUNCILS.—

''(1) COMPOSITION.—A State rural development council may—

''(A) be composed of representatives of Federal, State, local, and tribal governments, and nonprofit organizations, the private sector, and other entities committed to rural advancement; and

''(B) have a nonpartisan and nondiscriminatory membership that is broad and representative of the economic, social, and political diversity of the State.

''(2) FUNCTIONS.—A State rural development council may—

''(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and non-profit sectors in the planning and implementation of programs and policies that affect the rural areas of the State, and to do so in such a way that provides the greatest degree of flexibility and innovation in responding to the unique needs of the State and the rural areas; and

''(B) in conjunction with the Coordinating Committee, develop and facilitate strategies to reduce or eliminate conflicting or duplicative administrative and regulatory impediments confronting the rural areas of the State.

''(e) ADMINISTRATION OF THE PARTNERSHIP.—The Secretary may provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

''(f) TERMINATION.—The authority provided by this section shall terminate on the date that is 5 years after the date of the enactment of this section.''.

SEC. 616. ELIGIBILITY OF RURAL EMPOWERMENT ZONES, RURAL ENTERPRISE COMMUNITIES, AND CHAMPION COMMUNITIES FOR DIRECT AND GUARANTEED LOANS FOR ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the 1st sentence the following: ''The Secretary may also make or insure loans to communities that have been designated as rural empowerment zones or rural enterprise communities pursuant to part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986, as rural enterprise communities pursuant to section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, or as champion communities (as determined by the Secretary), to provide for the installation or improvement of essential community facilities including necessary related equipment, and to furnish financial assistance or other aid in planning projects for such purposes.''.

SEC. 617. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.

(a) IN GENERAL.—The Secretary of Agriculture may make a grant to a nonprofit organization with the capacity to train farm workers, or to a consortium of non-profit organizations, agribusinesses, State and local governments, agricultural labor organizations, and community-based organizations with that capacity.

(b) USE OF FUNDS.—An entity to which a grant is made under this section shall use the grant to train farm workers to use new technologies and develop specialized skills for agricultural development.

(c) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For grants under this section, there are authorized to be appropriated to the Secretary of Agriculture not more than $10,000,000 for each of fiscal years 2002 through 2011.

SEC. 618. LOAN GUARANTEES FOR THE PURCHASE OF STOCK IN A FARMER COOPERATIVE SEEKING TO MODERNIZE OR EXPAND.

Section 310B(g)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)(2)) is amended by striking ''start-up'' and all that follows and inserting ''capital stock of a farmer cooperative established for an agricultural purpose.''.

SEC. 619. INTANGIBLE ASSETS AND SUBORDINATED UNSECURED DEBT REQUIRED TO BE CONSIDERED IN DETERMINING ELIGIBILITY OF FARMER-OWNED COOPERATIVE FOR BUSINESS AND INDUSTRY GUARANTEED LOAN.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

''(h) INTANGIBLE ASSETS AND SUBORDINATED UNSECURED DEBT REQUIRED TO BE CONSIDERED IN DETERMINING ELIGIBILITY OF FARMER-OWNED COOPERATIVE FOR BUSINESS AND INDUSTRY GUARANTEED LOAN.—In determining whether a cooperative organization owned by farmers is eligible for a guaranteed loan under subsection (a)(1), the Secretary may consider the value of the intangible assets and subordinated unsecured debt of the cooperative organization.''.

SEC. 620. BAN ON LIMITING ELIGIBILITY OF FARMER COOPERATIVE FOR BUSINESS AND INDUSTRY LOAN GUARANTEE BASED ON POPULATION OF AREA IN WHICH COOPERATIVE IS LOCATED; REFINANCING.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is further amended by adding at the end of the following:

''(i) SPECIAL RULES APPLICABLE TO FARMER COOPERATIVES UNDER THE BUSINESS AND INDUSTRY LOAN PROGRAM.—In determining whether a cooperative organization owned by farmers is eligible for a guaranteed loan under subsection (a)(1), the Secretary shall not apply any lending restriction based on population to the area in which the cooperative organization is located.

''(j) REFINANCING.—A cooperative organization owned by farmers that is eligible to receive a business or industry guaranteed loan under subsection (a) shall be eligible to refinance an existing loan with the same lender or a new lender if—

''(1) the original loan—

''(A) is current and performing; and

''(B) is not in default; and

''(2) the cooperative organization has adequate security or collateral (including tangible and intangible assets).''.

SEC. 621. RURAL WATER AND WASTE FACILITY GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended by striking ''aggregating not to exceed $590,000,000 in any fiscal year''.

SEC. 622. RURAL WATER CIRCUIT RIDER PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a national rural water and wastewater circuit rider grant program that shall be modeled after the National Rural Water Association Rural Water Circuit Rider Program that receives funding from the Rural Utilities Service.

(b) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out subsection (a), there are authorized to be appropriated to the Secretary of Agriculture $15,000,000 for each fiscal year.

SEC. 623. RURAL WATER GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a national grassroots source water protection program that will utilize the on-site technical assistance capabilities of State rural water associations that are operating wellhead or ground water protection programs in each State.

(b) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out subsection (a), there are authorized to be appropriated to the Secretary of Agriculture $5,000,000 for each fiscal year.

SEC. 624. DELTA REGIONAL AUTHORITY.

Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking ''2002'' and inserting ''2011''.

SEC. 625. PREDEVELOPMENT AND SMALL CAPITALIZATION LOAN FUND.

The Secretary of Agriculture may make grants to private, nonprofit, multi-State rural community assistance programs to capitalize revolving funds for the purpose of financing eligible projects of predevelopment, repair, and improvement costs of existing water and wastewater systems. Financing provided using funds appropriated to carry out this program may not exceed $300,000.

SEC. 626. RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM.

The Secretary of Agriculture may use an additional source of funding for economic development programs administered by the Department of Agriculture through guaranteeing fees on guarantees of bonds and notes issued by cooperative lenders for electricity and telecommunications purposes.

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—Extensions

SEC. 700. MARKET EXPANSION RESEARCH.

Section 1436(b)(3)(C) of the Food Security Act of 1985 (7 U.S.C. 1632(b)(3)(C)) is amended by striking ''1990'' and inserting ''2011''.

SEC. 701. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 702. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417(l) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(l)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 703. POLICY RESEARCH CENTERS.

Section 1419A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(d)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 704. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 705. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 706. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 707. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 708. APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 709. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 710. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS AT 1890 LAND-GRANT INSTITUTIONS.

Sections 1448(a)(1) and (f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c(a)(1) and (f)) are amended by striking ''2002'' each place it appears and inserting ''2011''.

SEC. 711. HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 712. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching

Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 713. UNIVERSITY RESEARCH.

Subsections (a) and (b) of section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a) and (b)) are amended by striking ''2002'' each place it appears and inserting ''2011''.

SEC. 714. EXTENSION SERVICE.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''2002'' and inserting ''2011''.

SEC. 715. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 716. AGRICULTURE RESEARCH FACILITIES.

The first sentence of section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking ''2002'' and inserting ''2011''.

SEC. 717. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 718. NATIONAL GENETICS RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 719. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(h)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 720. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 721. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 722. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 1664(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908(g)(1)) is amended by striking ''2002'' and inserting ''2011''.

(b) CAPITALIZATION.—Section 1664(g)(2) of such Act (7 U.S.C. 5908(g)(2)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 723. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 724. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 725. BIOBASED PRODUCTS.

(a) PILOT PROJECT.—Section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) is amended by striking ''2001'' and inserting ''2011''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 404(h) of such Act (7 U.S.C. 7624(h)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 726. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(e)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 727. INSTITUTIONAL CAPACITY BUILDING GRANTS.

(a) GENERALLY.—Section 535(b)(1) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''2000'' and inserting ''2011''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 535(c) of such Act is amended by striking ''2000'' and inserting ''2011''.

SEC. 728. 1994 INSTITUTION RESEARCH GRANTS.

Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''2002'' and inserting ''2011''.

SEC. 729. ENDOWMENT FOR 1994 INSTITUTIONS.

The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''$4,600,000'' and all that follows through the period and inserting ''such sums as are necessary to carry out this section for each of fiscal years 1996 through 2011.''.

SEC. 730. PRECISION AGRICULTURE.

Section 403(i) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 731. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 732. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 733. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 734. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 735. GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 736. BIOMASS RESEARCH AND DEVELOPMENT.

Title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) is amended—

(1) in section 307(f), by striking ''2005'' and inserting ''2011''; and

(2) in section 310, by striking ''2005'' and inserting ''2011''.

SEC. 737. AGRICULTURAL EXPERIMENT STATIONS RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 738. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS NATIONAL RESEARCH INITIATIVE.

Section 2(b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 739. FEDERAL AGRICULTURAL RESEARCH FACILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking ''2002'' and inserting ''2011''.

SEC. 740. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act''; 7 U.S.C. 473a) is amended by striking ''2002'' and inserting ''2011''.

SEC. 740A. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 740B. PRIVATE NONINDUSTRIAL HARDWOOD RESEARCH PROGRAM.

(a) IN GENERAL.—The Secretary shall establish a program to provide competitive grants to producers to be used for basic hardwood research projects directed at—

(1) improving timber management techniques;

(2) increasing timber production;

(3) expanding genetic research; and

(4) addressing invasive and endangered species.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2011.

Subtitle B—Modifications

SEC. 741. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''$50,000'' and inserting ''$100,000''.

(b) WITHDRAWALS AND EXPENDITURES.—Section 533(c)(4)(A) of such Act is amended by striking ''section 390(3)'' and all that follows through ''1998)'' and inserting ''section 2(a)(7) of the Tribally Controlled College or University Assistance Act of 1978)''.

(c) ACCREDITATION.—Section 533(a)(3) of such Act is amended by striking ''under sections 534 and 535'' and inserting ''under sections 534, 535, and 536''.

(d) 1994 INSTITUTIONS.—Section 532 of such Act is amended by striking paragraphs (1) through (30) and inserting the following:

''(1) Bay Mills Community College.

''(2) Blackfeet Community College.

''(3) Cankdeska Cikana Community College.

''(4) College of Menominee Nation.

''(5) Crownpoint Institute of Technology.

''(6) D–Q University.

''(7) Diné College.

''(8) Dull Knife Memorial College.

''(9) Fond du Lac Tribal and Community College.

''(10) Fort Belknap College.

''(11) Fort Berthold Community College.

''(12) Fort Peck Community College.

''(13) Haskell Indian Nations University.

''(14) Institute of American Indian and Alaska Native Culture and Arts Development.

''(15) Lac Courte Oreilles Ojibwa Community College.

''(16) Leech Lake Tribal College.

''(17) Little Big Horn College.

''(18) Little Priest Tribal College.

''(19) Nebraska Indian Community College.

''(20) Northwest Indian College.
''(21) Oglala Lakota College.
''(22) Salish Kootenai College.
''(23) Sinte Gleska University.
''(24) Sisseton Wahpeton Community College.
''(25) Si Tanka/Huron University.
''(26) Sitting Bull College.
''(27) Southwestern Indian Polytechnic Institute.
''(28) Stone Child College.
''(29) Turtle Mountain Community College.
''(30) United Tribes Technical College.''.

SEC. 742. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.

Section 1404(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(4)) is amended—

(1) by striking the period at the end of subparagraph (E) and inserting '', or''; and

(2) by adding at the end the following: ''(F) is one of the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994).''.

SEC. 743. AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998.

(a) PRIORITY MISSION AREAS.—Section 401(c)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(c)(2)) is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

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

''(G) alternative fuels and renewable energy sources.''.

(b) PRECISION AGRICULTURE.—Section 403 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623) is amended—

(1) in subsection (a)(5)(F), by inserting ''(including improved use of energy inputs)'' after ''farm production efficiencies''; and

(2) in subsection (d)—

(A) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

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

''(4) Improve on farm energy use efficiencies.''.

(c) THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.—Section 405(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(a)) is amended by striking ''and marketing'' and inserting '', marketing, and efficient use''.

(d) COORDINATED PROGRAM OF RESEARCH, EXTENSION, AND EDUCATION TO IMPROVE VIABILITY OF SMALL- AND MEDIUM-SIZE DAIRY, LIVESTOCK, AND POULTRY OPERATIONS.—Section 407(b)(3) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7627(b)(3)) is amended by inserting ''(including improved use of energy inputs)'' after ''poultry systems that increase efficiencies''.

(e) SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.—

(1) RESEARCH GRANT AUTHORIZED.—Section 408(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(a)) is amended to read as follows:

''(a) RESEARCH GRANT AUTHORIZED.—The Secretary of Agriculture may make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to carry out multi-State research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by Fusarium graminearum and related fungi (referred to in this section as 'wheat scab') or by Tilletia indica and related fungi (referred to in this section as 'Karnal bunt').''.

(2) RESEARCH COMPONENTS.—Section 408(b) of such Act (7 U.S.C. 7628(b)) is amended—

(A) in paragraph (1), by inserting ''or of Karnal bunt,'' after ''epidemiology of wheat scab'';

(B) in paragraph (1), by inserting '', triticale,'' after ''occurring in wheat'';

(C) in paragraph (2), by inserting ''or Karnal bunt'' after ''wheat scab'';

(D) in paragraph (3)(A), by striking ''and barley for the presence of'' and inserting '', triticale, and barley for the presence of Karnal bunt or of'';

(E) in paragraph (3)(B), by striking ''and barley infected with wheat scab'' and inserting '', triticale, and barley infected with wheat scab or with Karnal bunt'';

(F) in paragraph (3)(C), by inserting ''wheat scab'' after ''to render'';

(G) in paragraph (4), by striking ''and barley to wheat scab'' and inserting '', triticale, and barley to wheat scab and to Karnal bunt''; and

(H) in paragraph (5)—

(i) by inserting ''and Karnal bunt'' after ''wheat scab''; and

(ii) by inserting '', triticale,'' after ''resistant wheat''.

(3) COMMUNICATIONS NETWORKS.—Section 408(c) of such Act (7 U.S.C. 7628(c)) is amended by inserting ''or Karnal bunt'' after ''wheat scab''.

(4) TECHNICAL AMENDMENTS.—(A) The section heading for section 408 of such Act is amended by striking ''**AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM**'' and inserting ''**, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA**''.

(B) The table of sections for such Act is amended by striking ''and barley caused by fusarium graminearum'' in the item relating to section 408 and inserting '', triticale, and barley caused by Fusarium graminearum or by Tilletia indica''.

(f) PROGRAM TO CONTROL JOHNE'S DISEASE.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following new section:

''SEC. 409. BOVINE JOHNE'S DISEASE CONTROL PROGRAM.

''(a) ESTABLISHMENT.—The Secretary of Agriculture, in coordination with State veterinarians and other appropriate State animal health professionals, may establish a program to conduct research, testing, and evaluation of programs for the control and management of Johne's disease in livestock.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section for each of fiscal years 2003 through 2011.''.

SEC. 744. FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990.

(a) AGRICULTURAL GENOME INITIATIVE.—Section 1671(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(b)) is amended—

(1) in paragraph (3), by inserting ''pathogens and'' before ''diseases causing economic hardship'';

(2) in paragraph (6), by striking ''and'' at the end;

(3) by redesignating paragraph (7) as paragraph (8); and

(4) by inserting after paragraph (6) the following new paragraph:

''(7) reducing the economic impact of plant pathogens on commercially important crop plants; and''.

(b) HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.—Section 1672(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended by adding at the end the following new paragraphs:

''(25) RESEARCH TO PROTECT THE UNITED STATES FOOD SUPPLY AND AGRICULTURE FROM BIOTERRORISM.—Research grants may be made under this section for the purpose of developing technologies, which support the capability to deal with the threat of agricultural bioterrorism.

''(26) WIND EROSION RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating wind erosion models.

''(27) CROP LOSS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating crop loss models.

''(28) LAND USE MANAGEMENT RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of evaluating the environmental benefits of land use management tools such as those provided in the Farmland Protection Program.

''(29) WATER AND AIR QUALITY RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding agricultural impacts to air and water quality and means to address them.

''(30) REVENUE AND INSURANCE TOOLS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of better understanding the impact of revenue and insurance tools on farm income.

''(31) AGROTOURISM RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding the economic, environmental, and food systems impacts on agrotourism.

''(32) HARVESTING PRODUCTIVITY FOR FRUITS AND VEGETABLES.—Research and extension grants may be made under this section for the purpose of improving harvesting productivity for fruits and vegetables (including citrus), including the development of mechanical harvesting technologies and effective, economical, and safe abscission compounds.

''(33) NITROGEN-FIXATION BY PLANTS.—Research and extension grants may be made under this section for the purpose of enhancing the nitrogen-fixing ability and efficiency of legumes, developing new varieties of legumes that fix nitrogen more efficiently, and developing new varieties of other commercially important crops that potentially are able to fix nitrogen.

''(34) AGRICULTURAL MARKETING.—Extension grants may be made under this section for the purpose of providing education materials, information, and outreach programs regarding commodity and livestock marketing strategies for agricultural producers and for cooperatives and other marketers of any agricultural commodity, including livestock.

''(35) ENVIRONMENT AND PRIVATE LANDS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of researching the use of computer models to aid in assessment of best management practices on a watershed basis, working with government, industry, and private landowners to help craft industry-led solutions to identified environmental issues, researching and monitoring water, air, or soil environmental quality to aid in the development of new approaches to local environmental concerns, and working with local, State, and federal officials to help craft effective environmental solutions that respect private property rights and agricultural production realities.

''(36) LIVESTOCK DISEASE RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of identifying possible livestock disease

threats, educating the public regarding livestock disease threats, training persons to deal with such threats, and conducting related research.

''(37) PLANT GENE EXPRESSION.—Research and development grants may be made under this section for the purpose of plant gene expression research to accelerate the application of basic plant genomic science to the development and testing of new varieties of enhanced food crops, crops that can be used as renewable energy sources, and other alternative uses of agricultural crops.''.

SEC. 745. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.

(a) NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMIC ADVISORY BOARD.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended—

(1) in subsection (b)(3)—

(A) by redesignating subparagraphs (R) through (DD) as subparagraphs (S) through (EE), respectively; and

(B) by inserting after subparagraph (Q) the following new subparagraph:

''(R) 1 member representing a nonland grant college or university with a historic commitment to research in the food and agricultural sciences.'';

(2) in subsection (c)(1), by striking ''and land-grant colleges and universities'' and inserting '', land-grant colleges and universities, and the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies of the Committee on Appropriations of the House of Representatives, and the Subcommittee on Agriculture, Rural Development and Related Agencies of the Committee on Appropriations of the Senate'';

(3) in subsection (d)(1), inserting ''consult with any appropriate agencies of the Department of Agriculture and'' after ''the Advisory Board shall''; and

(4) in subsection (b)(1), by striking ''30 members'' and inserting ''31 members''.

(b) GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is amended—

(1) in subsection (a)(2), by inserting ''and animal fats and oils'' after ''industrial oilseed crops''; and

(2) in subsection (a)(4), by inserting ''or triglycerides'' after ''other industrial hydrocarbons''.

(c) FAS OVERSEAS INTERN PROGRAM.—Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) by striking ''and'' at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting ''; and''; and

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

''(10) establish a program, to be coordinated by the Cooperative State Research, Education, and Extension Service and the Foreign Agricultural Service, to place interns from United States colleges and universities at Foreign Agricultural Service field offices overseas.''.

SEC. 746. BIOMASS RESEARCH AND DEVELOPMENT.

Title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) is amended—

(1) in section 302(3), by inserting ''or biodiesel'' after ''such as ethanol'';

(2) in section 303(3), by inserting ''animal byproducts,'' after ''fibers,''; and

(3) in section 306(b)(1)—

(A) by redesignating subparagraphs (E) through (J) as subparagraphs (F) through (K), respectively; and

(B) by inserting after subparagraph (D) the following new subparagraph:

''(E) an individual affiliated with a livestock trade association;''.

SEC. 747. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended to read as follows:

''SEC. 1668. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

''(a) PURPOSE.—It is the purpose of this section—

''(1) to authorize and support environmental assessment research to help identify and analyze environmental effects of biotechnology; and

''(2) to authorize research to help regulators develop long-term policies concerning the introduction of such technology.

''(b) GRANT PROGRAM.—The Secretary of Agriculture shall establish a grant program within the Cooperative State Research, Education, and Extension Service and the Agricultural Research Service to provide the necessary funding for environmental assessment research concerning the introduction of genetically engineered plants and animals into the environment.

''(c) TYPES OF RESEARCH.—Types of research for which grants may be made under this section shall include the following:

''(1) Research designed to identify and develop appropriate management practices to minimize physical and biological risks associated with genetically engineered animals and plants once they are introduced into the environment.

''(2) Research designed to develop methods to monitor the dispersal of genetically engineered animals and plants.

''(3) Research designed to further existing knowledge with respect to the characteristics, rates and methods of gene transfer that may occur between genetically engineered plants and animals and related wild and agricultural organisms.

''(4) Environmental assessment research designed to provide analysis, which compares the relative impacts of plants and animals modified through genetic engineering to other types of production systems.

''(5) Other areas of research designed to further the purposes of this section.

''(d) ELIGIBILITY REQUIREMENTS.—Grants under this section shall be—

''(1) made on the basis of the quality of the proposed research project; and

''(2) available to any public or private research or educational institution or organization.

''(e) CONSULTATION.—In considering specific areas of research for funding under this section, the Secretary of Agriculture shall consult with the Administrator of the Animal and Plant Health Inspection Service and the National Agricultural Research, Extension, Education, and Economics Advisory Board.

''(f) PROGRAM COORDINATION.—The Secretary of Agriculture shall coordinate research funded under this section with the Office of Research and Development of the Environmental Protection Agency in order to avoid duplication of research activities.

''(g) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated such sums as necessary to carry out this section.

''(2) WITHHOLDINGS FROM BIOTECHNOLOGY OUTLAYS.—The Secretary of Agriculture shall withhold from outlays of the Department of Agriculture for research on biotechnology, as defined and determined by the Secretary, at least 3 percent of such amount for the purpose of making grants under this section for research on biotechnology risk assessment. Except that, funding from this authorization should be collected and applied to the maximum extent practicable to risk assessment research on all categories identified as biotechnology by the Secretary.''.

SEC. 748. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

Section 2(a) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(a)) is amended by adding at the end the following new paragraph:

''(3) DETERMINATION OF HIGH PRIORITY RESEARCH.—Research priorities shall be determined by the Secretary on an annual basis, taking into account input as gathered by the Secretary through the National Agricultural Research, Extension, Education, and Economics Advisory Board.''.

SEC. 749. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended—

(1) by amending subsection (c) to read as follows:

''(c) MATCHING FORMULA.—For each of fiscal years 2003 through 2011, the State shall provide matching funds from non-Federal sources. Such matching funds shall be for an amount equal to not less than 60 percent of the formula funds to be distributed to the eligible institution, and shall increase by 10 percent each fiscal year thereafter until fiscal year 2007.''; and

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

''(d) WAIVER AUTHORITY.—Notwithstanding subsection (f), the Secretary may waive the matching funds requirement under subsection (c) above the 50 percent level for fiscal years 2003 through 2011 for an eligible institution of a State if the Secretary determines that the State will be unlikely to satisfy the matching requirement.''.

SEC. 749A. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES FOR THE UNITED STATES TERRITORIES.

(a) RESEARCH MATCHING REQUIREMENT.—Section 3(d)(4) of the Hatch Act of 1887 (7 U.S.C. 361c(d)(4)) is amended by striking ''the same matching funds'' and all that follows through the end of the sentence and inserting ''matching funds requirements from non-Federal sources for fiscal years 2003 through 2011 in an amount equal to not less than 50 percent of the formula funds to be distributed to the Territory. The Secretary may waive the matching funds requirements for a Territory for any of the fiscal years 2003 through 2011 if the Secretary determines that the Territory will be unlikely to satisfy the matching funds requirement for that fiscal year.''.

(b) EXTENSION MATCHING REQUIREMENT.—Section 3(e)(4) of the Smith-Lever Act (7 U.S.C. 343(e)(4)) is amended by striking ''the same matching funds'' and all that follows through the end of the sentence and inserting ''matching funds requirements from non-Federal sources for fiscal years 2003 through 2011 in an amount equal to not less than 50 percent of the formula funds to be distributed to the Territory. The Secretary may waive the matching funds requirements for a Territory for any of the fiscal years 2003 through 2011 if the Secretary determines that the Territory will be unlikely to satisfy the matching funds requirement for that fiscal year.''.

SEC. 750. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

(a) FUNDING.—Section 401(b)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)(1)) is amended to read as follows:

''(1) IN GENERAL.—

''(A) TOTAL AMOUNT TO BE TRANSFERRED.—On October 1, 2003, and each October 1 thereafter through September 30, 2011, the Secretary of Agriculture shall deposit funds of the Commodity Credit Corporation into the Account. The total amount of Commodity Credit Corporation funds deposited into the Account under this subparagraph shall equal $1,160,000,000.

''(B) EQUAL AMOUNTS.—To the maximum extent practicable, the amounts deposited into the Account pursuant to subparagraph (A) shall be deposited in equal amounts for each fiscal year.

''(C) AVAILABILITY OF FUNDS.—Amounts deposited into the Account pursuant to subparagraph (A) shall remain available until expended.''.

(b) AVAILABILITY OF FUNDS.—Section 401(f)(6) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(f)(6)) is amended to read as follows:

''(6) AVAILABILITY OF FUNDS.—Funds made available under this section to the Secretary prior to October 1, 2003, for grants under this section shall be available to the Secretary for a 2-year period.''.

SEC. 751. CARBON CYCLE RESEARCH.

Section 221 of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 114 Stat. 407) is amended—

(1) in subsection (a), by striking ''Of the amount'' and all that follows through ''to provide'' and inserting ''To the extent funds are made available for this purpose, the Secretary shall provide'';

(2) in subsection (d), by striking ''under subsection (a)'' and inserting ''for this section''; and

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

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 2002 through 2011 such sums as may be necessary to carry out this section.''.

SEC. 752. DEFINITION OF FOOD AND AGRICULTURAL SCIENCES.

Section 2(3) of the Research Facilities Act (7 U.S.C. 390(2)(3)) is amended to read as follows:

''(3) FOOD AND AGRICULTURAL SCIENCES.—The term 'food and agricultural sciences' has the meaning given that term in section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)).''.

SEC. 753. FEDERAL EXTENSION SERVICE.

Section 3(b)(3) of the Smith-Lever Act (7 U.S.C. 343(b)(3)) is amended by striking ''$5,000,000'' and inserting ''such sums as are necessary''.

SEC. 754. POLICY RESEARCH CENTERS.

Section 1419A(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(c)(3)) is amended by striking ''collect and analyze data'' and inserting ''collect, analyze, and disseminate data''.

SEC. 755. ANIMALS USED IN RESEARCH.

Section 2(g) of the Animal Welfare Act (7 U.S.C. 2132(g)) is amended by inserting ''birds, rats of the genus *Rattus*, and mice of the genus *Mus*, that are bred for use in research, and'' after ''excludes''.

Subtitle C—Related Matters

SEC. 761. RESIDENT INSTRUCTION AT LAND-GRANT COLLEGES IN UNITED STATES TERRITORIES.

(a) PURPOSE.—It is the purpose of this section to promote and strengthen higher education in the food and agricultural sciences at agricultural and mechanical colleges located in the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau (hereinafter referred to in this section as ''eligible institutions'') by formulating and administering programs to enhance teaching programs in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agriculture production and delivery system.

(b) GRANTS.—The Secretary of Agriculture shall make competitive grants to those eligible institutions having a demonstrable capacity to carry out the teaching of food and agricultural sciences.

(c) USE OF GRANT FUNDS.—Grants made under subsection (b) shall be used to—

(1) strengthen institutional educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, in order to respond to identified State, regional, national, or international education needs in the food and agricultural sciences;

(2) attract and support undergraduate and graduate students in order to educate them in identified areas of national need to the food and agriculture sciences;

(3) facilitate cooperative initiatives between two or more eligible institutions or between eligible institutions and units of State Government, organizational in the private sector, to maximize the development and use of resources such as faculty, facilities, and equipment to improve food and agricultural sciences teaching programs; and

(4) conduct undergraduate scholarship programs to assist in meeting national needs for training food and agricultural scientists.

(d) GRANT REQUIREMENTS.—

(1) The Secretary of Agriculture shall ensure that each eligible institution, prior to receiving grant funds under subsection (b), shall have a significant demonstrable commitment to higher education programs in the food and agricultural sciences and to each specific subject area for which grant funds under this subsection are to be used.

(2) The Secretary of Agriculture may require that any grant awarded under this section contain provisions that require funds to be targeted to meet the needs identified in section 1402 of the National Agriculture Research, Extension, and Teaching Policy Act of 1977.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary for each of the fiscal years 2002 through 2011 to carry out this section.

SEC. 762. DECLARATION OF EXTRAORDINARY EMERGENCY AND RESULTING AUTHORITIES.

(a) REVIEW OF PAYMENT OF COMPENSATION.—Section 415(e) of the Plant Protection Act (7 U.S.C. 7715(e)) is amended by inserting before the final period the following: ''or review by any officer of the Government other than the Secretary or the designee of the Secretary''.

(b) REVIEW OF CERTAIN DECISIONS.—

(1) PLANT PROTECTION ACT.—Section 442 of the Plant Protection Act (7 U.S.C. 7772) is amended by adding at the end following new subsection:

''(f) SECRETARIAL DISCRETION.—The action of any officer, employee, or agent of the Secretary in carrying out this section, including determining the amount of and making any payment authorized to be made under this section, shall not be subject to review by any officer of the Government other than the Secretary or the designee of the Secretary.''.

(2) OTHER PLANT AND ANIMAL PEST AND DISEASE LAWS.—Section 11 of the Act of May 29, 1884 (21 U.S.C. 114a; commonly known as the ''Animal Industry Act'') and the first section of the Act of September 25, 1981 (7 U.S.C. 147b), are each amended by adding at the end the following new sentence: ''The action of any officer, employee, or agent of the Secretary in carrying out this section, including determining the amount of and making any payment authorized to be made under this section, shall not be subject to review by any officer of the Government other than the Secretary or the designee of the Secretary.''.

(c) METHYL BROMIDE.—The Plant Protection Act (7 U.S.C. 7701 et seq.) is amended by inserting after section 418 the following new section:

''SEC. 419. METHYL BROMIDE.

''(a) IN GENERAL.—The Secretary, upon request of State, local, or tribal authorities, shall determine whether methyl bromide treatments or applications required by State, local, or tribal authorities to prevent the introduction, establishment, or spread of plant pests (including diseases) or noxious weeds should be authorized as an official control or official requirement.

''(b) ADMINISTRATION.—

''(1) TIMELINE FOR DETERMINATION.—The Secretary shall make the determination required by subsection (a) not later than 90 days after receiving the request for such a determination.

''(2) REGULATIONS.—The promulgation of regulations for and the administration of this section shall be made without regard to—

''(A) the notice and comment provisions of section 553 of title 5, United States Code;

''(B) the Statement of Policy of the Secretary of Agriculture, effective July 24, 1971 (36 Fed. Reg. 13804; relating to notices of proposed rulemaking and public participation in rulemaking); and

''(C) chapter 35 of title 44, United States Code (commonly known as the 'Paperwork Reduction Act').

''(c) REGISTRY.—Not later than 180 days after the date of the enactment of this section, the Secretary shall publish, and thereafter maintain, a registry of State, local, and tribal requirements authorized by the Secretary under this section.''.

SEC. 763. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR THE DEVELOPING WORLD.

(a) GRANT PROGRAM.—The Secretary of Agriculture shall establish a program to award grants to entities described in subsection (b) for the development of agricultural biotechnology with respect to the developing world. The Secretary shall administer and oversee the program through the Foreign Agricultural Service of the Department of Agriculture.

(b) PARTNERSHIPS.—(1) In order to be eligible to receive a grant under this section, the grantee must be a participating institution of higher education, a nonprofit organization, or consortium of for profit institutions with in-country agricultural research institutions.

(2) A participating institution of higher education shall be an historically black or land-grant college or university, an Hispanic serving institution, or a tribal college or university that has agriculture or the biosciences in its curricula.

(c) COMPETITIVE AWARD.—Grants shall be awarded under this section on a merit-reviewed competitive basis.

(d) USE OF FUNDS.—The activities for which the grant funds may be expended include the following:

(1) Enhancing the nutritional content of agricultural products that can be grown in the developing world to address malnutrition through biotechnology.

(2) Increasing the yield and safety of agricultural products that can be grown in the developing world through biotechnology.

(3) Increasing through biotechnology the yield of agricultural products that can be grown in the developing world that are drought and stress-resistant.

(4) Extending the growing range of crops that can be grown in the developing world through biotechnology.

(5) Enhancing the shelf-life of fruits and vegetables grown in the developing world through biotechnology.

(6) Developing environmentally sustainable agricultural products through biotechnology.

(7) Developing vaccines to immunize against life-threatening illnesses and other medications that can be administered by consuming genetically engineered agricultural products.

(e) FUNDING SOURCE.—Of the funds deposited in the Treasury account known as the Initiative for Future Agriculture and Food Systems on October 1, 2003, and each October 1 thereafter through October 1, 2007, the Secretary of Agriculture shall use $5,000,000 during each of fiscal years 2004 through 2008 to carry out this section.

Subtitle D—Repeal of Certain Activities and Authorities

SEC. 771. FOOD SAFETY RESEARCH INFORMATION OFFICE AND NATIONAL CONFERENCE.

(a) REPEAL.—Subsections (b) and (c) of section 615 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7654(b) and (c)) are repealed.

(b) CONFORMING AMENDMENTS.—

(1) GENERALLY.—Section 615 of such Act is amended—

(A) in the section heading, by striking ''and national conference'';

(B) by striking ''(a) FOOD SAFETY RESEARCH INFORMATION OFFICE.—'';

(C) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c), respectively, and moving the margins 2 ems to the left;

(D) in subsection (b) (as so redesignated), by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and moving the margins 2 ems to the left; and

(E) in subsection (c) (as so redesignated), by striking ''this subsection'' and inserting ''this section''.

(2) TABLE OF SECTIONS.—The table of sections for such Act is amended by striking ''and National Conference'' in the item relating to section 615.

SEC. 772. REIMBURSEMENT OF EXPENSES UNDER SHEEP PROMOTION, RESEARCH, AND INFORMATION ACT OF 1994.

Section 617 of the Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105–185; 112 Stat. 607) is repealed.

SEC. 773. NATIONAL GENETIC RESOURCES PROGRAM.

Section 1634 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5843) is repealed.

SEC. 774. NATIONAL ADVISORY BOARD ON AGRICULTURAL WEATHER.

(a) REPEAL.—Section 1639 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5853) is repealed.

(b) CONFORMING AMENDMENT.—Section 1640(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5854(b)) is amended by striking ''take into'' and all that follows through ''Weather and''.

SEC. 775. AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND.

Section 1420 of the National Agricultural Research, Extension and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1551) is repealed.

SEC. 776. PESTICIDE RESISTANCE STUDY.

Section 1437 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1558) is repealed.

SEC. 777. EXPANSION OF EDUCATION STUDY.

Section 1438 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1559) is repealed.

SEC. 778. SUPPORT FOR ADVISORY BOARD.

(a) REPEAL.—Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) is repealed.

(b) CONFORMING AMENDMENT.—Section 1413(c) of such Act (7 U.S.C. 3128(c)) is amended by striking ''section 1412 of this title and''.

SEC. 779. TASK FORCE ON 10-YEAR STRATEGIC PLAN FOR AGRICULTURAL RESEARCH FACILITIES.

(a) REPEAL.—Section 4 of the Research Facilities Act (7 U.S.C. 390b) is repealed.

(b) CONFORMING AMENDMENT.—Section 2 of such Act (7 U.S.C. 390) is amended by striking paragraph (5).

Subtitle E—Agriculture Facility Protection

SEC. 790. ADDITIONAL PROTECTIONS FOR ANIMAL OR AGRICULTURAL ENTERPRISES, RESEARCH FACILITIES, AND OTHER ENTITIES.

(a) DEFINITIONS.—The Research Facilities Act (7 U.S.C. 390 et seq.) is amended—

(1) by redesignating section 6 as section 7; and

(2) by inserting after section 5 the following new section:

''SEC. 6. ADDITIONAL PROTECTIONS FOR ANIMAL OR AGRICULTURAL ENTERPRISES, RESEARCH FACILITIES, AND OTHER ENTITIES AGAINST DISRUPTION.

''(a) DEFINITIONS.—For the purposes of this section, the following definitions apply:

''(1) ANIMAL OR AGRICULTURAL ENTERPRISE.—The term 'animal or agricultural enterprise' means any of the following:

''(A) A commercial, governmental, or academic enterprise that uses animals, plants, or other biological materials for food or fiber production, breeding, processing, research, or testing.

''(B) A zoo, aquarium, circus, rodeo, or other entity that exhibits or uses animals, plants, or other biological materials for educational or entertainment purposes.

''(C) A fair or similar event intended to advance agricultural arts and sciences.

''(D) A facility managed or occupied by an association, federation, foundation, council, or other group or entity of food or fiber producers, processors, or agricultural or biomedical researchers intended to advance agricultural or biomedical arts and sciences.

''(2) ECONOMIC DAMAGE.—The term 'economic damage' means the replacement of the following:

''(A) The cost of lost or damaged property (including all real and personal property) of an animal or agricultural enterprise.

''(B) The cost of repeating an interrupted or invalidated experiment.

''(C) The loss of revenue (including costs related to business recovery) directly related to the disruption of an animal or agricultural enterprise.

''(D) The cost of the tuition and expenses of any student to complete an academic program that was disrupted, or to complete a replacement program, when the tuition and expenses are incurred as a result of the damage or loss of the property of an animal or agricultural enterprise.

''(3) PROPERTY OF AN ANIMAL OR AGRICULTURAL ENTERPRISE.—The term 'property of an animal or agricultural enterprise' means real and personal property of or used by any of the following:

''(A) An animal or agricultural enterprise.

''(B) An employee of an animal or agricultural enterprise.

''(C) A student attending an academic animal or agricultural enterprise.

''(4) DISRUPTION.—The term 'disruption' does not include any lawful disruption that results from lawful public, governmental, or animal or agricultural enterprise employee reaction to the disclosure of information about an animal or agricultural enterprise.

''(b) VIOLATION.—A person may not recklessly, knowingly, or intentionally cause, or contribute to, the disruption of the functioning of an animal or agricultural enterprise by damaging or causing the loss of any property of the animal or agricultural enterprise that results in economic damage, as determined by the Secretary.

''(c) ASSESSMENT OF CIVIL PENALTY.—

''(1) IN GENERAL.—The Secretary may impose on any person that the Secretary determines violates subsection (b) a civil penalty in an amount determined under paragraphs (2) and (3). The civil penalty may be assessed only on the record after an opportunity for a hearing.

''(2) RECOVERY OF DEPARTMENT COSTS.—The civil penalty assessed by the Secretary against a person for a violation of subsection (b) shall be not less than the total cost incurred by the Secretary for investigation of the violation, conducting any hearing regarding the violation, and assessing the civil penalty.

''(3) RECOVERY OF ECONOMIC DAMAGE.—In addition to the amount determined under paragraph (2), the amount of the civil penalty shall include an amount not less than the total cost (or, in the case of knowing or intentional disruption, not less than 150 percent of the total cost) of the economic damage incurred by the animal or agricultural enterprise, any employee of the animal or agricultural enterprise, or any student attending an academic animal or agricultural enterprise as a result of the damage or loss of the property of an animal or agricultural enterprise.

''(d) IDENTIFICATION.—The Secretary shall identify for each civil penalty assessed under subsection (c), the portion of the amount of the civil penalty that represents the recovery of Department costs and the portion that represents the recovery of economic losses.

''(e) OTHER FACTORS IN DETERMINING PENALTY.— In determining the amount of a civil penalty under subsection (c), the Secretary shall consider the following:

''(1) The nature, circumstance, extent, and gravity of the violation or violations.

''(2) The ability of the injured animal or agricultural enterprise to continue to operate, costs incurred by the animal or agricultural enterprise to recover lost business, and the effect of the violation on earnings of employees of the animal or agricultural enterprise.

''(3) The interruptions experienced by students attending an academic animal or agricultural enterprise.

''(4) Whether the violator has previously violated subsection (a).

''(5) The violator's degree of culpability.

''(f) FUND TO ASSIST VICTIMS OF DISRUPTION.—

''(1) FUND ESTABLISHED.—There is established in the Treasury a fund which shall consist of that portion of each civil penalty collected under subsection (c) that represents the recovery of economic damages.

''(2) USE OF AMOUNTS IN FUND.—The Secretary of Agriculture shall use amounts in the fund to compensate animal or agricultural enterprises, employees of an animal or

agricultural enterprise, and student attending an academic animal or agricultural enterprise for economic losses incurred as a result of the disruption of the functioning of an animal or agricultural enterprise in violation of subsection (b).''.

TITLE VIII—FORESTRY INITIATIVES

SEC. 801. REPEAL OF FORESTRY INCENTIVES PROGRAM AND STEWARDSHIP INCENTIVE PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by striking section 4 (16 U.S.C. 2103) and section 6 (16 U.S.C. 2103b).

SEC. 802. ESTABLISHMENT OF FOREST LAND ENHANCEMENT PROGRAM.

(a) FINDINGS.—Congress finds the following:

(1) There is a growing dependence on private nonindustrial forest lands to supply the necessary market commodities and nonmarket values, such as habitat for fish and wildlife, aesthetics, outdoor recreation opportunities, and other forest resources, required by a growing population.

(2) There is a strong demand for expanded assistance programs for owners of nonindustrial private forest land since the majority of the wood supply of the United States comes from nonindustrial private forest land.

(3) The soil, carbon stores, water and air quality of the United States can be maintained and improved through good stewardship of nonindustrial private forest lands.

(4) The products and services resulting from stewardship of nonindustrial private forest lands provide income and employment that contribute to the economic health and diversity of rural communities.

(5) Wildfires threaten human lives, property, forests, and other resources, and Federal and State cooperation in forest fire prevention and control has proven effective and valuable, in that properly managed forest stands are less susceptible to catastrophic fire, as dramatized by the catastrophic fire seasons of 1998 and 2000.

(6) Owners of private nonindustrial forest lands are being faced with increased pressure to convert their forestland to development and other uses.

(7) Complex, long-rotation forest investments, including sustainable hardwood management, are often the most difficult commitment for small, nonindustrial private forest landowners and, thus, should receive equal consideration under cost-share programs.

(8) The investment of one Federal dollar in State and private forestry programs is estimated to leverage $9 on average from State, local, and private sources.

(b) PURPOSE.—It is the purpose of this section to strengthen the commitment of the Department of Agriculture to sustainable forestry and to establish a coordinated and cooperative Federal, State, and local sustainable forest program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest lands in the United States.

(c) FOREST LAND ENHANCEMENT PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 3 (16 U.S.C. 2102) the following new section 4:

"SEC. 4. FOREST LAND ENHANCEMENT PROGRAM.

''(a) ESTABLISHMENT.—

''(1) ESTABLISHMENT; PURPOSE.—The Secretary shall establish a Forest Land Enhancement Program (in this section referred to as the 'Program') for the purpose of providing financial, technical, educational, and related assistance to State foresters to encourage the long-term sustainability of nonindustrial private forest lands in the United States by assisting the owners of such lands in more actively managing their forest and related resources by utilizing existing State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

''(2) ADMINISTRATION.—The Secretary shall carry out the Program within, and administer the Program through, the Natural Resources Conservation Service.

''(3) COORDINATION.—The Secretary shall implement the Program in coordination with State foresters.

''(b) PROGRAM OBJECTIVES.—In implementing the Program, the Secretary shall target resources to achieve the following objectives:

''(1) Investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest lands in the United States for timber, habitat for flora and fauna, water quality, and wetlands.

''(2) Ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to help meet future public demand for all forest resources and provide environmental benefits.

''(3) Reduce the risks and help restore, recover, and mitigate the damage to forests caused by fire, insects, invasive species, disease, and damaging weather.

''(4) Increase and enhance carbon sequestration opportunities.

''(5) Enhance implementation of agroforestry practices.

''(6) Maintain and enhance the forest landbase and leverage State and local financial and technical assistance to owners that promote the same conservation and environmental values.

''(c) ELIGIBILITY.—

''(1) IN GENERAL.—An owner of nonindustrial private forest land is eligible for cost-sharing assistance under the Program if the owner—

''(A) agrees to develop and implement an individual stewardship, forest, or stand management plan addressing site specific activities and practices in cooperation with, and approved by, the State forester, state official, or private sector program in consultation with the State forester;

''(B) agrees to implement approved activities in accordance with the plan for a period of not less than 10 years, unless the State forester approves a modification to such plan; and

''(C) meets the acreage restrictions as determined by the State forester in conjunction with the State Forest Stewardship Coordinating Committee established under section 19.

''(2) STATE PRIORITIES.—The Secretary, in consultation with the State forester and the State Forest Stewardship Coordinating Committee may develop State priorities for cost sharing under the Program that will promote forest management objectives in that State.

''(3) DEVELOPMENT OF PLAN.—An owner shall be eligible for cost-share assistance for the development of the individual stewardship, forest, or stand management plan required by paragraph (1).

''(d) APPROVED ACTIVITIES.—

''(1) DEVELOPMENT.—The Secretary, in consultation with the State forester and the State Forest Stewardship Coordinating Committee, shall develop a list of approved forest activities and practices that will be eligible for cost-share assistance under the Program within each State.

''(2) TYPE OF ACTIVITIES.—In developing a list of approved activities and practices under paragraph (1), the Secretary shall attempt to achieve the establishment, restoration, management, maintenance, and enhancement of forests and trees for the following:

''(A) The sustainable growth and management of forests for timber production.

''(B) The restoration, use, and enhancement of forest wetlands and riparian areas.

''(C) The protection of water quality and watersheds through the application of State-developed forestry best management practices.

''(D) Energy conservation and carbon sequestration purposes.

''(E) Habitat for flora and fauna.

''(F) The control, detection, and monitoring of invasive species on forestlands as well as preventing the spread and providing for the restoration of lands affected by invasive species.

''(G) Hazardous fuels reduction and other management activities that reduce the risks and help restore, recover, and mitigate the damage to forests caused by fire.

''(H) The development of forest or stand management plans.

''(I) Other activities approved by the Secretary, in coordination with the State forester and the State Forest Stewardship Coordinating Committee.

''(e) COOPERATION.—In implementing the Program, the Secretary shall cooperate with other Federal, State, and local natural resource management agencies, institutions of higher education, and the private sector.

''(f) REIMBURSEMENT OF ELIGIBLE ACTIVITIES.—

''(1) IN GENERAL.—The Secretary shall share the cost of implementing the approved activities that the Secretary determines are appropriate, in the case of an owner that has entered into an agreement to place nonindustrial private forest lands of the owner in the Program.

''(2) RATE.—The Secretary shall determine the appropriate reimbursement rate for cost-share payments under paragraph (1) and the schedule for making such payments.

''(3) MAXIMUM.—The Secretary shall not make cost-share payments under this subsection to an owner in an amount in excess of 75 percent of the total cost, or a lower percentage as determined by the State forester, to such owner for implementing the practices under an approved plan. The maximum payments to any one owner shall be determined by the Secretary.

''(4) CONSULTATION.—The Secretary shall make determinations under this subsection in consultation with the State forester.

''(g) RECAPTURE.—

''(1) IN GENERAL.—The Secretary shall establish and implement a mechanism to recapture payments made to an owner in the event that the owner fails to implement any approved activity specified in the individual stewardship, forest, or stand management plan for which such owner received cost-share payments.

''(2) ADDITIONAL REMEDY.—The remedy provided in paragraph (1) is in addition to any other remedy available to the Secretary.

''(h) DISTRIBUTION.—The Secretary shall distribute funds available for cost sharing under the Program among the States only after giving appropriate consideration to—

''(1) the total acreage of nonindustrial private forest land in each State;

''(2) the potential productivity of such land;

''(3) the number of owners eligible for cost sharing in each State;

''(4) the opportunities to enhance non-timber resources on such forest lands;

''(5) the anticipated demand for timber and nontimber resources in each State;

''(6) the need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather; and

''(7) the need and demand for agroforestry practices in each State.

''(i) DEFINITIONS.—In this section:

''(1) NONINDUSTRIAL PRIVATE FOREST LANDS.—The term 'nonindustrial private forest lands' means rural lands, as determined by the Secretary, that—

''(A) have existing tree cover or are suitable for growing trees; and

''(B) are owned or controlled by any nonindustrial private individual, group, association, corporation, Indian tribe, or other private legal entity (other than a nonprofit private legal entity) so long as the individual, group, association, corporation, tribe, or entity has definitive decision-making authority over the lands, including through long-term leases and other land tenure systems, for a period of time long enough to ensure compliance with the Program.

''(2) OWNER.—The term 'owner' includes a private individual, group, association, corporation, Indian tribe, or other private legal entity (other than a nonprofit private legal entity) that has definitive decision-making authority over nonindustrial private forest lands through a long-term lease or other land tenure systems.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(4) STATE FORESTER.—The term 'State forester' means the director or other head of a State Forestry Agency or equivalent State official.

''(j) AVAILABILITY OF FUNDS.—The Secretary shall use $200,000,000 of funds of the Commodity Credit Corporation to carry out the Program during the period beginning on October 1, 2001, and ending on September 30, 2011.''.

(d) CONFORMING AMENDMENT.—Section 246(b)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(2)) is amended by striking ''forestry incentive program'' and inserting ''Forest Land Enhancement Program''.

SEC. 803. RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) EXTENSION AND AUTHORIZATION INCREASE.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended—

(1) by striking ''$15,000,000'' and inserting ''$30,000,000''; and

(2) by striking ''2002'' and inserting ''2011''.

(b) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following new section:

''SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

''The Secretary shall establish a program to be known as the 'Sustainable Forestry Outreach Initiative' for the purpose of educating landowners regarding the following:

''(1) The value and benefits of practicing sustainable forestry.

''(2) The importance of professional forestry advice in achieving their sustainable forestry objectives.

''(3) The variety of public and private sector resources available to assist them in planning for and practicing sustainable forestry.''.

SEC. 804. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds the following:

(1) The severity and intensity of wildland fires has increased dramatically over the past few decades as a result of past fire and land management policies.

(2) The record 2000 fire season is a prime example of what can be expected if action is not taken.

(3) These wildfires threaten not only the nation's forested resources, but the thousands of communities intermingled with the wildlands in the wildland-urban interface.

(4) The National Fire Plan developed in response to the 2000 fire season is the proper, coordinated, and most effective means to address this wildfire issue.

(5) Whereas adequate authorities exist to tackle the wildfire issues at the landscape level on Federal lands, there is limited authority to take action on most private lands where the largest threat to life and property lies.

(6) There is a significant Federal interest in enhancing community protection from wildfire.

(b) ENHANCED PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following new section:

''SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

''(a) COOPERATIVE MANAGEMENT RELATED TO WILDFIRE THREATS.—The Secretary may cooperate with State foresters and equivalent State officials in the management of lands in the United States for the following purposes:

''(1) Aid in wildfire prevention and control.

''(2) Protect communities from wildfire threats.

''(3) Enhance the growth and maintenance of trees and forests that promote overall forest health.

''(4) Ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

''(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

''(1) ESTABLISHMENT; PURPOSE.—The Secretary shall establish a Community and Private Land Fire Assistance program (in this section referred to as the 'Program')—

''(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

''(B) to augment Federal projects that establish landscape level protection from wildfires;

''(C) to expand outreach and education programs to homeowners and communities about fire prevention; and

''(D) to establish defensible space around private landowners homes and property against wildfires.

''(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the Forest Service and implemented through the State forester or equivalent State official.

''(3) COMPONENTS.—In coordination with existing authorities under this Act, the Secretary may undertake on both Federal and non-Federal lands—

''(A) fuel hazard mitigation and prevention;

''(B) invasive species management;

''(C) multi-resource wildfire planning;

''(D) community protection planning;

''(E) community and landowner education enterprises, including the program known as FIREWISE;

''(F) market development and expansion;

''(G) improved wood utilization;

''(H) special restoration projects.

''(4) CONSIDERATIONS.—The Secretary shall use local contract personnel wherever possible to carry out projects under the Program.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated to the Secretary $35,000,000 for each of fiscal years 2002 through 2011, and such sums as may be necessary thereafter, to carry out this section.''.

SEC. 805. INTERNATIONAL FORESTRY PROGRAM.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (title XXIV of Public Law 101–624; 7 U.S.C. 6704(d)) is amended by striking ''2002'' and inserting ''2011''.

SEC. 806. WILDFIRE PREVENTION AND HAZARDOUS FUEL PURCHASE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the damage caused by wildfire disasters has been equivalent in magnitude to the damage resulting from the Northridge earthquake, Hurricane Andrew, and the recent flooding of the Mississippi River and the Red River;

(2) more than 20,000 communities in the United States are at risk from wildfire and approximately 11,000 of those communities are located near Federal land;

(3) the accumulation of heavy forest fuel loads continues to increase as a result of disease, insect infestations, and drought, further increasing the risk of fire each year;

(4) modification of forest fuel load conditions through the removal of hazardous fuels would—

(A) minimize catastrophic damage from wildfires;

(B) reduce the need for emergency funding to respond to wildfires; and

(C) protect lives, communities, watersheds, and wildlife habitat;

(5) the hazardous fuels removed from forest land represent an abundant renewable resource, as well as a significant supply of biomass for biomass-to-energy facilities;

(6) the United States should invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities; and

(7) the United States should—

(A) develop and expand markets for traditionally underused wood and other biomass as a value-added outlet for excessive forest fuels; and

(B) commit resources to support planning, assessments, and project reviews to ensure that hazardous fuels management is accomplished expeditiously and in an environmentally sound manner.

(b) DEFINITIONS.—In this section:

(1) BIOMASS-TO-ENERGY FACILITY.—The term ''biomass-to-energy facility'' means a facility that uses biomass as a raw material to produce electric energy, useful heat, or a transportation fuel.

(2) ELIGIBLE COMMUNITY.—The term ''eligible community'' means—

(A) any town, township, municipality, or other similar unit of local government (as determined by the Secretary), or any area represented by a nonprofit corporation or institution organized under Federal or State law to promote broad-based economic development, that—

(i) has a population of not more than 10,000 individuals;

(ii) is located within a county in which at least 15 percent of the total primary and secondary labor and proprietor income is derived from forestry, wood products, and forest-related industries, such as recreation, forage production, and tourism; and

(iii) is located near forest land, the condition of which land the Secretary determines poses a substantial present or potential hazard to the safety of—

(I) a forest ecosystem;

(II) wildlife; or

(III) in the case of a wildfire, human, community, or firefighter safety, in a year in which drought conditions are present; and

(B) any county that is not contained within a metropolitan statistical area that meets the conditions described in clauses (ii) and (iii) of subparagraph (A).

(3) FOREST BIOMASS.—The term ''forest biomass'' means fuel and biomass accumulation from precommercial thinnings, slash, and brush on forest land of the United States.

(4) HAZARDOUS FUEL.—

(A) IN GENERAL.—The term ''hazardous fuel'' means any excessive accumulation of organic material on public and private forest land (especially land in an urban-wildland interface area or in an area that is located near an eligible community and designated as condition class 2 under the report of the Forest Service entitled 'Protecting People and Sustainable Resources in Fire-Adapted Ecosystems', dated October 13, 2000, or that is designated as condition class 3 under that report) that the Secretary determines poses a substantial present or potential hazard to the safety of—

(i) a forest ecosystem;

(ii) wildlife; or

(iii) in the case of wildfire, human, community, or firefighter safety, in a year in which drought conditions are present.

(B) EXCLUSION.—The term ''hazardous fuel'' does not include forest biomass.

(5) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(6) SECRETARY.—The term ''Secretary'' means—

(A) the Secretary of Agriculture (or a designee), with respect to National Forest System land and private land in the United States; and

(B) the Secretary of the Interior (or a designee) with respect to Federal land under the jurisdiction of the Secretary of the Interior or an Indian tribe.

(c) HAZARDOUS FUEL GRANT PROGRAM.—

(1) GRANTS.—

(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may make grants to persons that operate biomass-to-energy facilities to offset the costs incurred by those persons in purchasing hazardous fuels derived from public and private forest land adjacent to eligible communities.

(B) SELECTION CRITERIA.—The Secretary shall select recipients for grants under subparagraph (A) based on—

(i) planned purchases by the recipients of hazardous fuels, as demonstrated by the recipient through the submission to the Secretary of such assurances as the Secretary may require; and

(ii) the level of anticipated benefits of those purchases in reducing the risk of wildfires.

(2) GRANT AMOUNTS.—

(A) IN GENERAL.—A grant under this subsection shall—

(i) be based on—

(I) the distance required to transport hazardous fuels to a biomass-to-energy facility; and

(II) the cost of removal of hazardous fuels; and

(ii) be in an amount that is at least equal to the product obtained by multiplying—

(I) the number of tons of hazardous fuels delivered to a grant recipient; by

(II) an amount that is at least $5 but not more than $10 per ton of hazardous fuels, as determined by the Secretary taking into consideration the factors described in clause (i).

(B) LIMITATION ON INDIVIDUAL GRANTS.—

(i) IN GENERAL.—Except as provided in clause (ii), a grant under subparagraph (A) shall not exceed $1,500,000 for any biomass-to-energy facility for any year.

(ii) SMALL BIOMASS-TO-ENERGY FACILITIES.—A biomass-to-energy facility that has an annual production of 5 megawatts or less shall not be subject to the limitation under clause (i).

(3) MONITORING OF GRANT RECIPIENT ACTIVITIES.—

(A) IN GENERAL.—As a condition of receipt of a grant under this subsection, a grant recipient shall keep such records as the Secretary may require, including records that—

(i) completely and accurately disclose the use of grant funds; and

(ii) describe all transactions involved in the purchase of hazardous fuels derived from forest land.

(B) ACCESS.—On notice by the Secretary, the operator of a biomass-to-energy facility that purchases hazardous fuels, or uses hazardous fuels purchased, with funds from a grant under this subsection shall provide the Secretary with—

(i) reasonable access to the biomass-to-facility; and

(ii) an opportunity to examine the inventory and records of the biomass-to-energy facility.

(4) MONITORING OF EFFECT OF TREATMENTS.—The Secretary shall monitor Federal land from which hazardous fuels are removed and sold to a biomass-to-energy facility under this subsection to determine and document the reduction in fire hazards on that land.

(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each fiscal year.

(d) LONG-TERM FOREST STEWARDSHIP CONTRACTS FOR HAZARDOUS FUELS REMOVAL.—

(1) ANNUAL ASSESSMENT OF TREATMENT ACREAGE.—

(A) IN GENERAL.—Subject to the availability of appropriations, not later than March 1 of each of fiscal years 2002 through 2006, the Secretary shall submit to Congress an assessment of the number of acres of Federal forest land recommended to be treated during the subsequent fiscal year using stewardship end result contracts authorized by paragraph (3).

(B) COMPONENTS.—The assessment shall—

(i) be based on the treatment schedules contained in the report entitled 'Protecting People and Sustaining Resources in Fire-Adapted Ecosystems', dated October 13, 2000 and incorporated into the National Fire Plan;

(ii) identify the acreage by condition class, type of treatment, and treatment year to achieve the restoration goals outlined in the report within 10-, 15-, and 20-year time periods;

(iii) give priority to condition class 3 areas (as described in subsection (a)(4)(A)), include modifications in the restoration goals based on the effects of—

(I) fire;

(II) hazardous fuel treatments under the National Fire Plan; or

(III) updates in data;

(iv) provide information relating to the type of material and estimated quantities and range of sizes of material that shall be included in the treatments;

(v) describe the land allocation categories in which the contract authorities shall be used; and

(vi) give priority to areas described in subsection (a)(4)(A).

(2) FUNDING RECOMMENDATION.—The Secretary shall include in the annual assessment under paragraph (1) a request for funds sufficient to implement the recommendations contained in the assessment using stewardship end result contracts described in paragraph (3) in any case in which the Secretary determines that the objectives of the National Fire Plan would best be accomplished through forest stewardship end result contracting.

(3) STEWARDSHIP END RESULT CONTRACTING.—

(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may enter into stewardship end result contracts to implement the National Fire Plan on National Forest System land based on the stewardship treatment schedules provided in the annual assessments conducted under paragraph (1).

(B) PERIOD OF CONTRACTS.—The contracting goals and authorities described in subsections (b) through (g) of section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (commonly known as the 'Stewardship End Result Contracting Demonstration Project') (16 U.S.C. 2104 note; Public Law 105–277), shall apply to contracts entered into under this paragraph, except that the period of each such contract shall be 10 years.

(C) STATUS REPORT.—Beginning with the assessment required under paragraph (1) for fiscal year 2003, the Secretary shall include in the annual assessment under paragraph (1) a status report of the stewardship end result contracts entered into under this paragraph.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.

(e) TERMINATION OF AUTHORITY.—The authority provided under this section shall terminate on September 30, 2006.

SEC. 807. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Cooperative Forestry Act.

TITLE IX—MISCELLANEOUS PROVISIONS

Subtitle A—Tree Assistance Program

SEC. 901. ELIGIBILITY.

(a) LOSS.—Subject to the limitation in subsection (b), the Secretary of Agriculture shall provide assistance, as specified in section 902, to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of a natural disaster, as determined by the Secretary.

(b) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (a) only if such orchardist's tree mortality, as a result of the natural disaster, exceeds 15 percent (adjusted for normal mortality).

SEC. 902. ASSISTANCE.

The assistance provided by the Secretary of Agriculture to eligible orchardists for losses described in section 901 shall consist of either—

(1) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

(2) at the discretion of the Secretary, sufficient seedlings to reestablish the stand.

SEC. 903. LIMITATION ON ASSISTANCE.

(a) LIMITATION.—The total amount of payments that a person shall be entitled to receive under this subtitle may not exceed $50,000, or an equivalent value in tree seedlings.

(b) REGULATIONS.—The Secretary of Agriculture shall issue regulations—

(1) defining the term ''person'' for the purposes of this subtitle, which shall conform, to the extent practicable, to the regulations defining the term ''person'' issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note); and

(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section.

SEC. 904. DEFINITIONS.

In this subtitle:

(1) ELIGIBLE ORCHARDIST.—The term ''eligible orchardist'' means a person who produces annual crops from trees for commercial purposes and owns 500 acres or less of such trees.

(2) NATURAL DISASTER.—The term ''natural disaster'' includes plant disease, insect infestation, drought, fire, freeze, flood, earthquake, and other occurrences, as determined by the Secretary.

(3) TREE.—The term ''tree'' includes trees, bushes, and vines.

Subtitle B—Other Matters

SEC. 921. BIOENERGY PROGRAM.

Notwithstanding any limitations in the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) or part 1424 of title 7, Code of Federal Regulations, the Commodity Credit Corporation shall designate animal fats, agricultural byproducts, and oils as eligible agricultural commodities for use in the Bioenergy Program to promote industrial consumption of agricultural commodities for the production of ethanol and biodiesel fuels.

SEC. 922. AVAILABILITY OF SECTION 32 FUNDS.

The 2d undesignated paragraph of section 32 of the Act of August 24, 1935 (Public Law 320; 49 Stat. 774; 7 U.S.C. 612c), is amended by striking ''$300,000,000'' and inserting ''$500,000,000''.

SEC. 923. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—For each of the fiscal years 2002 through 2011, the Secretary of Agriculture shall use $15,000,000 of the funds available to the Commodity Credit Corporation to carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.— The purposes of the seniors farmers' market nutrition program are—

(1) to provide resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands and community supported agriculture programs to low-income seniors;

(2) to increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers' markets, roadside stands, and community supported agriculture programs; and

(3) to develop or aid in the development of new and additional farmers' markets, roadside stands, and community supported agriculture programs.

(c) REGULATIONS.—The Secretary may issue such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program.

SEC. 924. DEPARTMENT OF AGRICULTURE AUTHORITIES REGARDING CANEBERRIES.

(a) AUTHORITY FOR MARKETING ORDER AND RESEARCH AND PROMOTION ORDER.—Section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in subsection (2)—

(A) in paragraph (A), by inserting ''caneberries (including raspberries, blackberries, and logenberries),'' after ''other than pears, olives, grapefruit,''; and

(B) in the second sentence, by inserting ''caneberries (including raspberries, blackberries, and logenberries),'' after ''effective as to cherries, apples,''; and

(2) in subsection (6)(I), by inserting ''caneberries (including raspberries, blackberries, and logenberries)'' after ''tomatoes,''.

(b) AUTHORITY WITH RESPECT TO IMPORTS.—Section 8e(a) of such Act (7 U.S.C. 608e–1(a)) is amended by inserting ''caneberries (including raspberries, blackberries, and logenberries),'' after ''pistachios,''.

SEC. 925. NATIONAL APPEALS DIVISION.

Section 278 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6998) is amended by adding at the end the following new subsection:

''(f) FINALITY OF CERTAIN APPEAL DECISIONS.—If an appellant prevails at the regional level in an administrative appeal of a decision by the Division, the agency may not pursue an administrative appeal of that decision to the national level.''.

SEC. 926. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

Subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended to read as follows:

''(a) OUTREACH AND ASSISTANCE.—

''(1) IN GENERAL.—The Secretary of Agriculture (in this section referred to as the 'Secretary') shall provide outreach and technical assistance programs specifically to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms and ranches and to participate equitably in the full range of agricultural programs. This assistance, which should enhance coordination and make more effective the outreach, technical assistance, and education efforts authorized in specific agriculture programs, shall include information and assistance on commodity, conservation, credit, rural, and business development programs, application and bidding procedures, farm and risk management, marketing, and other essential information to participate in agricultural and other programs of the Department.

''(2) GRANTS AND CONTRACTS.—The Secretary may make grants and enter into contracts and other agreements in the furtherance of this section with the following entities:

''(A) Any community-based organization, network, or coalition of community-based organizations that—

''(i) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

''(ii) provides documentary evidence of its past experience of working with socially disadvantaged farmers and ranchers during the 2 years preceding its application for assistance under this section; and

''(iii) does not engage in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986.

''(B) 1890 Land-Grant Colleges, including Tuskegee Institute, Indian tribal community colleges and Alaska native cooperative colleges, Hispanic serving post-secondary educational institutions, and other post-secondary educational institutions with demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged family farmers and ranchers in their region.

''(C) Federally recognized tribes and national tribal organizations with demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged family farmers and ranchers in their region.

''(3) FUNDING.—There are authorized to be appropriated $25,000,000 for each fiscal year to make grants and enter into contracts and other agreements with the entities described in paragraph (2) and to otherwise carry out the purposes of this subsection.''.

SEC. 927. EQUAL TREATMENT OF POTATOES AND SWEET POTATOES.

Section 508(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(2)) is amended by striking ''and potatoes'' and inserting '', potatoes, and sweet potatoes''.

SEC. 928. REFERENCE TO SEA GRASS AND SEA OATS AS CROPS COVERED BY NONINSURED CROP DISASTER ASSISTANCE PROGRAM.

Section 196(a)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(2)(B)) is amended by inserting ''sea grass and sea oats,'' after ''fish),''.

SEC. 929. ASSISTANCE FOR LIVESTOCK PRODUCERS.

(a) AVAILABILITY OF ASSISTANCE.—In such amounts as are provided in advance in appropriation Acts, the Secretary may provide assistance to dairy and other livestock producers to cover economic losses incurred by such producers in connection with the production of livestock.

(b) TYPES OF ASSISTANCE.—The assistance provided to livestock producers may be in the form of—

(1) indemnity payments to livestock producers who incur livestock mortality losses;

(2) livestock feed assistance to livestock producers affected by shortages of feed;

(3) compensation for sudden increases in production costs; and

(4) such other assistance, and for such other economic losses, as the Secretary considers appropriate.

(c) LIMITATIONS.—Notwithstanding section 181(a), the Secretary may not use the funds of the Commodity Credit Corporation to provide assistance under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section.

SEC. 930. COMPLIANCE WITH BUY AMERICAN ACT AND SENSE OF CONGRESS REGARDING PURCHASE OF AMERICAN-MADE EQUIPMENT, PRODUCTS, AND SERVICES USING FUNDS PROVIDED UNDER THIS ACT.

(a) COMPLIANCE WITH BUY AMERICAN ACT.—No funds made available under this Act, whether directly using funds of the Commodity Credit Corporation or pursuant to an authorization of appropriations contained in this Act, may be provided to a producer or other person or entity unless the producer, person, or entity agrees to comply with the Buy American Act (41 U.S.C. 10a–10c) in the expenditure of the funds.

(b) SENSE OF CONGRESS.—In the case of any equipment, products, or services that may be authorized to be purchased using funds provided under this Act, it is the sense of Congress that producers and other recipients of such funds should, in expending the funds, purchase only American-made equipment, products, and services.

(c) NOTICE TO RECIPIENTS OF FUNDS.—In providing payments or other assistance under this Act, the Secretary of Agriculture shall provide to each recipient of the funds a notice describing the requirements of subsection (a) and the statement made in subsection (b) by Congress.

SEC. 931. REPORT REGARDING GENETICALLY ENGINEERED FOODS.

(a) IN GENERAL.—Not later than 1 year after funds are made available to carry out this section, the Secretary of Agriculture, acting through the National Academy of Sciences, shall complete and transmit to Congress a report that includes recommendations for the following:

(1) DATA AND TESTS.—The type of data and tests that are needed to sufficiently assess and evaluate human health risks from the consumption of genetically engineered foods.

(2) MONITORING SYSTEM.—The type of Federal monitoring system that should be created to assess any future human health consequences from long-term consumption of genetically engineered foods.

(3) REGULATIONS.—A Federal regulatory structure to approve genetically engineered foods that are safe for human consumption.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Agriculture $500,000 to carry out this section.

SEC. 932. MARKET NAME FOR PANGASIUS FISH SPECIES.

The term ''catfish'' may not be considered to be a common or usual name (or part thereof) for the fish Pangasius bocourti, or for any other fish not classified within the family Ictalariidae, for purposes of section 403 of the Federal Food, Drug, and Cosmetic Act, including with respect to the importation of such fish pursuant to section 801 of such Act.

SEC. 933. PROGRAM OF PUBLIC EDUCATION REGARDING USE OF BIOTECHNOLOGY IN PRODUCING FOOD FOR HUMAN CONSUMPTION.

(a) PUBLIC INFORMATION CAMPAIGN.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Agriculture shall develop and implement a program to communicate with the public regarding the use of biotechnology in producing food for human consumption. The information provided under the program shall include the following:

(1) Science-based evidence on the safety of foods produced with biotechnology.

(2) Scientific data on the human outcomes of the use of biotechnology to produce food for human consumption.

(b) AUTHORIZATION OF APPROPRIATIONS.—For each of fiscal years 2002 through 2011 there are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 934. GAO STUDY.

(a) IN GENERAL.—The Comptroller General shall conduct a study and make findings and recommendations with respect to determining how producer income would be affected by updating yield bases, including—

(1) whether crop yields have increased over the past 20 years for both program crops and oilseeds;

(2) whether program payments would be disbursed differently in this Act if yield bases were updated;

(3) what impact this Act's target prices with updated yield bases would have on producer income; and

(4) what impact lower target prices with updated yield bases would have on producer income compared to this Act.

(b) REPORT.—The Comptroller General shall submit a report to Congress on the study, findings, and recommendations required by subsection (a), not later than 6 months after the date of the enactment of this Act.

SEC. 935. INTERAGENCY TASK FORCE ON AGRICULTURAL COMPETITION.

(a) APPOINTMENT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall establish an Interagency Task Force on Agricultural Competition (in this section referred to as the ''Task Force'') and, after consultation with the Attorney General, shall appoint as members of the Task Force such nine employees of the Department of Agriculture and the Department of Justice as the Secretary considers to be appropriate. The Secretary shall designate one member of the Task Force to serve as chairperson of the Task Force.

(b) HEARINGS.—The Task Force shall conduct hearings to review the lessening of competition among purchasers of livestock, poultry, and unprocessed agricultural commodities in the United States and shall include in such hearings review of the following matters:

(1) The enforcement of particular Federal laws relating to competition.

(2) The concentration and vertical integration of the business operations of such purchasers.

(3) Discrimination and transparency in prices paid by such purchasers to producers of livestock, poultry, and unprocessed agricultural commodities in the United States.

(4) The economic protection and bargaining rights of producers who raise livestock and poultry under contracts.

(5) Marketing innovations and alternatives available to producers of livestock, poultry, and unprocessed agricultural commodities in the United States.

(c) REPORT.—Not later than 1 year after the last member of the Task Force is appointed, the Task Force shall submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report containing the findings and recommendations of the Task Force for appropriate administrative and legislative action.

SEC. 936. AUTHORIZATION FOR ADDITIONAL STAFF AND FUNDING FOR THE GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION.

There are authorized to be appropriated such sums as are necessary to enhance the capability of the Grain Inspection, Packers and Stockyards Administration to monitor, investigate, and pursue the competitive implications of structural changes in the meat packing industry. Sums are specifically earmarked to hire litigating attorneys to allow the Grain Inspection, Packers and Stockyards Administration to more comprehensively and effectively pursue its enforcement activities.

SEC. 937. ENFORCEMENT OF THE HUMANE METHODS OF SLAUGHTER ACT OF 1958.

(a) FINDINGS.—Congress finds as follows:

(1) Public demand for passage of Public Law 85–765 (7 U.S.C. 1901 et seq.; commonly known as the ''Humane Methods of Slaughter Act of 1958'') was so great that when President Eisenhower was asked at a press conference if he would sign the bill, he replied, ''If I went by mail, I'd think no one was interested in anything but humane slaughter''.

(2) The Humane Methods of Slaughter Act of 1958 requires that animals be rendered insensible to pain when they are slaughtered.

(3) Scientific evidence indicates that treating animals humanely results in tangible economic benefits.

(4) The United States Animal Health Association passed a resolution at a meeting in October 1998 to encourage strong enforcement of the Humane Methods of Slaughter Act of 1958 and reiterated support for the resolution at a meeting in 2000.

(5) The Secretary of Agriculture is responsible for fully enforcing the Act, including monitoring compliance by the slaughtering industry.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary of Agriculture should fully enforce Public Law 85–765 (7 U.S.C. 1901 et seq.; commonly known as the ''Humane Methods of Slaughter Act of 1958'') by ensuring that humane methods in the slaughter of livestock—

(1) prevent needless suffering;

(2) result in safer and better working conditions for persons engaged in the slaughtering industry;

(3) bring about improvement of products and economies in slaughtering operations; and

(4) produce other benefits for producers, processors, and consumers that tend to expedite an orderly flow of livestock and livestock products in interstate and foreign commerce.

(c) POLICY OF THE UNITED STATES.—It is the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with slaughter shall be carried out only by humane methods, as provided by Public Law 85–765 (7 U.S.C. 1901 et seq.; commonly known as the ''Humane Methods of Slaughter Act of 1958'').

SEC. 938. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting ''PENALTIES.—'' after ''(e)'';

(B) by striking ''$5,000'' and inserting ''$15,000''; and

(C) by striking ''1 year'' and inserting ''2 years''; and

(2) in subsection (g)(2)(B), by inserting at the end before the semicolon the following: ''or from any State into any foreign country''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect 30 days after the date of the enactment of this Act.

SEC. 939. IMPROVE ADMINISTRATION OF ANIMAL AND PLANT HEALTH INSPECTION SERVICE.

(a) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Administrator of the Service.

(2) SERVICE.—The term ''Service'' means the Animal and Plant Health Inspection Service of the Department of Agriculture.

(b) EXEMPTION.—Notwithstanding any other provision of law, any migratory bird management carried out by the Secretary shall be exempt from the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) (including regulations).

(c) PERMITS; MANAGEMENT.—An agent, officer, or employee of the Service that carries out any activity relating to migratory bird management may, under the Migratory Bird Treaty Act (16 U.S.C. 703 et seq.)—

(1) issue a depredation permit to a stakeholder or cooperator of the Service; and

(2) manage and take migratory birds.

SEC. 940. RENEWABLE ENERGY RESOURCES.

(a) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa), as amended by section 231 of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4); and

(3) by adding at the end the following:

''(5) assistance to farmers and ranchers for the assessment and development of their on-farm renewable resources, including biomass for the production of power and fuels, wind, and solar.''.

(b) COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE.—The Secretary of Agriculture, through the Cooperative State Research, Education, and Extension Service and, to the extent practicable, in collaboration with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other appropriate entities, may provide education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources, including biomass for the production of power and fuels, wind, solar, and geothermal.

SEC. 941. USE OF AMOUNTS PROVIDED FOR FIXED, DECOUPLED PAYMENTS TO PROVIDE NECESSARY FUNDS FOR RURAL DEVELOPMENT PROGRAMS.

Notwithstanding section 104 of this Act, in each of fiscal years 2002 through 2011, the Secretary of Agriculture shall—

(1) reduce the total amount payable under section 104 of this Act, on a pro rata basis, so that the total amount of such reductions equals $100,000,000; and

(2) expend—

(A) $45,000,000 for grants under 306A of the Consolidated Farm and Rural Development Act (relating to the community water assistance grant program);

(B) $45,000,000 for grants under 613 of this Act (relating to the pilot program for development and implementation of strategic regional development plans); and

(C) $10,000,000 for grants under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (relating to value-added agricultural product market development grants).

SEC. 942. STUDY OF NONAMBULATORY LIVESTOCK.

The Secretary—

(1) shall investigate and submit to Congress a report on—

(A) the scope and cause of nonambulatory livestock; and

(B) the extent to which nonambulatory livestock may present handling and disposition problems during marketing; and

(2) based on the findings in the report, may promulgate regulations for the appropriate treatment, handling, and disposition of nonambulatory livestock at market agencies and dealers.

SA 2677. Mr. DORGAN (for himself, Mr. GRASSLEY, Mr. HAGEL, Mr. LUGAR, Mr. JOHNSON, Mr. NELSON of Nebraska, Mr. TORRICELLI, and Mr. WELLSTONE) submitted an amendment intended to be proposed to amendment SA 2471 submitted by Mr. DASCHLE and intended to be proposed to the bill (S. 1731) to strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. 165. PAYMENT LIMITATIONS; NUTRITION AND COMMODITY PROGRAMS.

(a) PAYMENT LIMITATIONS.—

(1) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraphs (1) through (6) and inserting the following:

''(1) LIMITATIONS ON DIRECT AND COUNTER-CYCLICAL PAYMENTS.—Subject to paragraph (5)(A), the total amount of direct payments and counter-cyclical payments made directly or indirectly to an individual or entity during any fiscal year may not exceed $75,000.

''(2) LIMITATIONS ON MARKETING LOAN GAINS, LOAN DEFICIENCY PAYMENTS, AND COMMODITY CERTIFICATE TRANSACTIONS.—

''(A) IN GENERAL.—Subject to paragraph (5)(A), the total amount of the payments and benefits described in subparagraph (B) that an individual or entity may directly or indirectly receive during any crop year may not exceed $150,000.

''(B) PAYMENTS AND BENEFITS.—Subparagraph (A) shall apply to the following payments and benefits:

''(i) MARKETING LOAN GAINS.—

''(I) REPAYMENT GAINS.—Any gain realized by a producer from repaying a marketing assistance loan under section 131 or 158G(a) of the Federal Agriculture Improvement and Reform Act of 1996 for a crop of any loan commodity or peanuts, respectively, at a lower level than the original loan rate established for the loan commodity or peanuts under section 132 or 158G(d) of that Act, respectively.

''(II) FORFEITURE GAINS.—In the case of settlement of a marketing assistance loan under section 131 or 158G(a) of that Act for a crop of any loan commodity or peanuts, respectively, by forfeiture, the amount by which the loan amount exceeds the repayment amount for the loan if the loan had been settled by repayment instead of forfeiture.

''(ii) LOAN DEFICIENCY PAYMENTS.—Any loan deficiency payment received for a loan commodity or peanuts under section 135 or 158G(e) of that Act, respectively.

''(iii) COMMODITY CERTIFICATES.—Any gain realized from the use of a commodity certificate issued by the Commodity Credit Corporation, as determined by the Secretary, including the use of a certificate for the settlement of a marketing assistance loan made under section 131 or 158G(a) of that Act.

''(3) SETTLEMENT OF CERTAIN LOANS.—Notwithstanding subtitle C and section 158G of the Federal Agriculture Improvement and Reform Act of 1996, if the amount of payments and benefits described in paragraph (2)(B) attributed directly or indirectly to an individual or entity for a crop year reaches the limitation described in paragraph (2)(A), the portion of any unsettled marketing assistance loan made under section 131 or 158G(a) of that Act attributed directly or indirectly to the individual or entity shall be settled through the repayment of the total loan principal, plus applicable interest.

''(4) DEFINITIONS.—In this section and sections 1001A through 1001F:

''(A) COUNTER-CYCLICAL PAYMENT.—The term 'counter-cyclical payment'' means a payment made under section 114 or 158D of the Federal Agriculture Improvement and Reform Act of 1996.

''(B) DIRECT PAYMENT.—The term 'direct payment' means a payment made under section 113 or 158C of that Act.

''(C) LOAN COMMODITY.—The term 'loan commodity' has the meaning given the term in section 102 of that Act.

''(D) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(5) APPLICATION OF LIMITATION.—

''(A) MARRIED COUPLES.—A married couple is limited to the amount of payments and benefits described in paragraphs (1) and (2), except that a married couple may receive an additional $50,000 in combined benefits, to the extent that the combined benefit does not exceed $275,000 during the fiscal or crop year (as applicable).

''(B) TENANT RULE.—

''(i) IN GENERAL.—Any individual or entity that conducts a farming operation to produce a crop subject to the limitations established under this section as a tenant shall be ineligible to receive any payment or benefit described in paragraph (1) or (2), or subtitle D of title XII, with respect to the land unless the individual or entity makes a contribution of active personal labor to the operation that is at least equal to the lesser of—

''(I) 1000 hours; or

''(II) 40 percent of the minimum number of labor hours required to produce each commodity by the operation (as described in clause (ii)).

''(ii) MINIMUM NUMBER OF LABOR HOURS.—For the purpose of clause (i)(II), the minimum number of labor hours required to produce each commodity shall be equal to the number of hours that would be necessary to conduct a farming operation for the production of each commodity that is comparable in size to an individual or entity's commensurate share in the farming operation for the production of the commodity, based on the minimum number of hours per acre required to produce the commodity in the State where the farming operation is located, as determined by the Secretary.

''(6) PUBLIC SCHOOLS.—The provisions of this section that limit payments to any individual or entity shall not be applicable to land owned by a public school district or land owned by a State that is used to maintain a public school.''.

(2) SUBSTANTIVE CHANGE.—Section 1001A(a) of the Food Security Act of 1985 (7 U.S.C. 1308–1(a)) is amended—

(A) in the section heading, by striking ''**PREVENTION OF CREATION OF ENTITIES TO QUALITY AS SEPARATE PERSONS;**'' and inserting ''**SUBSTANTIVE CHANGE;**'';

(B) by striking ''(a) PREVENTION'' and all that follows through the end of paragraph (2) and inserting the following:

''(a) SUBSTANTIVE CHANGE.—

''(1) IN GENERAL.—The Secretary may not approve (for purposes of the application of the limitations under this section) any change in a farming operation that otherwise will increase the number of individuals or entities to which the limitations under this section are applied unless the Secretary determines that the change is bona fide and substantive.

''(2) FAMILY MEMBERS.—For the purpose of paragraph (1), the addition of a family member to a farming operation under the criteria established under subsection (b)(1)(B) shall be considered a bona fide and substantive change in the farming operation.'';

(C) in the first sentence of paragraph (3)—

(i) by striking ''as a separate person''; and

(ii) by inserting '', as determined by the Secretary'' before the period at the end; and

(D) by striking paragraph (4).

(3) ACTIVELY ENGAGED IN FARMING.—Section 1001A(b) of the Food Security Act of 1985 (7 U.S.C. 1308–1(b)) is amended—

(A) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—To be eligible to receive, directly or indirectly, payments (as described in paragraphs (1) and (2) of section 1001 as being subject to limitation) with respect to a particular farming operation an individual or entity shall be actively engaged in farming with respect to the operation, as provided under paragraphs (2), (3), and (4).'';

(B) in paragraph (2), by adding at the end the following:

''(E) ACTIVE PERSONAL MANAGEMENT.—For an individual to be considered to be providing active personal management under this paragraph on behalf of the individual or a corporation or entity, the management provided by the individual shall be personally provided on a regular, substantial, and continuous basis through the direction supervision and direction of—

''(i) activities and labor involved in the farming operation; and

''(ii) on-site services that are directly related and necessary to the farming operation.'';

(C) in paragraph (3)—

(i) by striking subparagraph (A) and inserting the following:

''(A) LANDOWNERS.—A person that is a landowner contributing the owned land to the farming operation and that meets the standard provided in clauses (ii) and (iii) of paragraph (2)(A), if the landowner—

''(i)(I) share rents the land to a tenant that is actively engaged in farming; and

''(II) has a share of any payments described in paragraphs (1), (2), and (3) of section 1001

that is commensurate with the person's share in the crop produced on the land for which the payments are made; or

''(ii) makes a significant contribution of active personal management.''; and

(ii) in subparagraph (B), by striking ''persons'' and inserting ''individuals and entities''; and

(D) in paragraph (4)—

(i) in the paragraph heading, by striking ''PERSONS'' and inserting ''INDIVIDUALS AND ENTITIES'';

(ii) in the matter preceding subparagraph (A), by striking ''persons'' and inserting ''individuals and entities''; and

(iii) in subparagraph (B)—

(I) in the subparagraph heading, by striking ''PERSONS'' and inserting ''INDIVIDUALS AND ENTITIES''; and

(II) by striking ''person, or class of persons'' and inserting ''individual or entity, or class of individuals or entities'';

(E) by striking paragraph (5);

(F) in paragraph (6), by striking ''a person'' and inserting ''an individual or entity''; and

(G) by redesignating paragraph (6) as paragraph (5).

(4) ADMINISTRATION.—Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended by adding at the end the following:

''(c) ADMINISTRATION.—

''(1) REVIEWS.—

''(A) IN GENERAL.—During each of fiscal years 2002 through 2006, the Office of Inspector General for the Department of Agriculture shall conduct a review of the administration of the requirements of this section and sections 1001, 1001B, 1001C, and 1001E in at least 6 States.

''(B) MINIMUM NUMBER OF COUNTIES.—Each State review described in subparagraph (A) shall cover at least 5 counties in the State.

''(C) REPORT.—Not later than 90 days after completing a review described in subparagraph (A), the Inspector General for the Department of Agriculture shall issue a final report to the Secretary of the findings of the Inspector General.

''(2) EFFECT OF REPORT.—If a report issued under paragraph (1) reveals that significant problems exist in the implementation of payment limitation requirements of this section and sections 1001, 1001B, 1001C, and 1001E in a State and the Secretary agrees that the problems exist, the Secretary—

''(A) shall initiate a training program regarding the payment limitation requirements; and

''(B) may require that all payment limitation determinations regarding farming operations in the State be issued from the headquarters of the Farm Service Agency.''.

(5) SCHEME OR DEVICE.—Section 1001B of the Food Security Act of 1985 (7 U.S.C. 1308–2) is amended by striking ''person'' each place it appears and inserting ''individual or entity''.

(6) FOREIGN INDIVIDUALS AND ENTITIES.—Section 1001C(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3(b)) is amended in the first sentence by striking ''considered a person that is''.

(7) EDUCATION PROGRAM.—Section 1001D(c) of the Food Security Act of 1985 (7 U.S.C. 1308–4(c)) is amended by striking ''5 persons'' and inserting ''5 individuals or entities''.

(8) REPORT TO CONGRESS.—No later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall provide a report to and to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that describes—

(A) how State and county office employees are trained regarding the payment limitation requirements of section 1001 through 1001E of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–5);

(B) the general procedures used by State and county office employees to identify potential violations of the payment limitation requirements;

(C) the requirements for State and county office employees to report serious violations of the payment limitation requirements, including violations of section 1001B of that Act to the county committee, higher level officials of the Farm Service Agency, and to the Office of Inspector General; and

(D) the sanctions imposed against State and county office employees who fail to report or investigate potential violations of the payment limitation requirements.

(b) NET INCOME LIMITATION.—The Food Security Act of 1985 is amended by inserting after section 1001E (7 U.S.C. 1308–5) the following:

''SEC. 1001F. NET INCOME LIMITATION.

''Notwithstanding any other provision of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201 et seq.), an owner or producer shall not be eligible for a payment or benefit described in paragraphs (1) or (2) of section 1001 for a fiscal or crop year (as appropriate) if the average adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the owner or producer for each of the preceding 3 taxable years exceeds $2,500,000.''.

(c) FOOD STAMP PROGRAM.—

(1) INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow for each household a standard deduction that is equal to the greater of—

''(i) the applicable percentage specified in subparagraph (D) of the applicable income standard of eligibility established under subsection (c)(1); or

''(ii) the minimum deduction specified in subparagraph (E).

''(B) GUAM.—The Secretary shall allow for each household in Guam a standard deduction that is—

''(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

''(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

''(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

''(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

''(i) 8 percent for each of fiscal years 2002 through 2004;

''(ii) 8.25 percent for each of fiscal years 2005 and 2006;

''(iii) 8.5 percent for each of fiscal years 2007 and 2008;

''(iv) 8.75 percent for fiscal year 2009; and

''(v) 9 percent for each of fiscal years 2010 and 2011.

''(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.''.

(2) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking '', except that the State agency may limit such reimbursement to each participant to $25 per month''.

(3) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''such total amount shall not exceed an amount representing $25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and'' and inserting ''the amount of the reimbursement for dependent care expenses shall not exceed''.

(4) EFFECTIVENESS OF CERTAIN PROVISIONS.—Section 413 and subsections (c) and (d) of section 433, and the amendments made by section 413 and subsections (c) and (d) of section 433, shall have no effect.

(d) LOAN DEFICIENCY PAYMENTS.—

(1) ELIGIBILITY.—Section 135 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235) (as amended by section 126(1)) is amended by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—The Secretary may make loan deficiency payments available to—

''(1) producers on a farm that, although eligible to obtain a marketing assistance loan under section 131 with respect to a loan commodity, agree to forgo obtaining the loan for the covered commodity in return for payments under this section; and

''(2) effective only for the 2000 and 2001 crop years, producers that, although not eligible to obtain such a marketing assistance loan under section 131, produce a loan commodity.''.

(2) BENEFICIAL INTEREST.—Section 135(e)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235(e)) (as amended by section 126(2)) is amended by striking ''A producer'' and inserting ''Effective for the 2001 crop, a producer''.

(e) SPECIALTY CROP INSURANCE INITIATIVE.—

(1) RESEARCH AND DEVELOPMENT FUNDING.—Section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)) is amended by striking paragraph (1) and inserting the following:

''(1) REIMBURSEMENTS.—Of the amounts made available from the insurance fund established under section 516(c), the Corporation may use to provide reimbursements under subsection (b) not more than—

''(A) $32,000,000 for fiscal year 2002;

''(B) $27,500,000 for each of fiscal years 2003 and 2004;

''(C) $25,000,000 for each of fiscal years 2005 and 2006; and

''(D) $15,000,000 for fiscal year 2006 and each subsequent fiscal year.''.

(2) EDUCATION AND INFORMATION FUNDING.—Section 524(a)(4) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(4)) is amended by striking subparagraph (A) and inserting the following:

''(A) for the education and information program established under paragraph (2)—

''(i) $10,000,000 for fiscal year 2003;

''(ii) $13,000,000 for fiscal year 2004;

''(iii) $15,000,000 for each of fiscal years 2005 and 2006; and

''(iv) $5,000,000 for fiscal year 2007 and each subsequent fiscal year; and''.

(3) REPORTS.—Not later than September 30, 2002, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(A) the progress made by the Corporation in research and development of innovative risk management products to include cost of production insurance that provides coverage for specialty crops, paying special attention to apples, asparagus, blueberries (wild and domestic), cabbage, canola, carrots, cherries, Christmas trees, citrus fruits, cucumbers, dry beans, eggplants, floriculture, grapes,

greenhouse and nursery agricultural commodities, green peas, green peppers, hay, lettuce, maple, mushrooms, pears, potatoes, pumpkins, snap beans, spinach, squash, strawberries, sugar beets, and tomatoes;

(B) the progress made by the Corporation in increasing the use of risk management products offered through the Corporation by producers of specialty crops, by small and moderate sized farms, and in areas that are underserved, as determined by the Secretary; and

(C) how the additional funding provided under the amendments made by this section has been used.

(f) INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.—Section 401(b)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)(1)) (as amended by section 741) is amended—

(1) in subparagraph (A), by striking ''$120,000,000'' and inserting ''$130,000,000''; and

(2) in subparagraph (B), by striking ''$145,000,000'' and inserting ''$225,000,000''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on December 18, 2001, at 2:30 p.m., to conduct a hearing on the nominations of Ms. Vickers B. Meadows, of Virginia, to be an Assistant Secretary of Housing and Urban Development; and Ms. Diane L. Tomb, of Virginia, to be an Assistant Secretary of Housing and Urban Development.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Tuesday, December 18, 2001, at 9:30 a.m., to mark up the Bipartisan Trade Promotion Authority Act of 2001, which the chairman will propose as a substitute for H.R. 3005. In addition, the committee will consider favorably reporting the following nominations: Richard Clarida to be Assistant Secretary of Treasury for Economic Policy; Kenneth Lawson to be Assistant Secretary of Treasury for Enforcement; B. John Williams, Jr., to be Chief Counsel/Assistant General Counsel for the Internal Revenue Service; Janet Hale to be Assistant Secretary of Management and Budget, Department of Health and Human Services; Joan E. Ohl to be Commissioner of Children, Youth and Family Administration, Department of Health and Human Services; James B. Lockhart III, to be Deputy Commissioner of the Social Security Administration; and Harold Daub to be a Member of the Social Security Advisory Board.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, December 18, 2001, at 2:30 p.m., to hold a hearing titled, ''The Global Reach of Al-Qaeda.

Agenda

Witnesses

Panel 1: Mr. J.T. Caruso, Acting Assistant Director, Counter Terrorism Division, Federal Bureau of Investigation, Washington, DC, and Mr. Thomas Wilshere, Deputy Section Chief, International Terrorism Operational Section, Federal Bureau of Investigation, Washington, DC.

Panel 2: Ms. Michelle Flournoy, Senior Advisor, International Security Program, Center for Strategic and International Studies, Washington, DC, and Mr. Larry Johnson, Former Deputy Director (1989–1993), Office of Counterterrorism, U.S. State Department, Washington, DC.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. DURBIN. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Melanie Leitner, a fellow on my own staff, during the pendency of S. 1731, the farm bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Helen Yuen, a fellow with my education policy office, be granted the privilege of the floor for the remainder of this debate.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GREGG. Mr. President, I ask unanimous consent that Kathy McGarvey, a fellow in my Labor Committee office, be granted the privilege of the floor for the debate and vote on the ESEA conference report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AFRICAN ELEPHANT CONSERVATION REAUTHORIZATION ACT OF 2001

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 250, H.R. 643.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 643) to reauthorize the African Elephant Conservation Act.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read a third time, passed, the motion to reconsider be laid on the table, and any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 643) was read the third time and passed.

RHINOCEROS AND TIGER CONSERVATION REAUTHORIZATION ACT OF 2001

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 251, H.R. 645.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 645) to reauthorize the Rhinoceros and Tiger Conservation Act of 1994.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read a third time, passed, the motion to reconsider be laid on the table, and any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 645) was read the third time and passed.

ASIAN ELEPHANT CONSERVATION REAUTHORIZATION ACT OF 2001

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to Calendar No. 266, H.R. 700.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 700) to reauthorize the Asian Elephant Conservation Act of 1997.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Environment and Public Works with an amendment.

[Omit the parts in black brackets and insert the part printed in italic.]

H.R. 700

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Asian Elephant Conservation Reauthorization Act of 2001''.

SEC. 2. REAUTHORIZATION OF ASIAN ELEPHANT CONSERVATION ACT OF 1997.

Section 7 of the Asian Elephant Conservation Act of 1997 (16 U.S.C. 4266) is amended by striking ''1998'' and all that follows through ''2002'' and inserting ''2001, 2002, 2003, 2004, 2005, 2006, and 2007''.

SEC. 3. LIMITATION ON ADMINISTRATIVE EXPENSES.

Section 7 of the Asian Elephant Conservation Act of 1997 (16 U.S.C. 4266) is further amended—

(1) by striking ''There are authorized'' and inserting ''(a) IN GENERAL.—There is authorized''; and

(2) by adding at the end the following:

''(b) ADMINISTRATIVE EXPENSES.—Of amounts available each fiscal year to carry out this Act, the Secretary may expend not more than 3 percent or $80,000, whichever is

greater, to pay the administrative expenses necessary to carry out this Act.''.

SEC. 4. COOPERATION.

The Asian Elephant Conservation Act of 1997 is further amended by redesignating section 7 (16 U.S.C. 4266) as section 8, and by inserting after section 6 the following:

''SEC. 7. ADVISORY GROUP.

''(a) IN GENERAL.—To assist in carrying out this Act, the Secretary may convene an advisory group consisting of individuals representing public and private organizations actively involved in the conservation of Asian elephants.

''(b) PUBLIC PARTICIPATION.—

''(1) MEETINGS.—The Advisory Group shall—

''(A) ensure that each meeting of the advisory group is open to the public; and

''(B) provide, at each meeting, an opportunity for interested persons to present oral or written statements concerning items on the agenda.

''(2) NOTICE.—The Secretary shall provide to the public timely notice of each meeting of the advisory group.

''(3) MINUTES.—Minutes of each meeting of the advisory group shall be kept by the Secretary and shall be made available to the public.

''(c) EXEMPTION FROM FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the advisory group.''.

SEC. 5. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS.—The Asian Elephant Conservation Act of 1997 is amended as follows:

(1) Section 4(3) (16 U.S.C. 4263(3)) is amended by striking ''the Asian Elephant Conservation Fund established under section 6(a)'' and inserting ''the account established by division A, section 101(e), title I of Public Law 105–277 under the heading 'MULTINATIONAL SPECIES CONSERVATION FUND' ''.

(2) Section 6 (16 U.S.C. 4265) is amended by striking the section heading and all that follows through ''(d) ACCEPTANCE AND USE OF DONATIONS.—'' and inserting the following:

''SEC. 6. ACCEPTANCE AND USE OF DONATIONS.''.

[(b) TECHNICAL CORRECTION.—Title I of section 101(e) of division A of Public Law 105–277 (112 Stat. 2681–237) is amended under the heading ''MULTINATIONAL SPECIES CONSERVATION FUND'' by striking ''Rhinoceros and Tiger Conservation Act, subchapter I'' and inserting ''Rhinoceros and Tiger Conservation Act of 1994, part I''.]

(b) TECHNICAL CORRECTIONS.—

(1) The matter under the heading ''MULTINATIONAL SPECIES CONSERVATION FUND'' in title I of the Department of the Interior and Related Agencies Appropriations Act, 1999 (16 U.S.C. 4246; 112 Stat. 2681–237), is amended—

(A) by striking ''section 5304 of'' and all that follows through ''section 6 of the Asian Elephant Conservation Act of 1997'' and inserting ''section 5 of the Rhinoceros and Tiger Conservation Act of 1994 (16 U.S.C. 5304), part I of the African Elephant Conservation Act (16 U.S.C. 4211 et seq.), and section 5 of the Asian Elephant Conservation Act of 1997 (16 U.S.C. 4264)'';

(B) by striking ''16 U.S.C. 4224'' and inserting ''section 2204 of the African Elephant Conservation Act (16 U.S.C. 4224)'';

(C) by striking ''16 U.S.C. 4225'' and inserting ''section 2205 of the African Elephant Conservation Act (16 U.S.C. 4225)''; and

(D) by striking ''16 U.S.C. 4211'' and inserting ''section 2101 of the African Elephant Conservation Act (16 U.S.C. 4211)''.

(2) Effective on the day after the date of enactment of the African Elephant Conservation Reauthorization Act of 2001 (107th Congress)—

(A) section 2104(a) of the African Elephant Conservation Act is amended by striking ''this Act'' and inserting ''this title''; and

(B) section 2306(b) of the African Elephant Conservation Act (16 U.S.C. 4245(b)) is amended by striking ''this Act'' each place it appears and inserting ''this title''.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL FISH AND WILDLIFE FOUNDATION.

Section 10(a)(1) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3709(a)(1)) is amended—

(1) by striking ''2003'' and inserting ''2005''; and

(2) in subparagraph (A), by striking ''$20,000,000'' and inserting ''$25,000,000''.

Mr. REID. Mr. President, I ask unanimous consent that the committee amendment be agreed to; the bill, as amended, be read the third time, and passed, and the motion to reconsider be laid upon the table, with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment was agreed to.

The bill (H.R. 700), as amended, was read the third time, and passed.

30TH ANNIVERSARY OF THE ENACTMENT OF THE FEDERAL WATER POLLUTION CONTROL ACT

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 265, S. Con. Res. 80.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 80) expressing the sense of the Congress regarding the 30th anniversary of the enactment of the Federal Water Pollution Control Act.

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, en bloc, and that any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 80) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 80

Whereas clean water is a natural resource of tremendous value and importance to the United States;

Whereas there is resounding public support for protecting and enhancing the quality of the rivers, streams, lakes, wetland, and marine water of the United States;

Whereas maintaining and improving water quality is essential to protecting public health, fisheries, wildlife, and watersheds, and to ensuring abundant opportunities for public recreation and economic development;

Whereas it is a national responsibility to provide clean water for future generations;

Whereas substantial progress has been made in protecting and enhancing water quality since the date of enactment, in 1972, of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) due to concerted efforts by Federal, State, and local governments, the private sector, and the public;

Whereas serious water pollution problems persist throughout the United States and significant challenges lie ahead in the effort to protect water resources from point sources and nonpoint sources of pollution;

Whereas further development and innovation of water pollution control programs and advancement of water pollution control research, technology, and education are necessary and desirable; and

Whereas October 2002 is the 30th anniversary of the enactment of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.): Now, therefore be it

Resolved by the Senate (the House of Representatives concurring), That, as the United States marks the 30th anniversary, in October 2002, of the enactment of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), Congress encourages the people of the United States and all levels of government to recognize and celebrate the accomplishments of the United States under, and to recommit to achieving the goals of, that Act.

HONORARY CITIZENSHIP FOR PAUL YVES ROCH GILBERT DU MOTIER

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 286, S.J. Res. 13.

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 13) conferring honorary citizenship of the United States on Paul Yves Roch Gilbert du Motier, also known as the Marquis de Lafayette.

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. LEAHY. Mr. President, I am pleased to cosponsor this resolution to grant honorary citizenship to the Marquis de Lafayette.

Aside from being a hero of the American Revolution, the Marquis de Lafayette is known for the grand tour he took of the new Republic in the 1820's. During his visit to Vermont in 1825, a town was renamed as Fayetteville until it was changed again to Newfane in 1882.

He also laid the cornerstone of the Old Mill, a historic building on the University of Vermont's campus. The school now honors his memory with a statue on campus.

It is not inappropriate, at a time when we are engaged in a struggle against international terrorism, we recall that even in our infancy, this country has always had friends and allies from other parts of the world. After two hundred years, the world has gotten smaller and our international allies and coalition partners are essential to our long term success in the difficult times ahead. We should never forget this nation's friends.

Mr. REID. Mr. President, I ask unanimous consent that the joint resolution

be read the third time, and passed, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S.J. Res. 13) was read the third time and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S.J. RES. 13

Whereas the United States has conferred honorary citizenship on four other occasions in more than 200 years of its independence, and honorary citizenship is and should remain an extraordinary honor not lightly conferred nor frequently granted;

Whereas Paul Yves Roch Gilbert du Motier, also known as the Marquis de Lafayette or General Lafayette, voluntarily put forth his own money and risked his life for the freedom of Americans;

Whereas the Marquis de Lafayette, by an Act of Congress, was voted to the rank of Major General;

Whereas, during the Revolutionary War, General Lafayette was wounded at the Battle of Brandywine, demonstrating bravery that forever endeared him to the American soldiers;

Whereas the Marquis de Lafayette secured the help of France to aid the United States' colonists against Great Britain;

Whereas the Marquis de Lafayette was conferred the honor of honorary citizenship by the Commonwealth of Virginia and the State of Maryland;

Whereas the Marquis de Lafayette was the first foreign dignitary to address Congress, an honor which was accorded to him upon his return to the United States in 1824;

Whereas, upon his death, both the House of Representatives and the Senate draped their chambers in black as a demonstration of respect and gratitude for his contribution to the independence of the United States;

Whereas an American flag has flown over his grave in France since his death and has not been removed, even while France was occupied by Nazi Germany during World War II; and

Whereas the Marquis de Lafayette gave aid to the United States in her time of need and is forever a symbol of freedom: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Paul Yves Roch Gilbert du Motier, also known as the Marquis de Lafayette, is proclaimed to be an honorary citizen of the United States of America.

DESIGNATING 2002 THE YEAR OF THE ROSE

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to Calendar No. 285, S.J. Res. 8.

The PRESIDING OFFICER. The clerk will report the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 8) designating 2002 as the ''Year of the Rose''.

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. REID. Mr. President, I ask unanimous consent that the joint resolution be read a third time, passed, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to the joint resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S.J. Res. 8) was read the third time and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S.J. RES. 8

Whereas the study of fossils has shown that the rose has been a native wild flower in the United States for over 35,000,000 years;

Whereas the rose is grown today in every State;

Whereas the rose has long represented love, friendship, beauty, peace, and the devotion of the American people to their country;

Whereas the rose has been cultivated and grown in gardens for over 5,000 years and is referred to in both the Old and New Testaments;

Whereas the rose has for many years been the favorite flower of the American people, has captivated the affection of humankind, and has been revered and renowned in art, music, and literature;

Whereas our first President was also our first rose breeder, 1 of his varieties being named after his mother and still being grown today; and

Whereas in 1986 the rose was designated and adopted as the national floral emblem of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress—

(1) designates the year of 2002 as the ''Year of the Rose''; and

(2) requests the President to issue a proclamation calling on the people of the United States to observe the year with appropriate ceremonies and activities.

ORDERS FOR WEDNESDAY, DECEMBER 19, 2001

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it recess until the hour of 11:30 a.m. tomorrow, Wednesday, December 19; that immediately following the prayer and the pledge, the Senate resume consideration of the farm bill; further, that the vote on cloture on the substitute amendment occur at 1:15 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. REID. Mr. President, there will be rollcall votes on the farm bill tomorrow morning, as we know.

ORDER FOR RECESS

Mr. REID. Mr. President, I ask unanimous consent that if there is no further business to come before the Senate, following the statement by the Senator from Arkansas for 5 minutes and the statement by the Senator from Alabama for 10 minutes, the Senate stand in recess under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I appreciate everyone's cooperation. I know the hour is late. It is a very difficult bill for everyone, but I do appreciate the cooperation tonight.

The PRESIDING OFFICER. The Senator from Alabama.

WANTING A FARM BILL

Mr. SESSIONS. Mr. President, I have the permission of the Senator from Arkansas to go first.

I do take offense at the distinguished Senator from Iowa, Mr. HARKIN, saying we do not want a farm bill. That is not true. I do want a farm bill. I do not think there is a Senator here who does not want one, and I would like to see one completed before we leave.

I have been talking to farmers back home in my State, and they tell me frankly they like Cochran-Roberts. I am pleased to support the amendment that Senator HUTCHINSON has offered that has the House structure with some additional language in it that we think makes the bill even better. That was my farm bill that I offered, along with Senator HUTCHINSON and four Democrats. There were four Democrats and three Republicans on that bill. I believe the Presiding Officer was on that bill. It was a good bipartisan bill.

As the bill went through the system, the committee dealt with it and the majority leader dealt with it, and pretty soon we had a bill that was not as balanced as we would like to see it.

A lot of people in this Senate who care about agriculture—and there are some other than Senator HARKIN—are really concerned about the legislation and want a good bill.

Senator COCHRAN from Mississippi who chair the Agriculture Appropriations Subcommittee is one of the most knowledgeable people in this Senate on agricultural issues.

Senator PAT ROBERTS chaired the House Committee on Agriculture and is one of the most knowledgeable people in this Senate on agriculture.

Senator LUGAR, the former chairman of the Agriculture Committee and one of the finest Members of this body, is not comfortable with this legislation, and he certainly, as a farmer, cares about agriculture. So does Senator GRASSLEY who spoke earlier, a farmer himself, and a senior member of the Agriculture Committee.

They just do not agree with Senator HARKIN on everything that is in a bill that he admits is not perfect.

What we ought to do, and what I would have expected to happen, is that these responsible, experienced Senators and farm experts would be able to get together and work out some of the problems and not end up with a problem with the House and a problem with the President.

How are we going to get a bill passed if it cannot be conferenced? How are we going to get a bill passed if the President vetoes it? It is not going to happen. Let's get together now. That is the problem.

My farmers are telling me they believe all three of these bills can help them. They like all three of these bills, but we have to look at it in terms of a national policy and work out something with which everybody can work.

The problem has been, frankly, that the majority has not shown enough respect, in my view, to Senators COCHRAN, ROBERTS, GRASSLEY and LUGAR who have been trying to make some improvements in the bill. They have not talked to them on any significant issue, only minor issues, and we end up at loggerheads. The President is very unhappy with what he sees.

Even if we pass something before we leave, if it is not legislation that is likely to move forward, we have not done anything. That is why I appreciate Senator HUTCHINSON's offering of our original bipartisan bill that we know can get through the House, and we believe the President will sign it. I believe we will have a farm bill in a matter of days—hours, really. That would be good for agriculture.

The people with whom I have talked are concerned about delay. They would like this bill passed as soon as possible. They want to make their plans for next year. They want to talk with their banks and see about the financing they will need. We do need to move as fast as possible.

It would be quite preferable for us to move and have a bill passed that the President would sign before we recess. There is no doubt about that. I would like to see that done. But Senator HARKIN and the majority leader are basically saying: Take our bill just as we have written it, even though we have a vote or two over 50 for it, but we will not talk with you.

I have seen Senator DASCHLE when he was the Democratic leader use the power of 40 votes and ask for compromise and get it time and again. That is what this body is about. I just have not seen enough progress in a bipartisan way here. I believe there has just been an effort to stampede this bill through to try to gin up people and say: The Harkin bill is the only one that can do the job, and it must be passed now; and if you do not pass the Harkin bill now, you do not care about farmers, you do not care about agriculture, you would just as soon leave them out there and let them go bankrupt. That is just not true. I resent that.

I come from a farming family. My daddy had a farm equipment dealership. My grandparents were farmers. I grew up in the country. I know about farming. I have seen them come into my daddy's business with a tractor broken down, with hay in the field, a hay baler not working, needing help, knowing if the rain came and they did not get the crop in, they could lose most everything. And we did not have the programs then that we have today. I understand that. I grew up in that community. I want a farm bill, and I do not like it when somebody says I do not. And I do not like it when they say: If you do not agree with me and agree to vote on a bill I want on which we will accept no significant amendments, then we are going to accuse you of being against agriculture. I do not believe that is right.

That is where we are, and everybody knows it. There is no mystery about where this deal is tonight.

I want to make one more point.

There are several problems with the Harkin bill. From what I am hearing, other people are also expressing those concerns. It seems to me that the Harkin bill will increase production at a time when our production is high. And if it goes higher it will be even harder to sustain legitimate crop prices. That is a real problem. We have pretty high production now. Cotton is up. None is down that I know of. We don't need to institutionalize or create an incentive to do that.

We want to do this thing in a way that does not leave us subject to the charge of the Europeans who say we are protectionists and that we are violating WTO commitments. If we can avoid violating them and accomplish the same thing, we ought to do it. I hope and pray that the Europeans will see their extraordinary subsidies for agriculture are not justified. I hope they will begin to reduce some of that, and we will see increased exports around the world in other places besides Europe.

If we can avoid it, we ought not violate our trade agreements. I am afraid in a few years the experts will say we are in violation of our international trade commitments, putting us at a disadvantage when we try to negotiate with our trading partners who I think have been violating the law consistently. We will not be as authoritative with the same moral basis to argue they need to get right with the law.

We need a bill that can go to conference and be signed by the President promptly. That is why I believe the legislation Senator HUTCHINSON has offered tonight is a good vehicle for that.

There are two ways we can get a farm bill as I see it, just like this. We can have a good-faith, compromise negotiation discussion between the slim majority and the leaders on this side who are fine people, fine Senators, who have a history, a record, and a career of supporting agriculture—Senators GRASSLEY, ROBERTS, COCHRAN—and talk with them and see if they cannot work out something. If they do not, we have another vehicle, a vehicle Senator HUTCHINSON would offer, to solve the problem. Those are the two ways. Maybe there will be another and cloture will be achieved.

I know one thing: If we did those two things, we would be out of here and we would have a bill the President would most likely sign and we would have fulfilled our duty.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. HUTCHINSON. I thank the distinguished Senator from Alabama for his cosponsorship of this legislation and for his excellent statement. I also commend the Presiding Officer this evening for his role and hard work on the peanut program and his great victory on that issue and his hard work on the Agriculture bill and for his willingness to stay this late. I am sure the Presiding Officer is ready to wind this up.

I wish my colleagues could have seen the farmers I met with this past Saturday. One asked the prospects for getting a bill completed and to the President. I began to explain the Senate process. We have cloture; we may not get it. If we get it, we get a bill that has to go to conference. There is a lot of difference between the House and the Senate. I explained that and their eyes glazed over. There were tears. They said that would not do a lot of good for making loans and plans and getting ready for the upcoming planting season.

We have reached the point of finger pointing, both sides saying the other does not want a bill this year. I suggest Senator SESSIONS outlined two ways we have a chance of getting one. They are genuine compromises. We can pass the House bill I filed this evening, which I urged in my floor speeches we move this year. I wrote Chairman HARKIN and urged quick action and voted for the Harkin commodity title, and voted for the committee bill, voted for cloture last week; I voted for cloture today. I want a farm bill.

The way I see it, Senator HARKIN made a significant admission and said, if we invoke cloture and pass his bill tomorrow night, it will be weeks before a conference can work out the differences between the House and Senate and get a bill to the President.

There were a lot of Democrats who voted against Cochran-Roberts. But do we say a lot of Democrats do not want a farm bill because they would not support that? Of course not. We all have ideas of what the ideal farm bill is. We cannot get an ideal farm bill in these closing days. None of us would know exactly what it was.

There is one way we can get a bill this year. That is to move this House-like bill cosponsored by Republicans and Democrats—four Democrats, three Republicans—and move it immediately to the President. Tomorrow we will find out who is really wanting a bill this year and who is really wanting to stall one out—whether it is pride of authorship: my bill is the only bill, or whether we are willing to get an improvement in farm policy under this budget and to the President and signed into law.

I hope tomorrow there is good news this Christmas for America's farmers.

I thank the Presiding Officer for his patience, and I yield the floor.

RECESS UNTIL 11:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 11:30 tomorrow, Wednesday, December 19, 2001.

Thereupon, the Senate, at 9:36 p.m., recessed until Wednesday, December 19, 2001, at 11:30 a.m.

NOMINATIONS

Executive nominations received by the Senate December 18, 2001:

EXECUTIVE OFFICE OF THE PRESIDENT

NANCY DORN, OF TEXAS, TO BE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, VICE SEAN O'KEEFE.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

EMMY B. SIMMONS, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT. (NEW POSITION)

DEPARTMENT OF JUSTICE

BRIAN MICHAEL ENNIS, OF NEBRASKA, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF NEBRASKA FOR THE TERM OF FOUR YEARS, VICE CLEVELAND VAUGHN.

CHESTER MARTIN KEELY, OF ALABAMA, TO BE UNITED STATES MARSHAL FOR THE NORTHERN DISTRICT OF ALABAMA FOR THE TERM OF FOUR YEARS, VICE WILLIAM HENRY VON EDWARDS, III, RESIGNED.

JOHN WILLIAM LOYD, OF OKLAHOMA, TO BE UNITED STATES MARSHAL FOR THE EASTERN DISTRICT OF OKLAHOMA FOR THE TERM OF FOUR YEARS, VICE ROBERT BRUCE ROBERTSON.

WILLIAM SMITH TAYLOR, OF ALABAMA, TO BE UNITED STATES MARSHAL FOR THE SOUTHERN DISTRICT OF ALABAMA FOR THE TERM OF FOUR YEARS, VICE ROBERT JAMES MOORE.

DAVID DONALD VILES, OF MAINE, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF MAINE FOR THE TERM OF FOUR YEARS, VICE LAURENT F. GILBERT.

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES MARINE CORPS TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be brigadier general

COL. GEORGE J. FLYNN, 0000
COL. JOHN F. KELLY, 0000
COL. MARYANN KRUSADOSSIN, 0000
COL. FRANK A. PANTER JR., 0000
COL. CHARLES S. PATTON, 0000
COL. MASTIN M. ROBESON, 0000
COL. TERRY G. ROBLING, 0000
COL. RICHARD T. TRYON, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES MARINE CORPS TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be major general

BRIG. GEN. EMERSON N. GARDNER JR., 0000
BRIG. GEN. RICHARD A. HUCK, 0000
BRIG. GEN. STEPHEN T. JOHNSON, 0000
BRIG. GEN. BRADLEY M. LOTT, 0000
BRIG. GEN. KEITH J. STALDER, 0000
BRIG. GEN. JOSEPH F. WEBER, 0000

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY, JUDGE ADVOCATE GENERAL'S CORPS AND FOR REGULAR APPOINTMENT UNDER TITLE 10, U.S.C., SECTIONS 531, 624 AND 3064:

To be major

LESLIE C. SMITH II, 0000 JA