

Presidential Documents

Title 3—The President

PROCLAMATION 4089

Country Music Month, 1971

By the President of the United States of America

A Proclamation

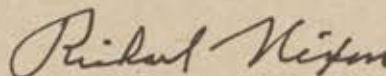
From 1923, when Fiddlin' John Carson made the first tremendously successful country recording until today when country sounds can be heard on over 700 radio stations, the popularity of country music has been a notable part of our American culture.

Why is country music so popular? Why is the Grand Ole Opry's audience made up of people who have traveled an estimated average of 450 miles one way to be there?

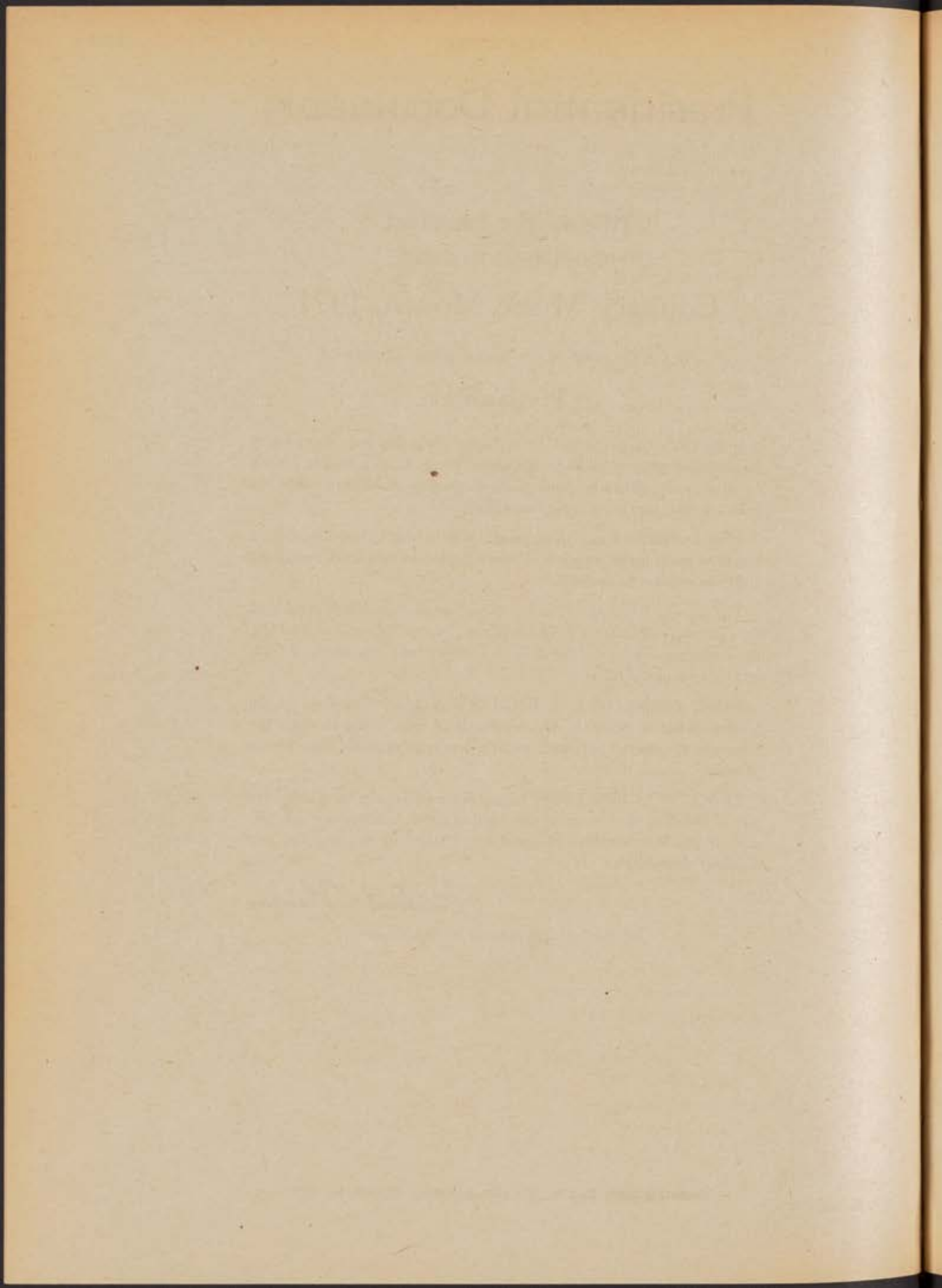
The answer is simple. Country music speaks to what is tried and true for many Americans. It speaks of the common things shared by all: the happiness of a family, the pains of a broken heart, the mercy of God, and the goodness of man.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, ask the people of this Nation to mark the month of October, 1971, with suitable observances as Country Music Month.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of October, in the year of our Lord nineteen hundred seventy-one, and of the Independence of the United States of America the one hundred ninety-sixth.



[FR Doc.71-15190 Filed 10-14-71;1:59 pm]



EXECUTIVE ORDER 11627

Further Providing for the Stabilization of the Economy

On August 15, 1971, I issued Executive Order No. 11615 providing for the stabilization of prices, rents, wages, and salaries, for a period of 90 days from the date of that Order. That Order also established the Cost of Living Council and charged it with the primary responsibility for administering the stabilization program, and for recommending to me additional policies and mechanisms to permit an orderly transition from the 90-day general price, rents, wages, and salaries freeze imposed by Executive Order No. 11615 to a more flexible and selective system of economic restraints.

I have received recommendations from the Cost of Living Council, and have determined that the intent of the Economic Stabilization Act of 1970 (P.L. 91-379; 84 Stat. 799), as amended, can more effectively be carried out and the goals I specified in my speech to the Nation on October 7, 1971, can more effectively be achieved, on and after the date of this Order, by substituting this Order for Executive Order No. 11615, as amended. Notwithstanding this substitution, the findings which I made in the preamble of Executive Order No. 11615 of August 15, 1971, are, after careful reconsideration, reaffirmed.

Under this Order, the Cost of Living Council will be continued and will be given broad authority to stabilize prices, rents, wages, and salaries for so long as the Economic Stabilization Act of 1970, as amended, is in effect or until such other time as the President may hereafter prescribe. This, in effect, will result in the establishment of a new economic stabilization program. That program will be carried out through a Pay Board and a Price Commission each of which is newly established by this Order. The Pay Board will be a tripartite organization composed of five representatives of organized labor, five representatives of business, and five representatives of the general public. The Price Commission will be composed of seven members, all from the general public. The President will appoint all members of both the Board and the Commission and will designate the Chairman of each, who will be a full-time official of the United States.

The Cost of Living Council will establish broad stabilization goals for the Nation, and the Pay Board and Price Commission, acting through their respective Chairmen, will prescribe specific standards, criteria, and regulations, and make rulings and decisions aimed at carrying out these goals.

In addition, this Order establishes three new committees to assist the Council, the Pay Board, and the Price Commission in the performance of their functions. They are the Committee on Interest and Dividends, an inter-agency body made up of the heads of various Federal departments and agencies having financial regulatory functions; the Committee on the Health Services Industry; and the Committee on State and Local Government Cooperation.

Finally, this Order modifies Executive Order No. 11588 so as to bring the Construction Industry Stabilization Committee established by that

Order into the framework of the new economic stabilization program established by this Order.

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes of the United States, particularly the Economic Stabilization Act of 1970, as amended, it is hereby ordered as follows:

SECTION 1. (a) The Pay Board and Price Commission established by sections 7 and 8 of this Order, respectively, and the Chairman of each of those bodies, shall, pursuant to goals of the Cost of Living Council, take such steps as may be necessary, and authorized by or pursuant to this Order, to stabilize prices, rents, wages, and salaries. Pending action under this Order, and except as otherwise provided in section 202 of the Economic Stabilization Act of 1970, as amended, prices, rents, wages, and salaries are stabilized effective as of August 16, 1971, at levels not greater than the highest of those pertaining to a substantial volume of actual transactions by each individual, business, firm, or other entity of any kind during the 30-day period ending August 14, 1971, for like or similar commodities or services. If no transactions occurred in that period, the ceiling will be the highest price, rent, salary, or wage in the nearest preceding 30-day period in which transactions did occur. No person shall charge, assess, or receive, directly or indirectly, in any transaction, prices or rents in any form higher than those permitted hereunder, and no person shall, directly or indirectly, pay or agree to pay, in any transaction, wages or salaries in any form, or to use any means to obtain payment of wages and salaries in any form, higher than those permitted hereunder, whether by retroactive increase or otherwise.

(b) Each person engaged in the business of selling or providing commodities or services shall maintain available for public inspection a record of the highest prices or rents charged for such or similar commodities or services during the 30-day period ending August 14, 1971.

(c) The provisions of sections 1 and 2 of this Order shall not apply to the prices charged for raw agricultural products.

SEC. 2. (a) The Cost of Living Council (hereinafter referred to as the Council), established by section 2 of Executive Order No. 11615 of August 15, 1971, is hereby continued and shall continue to act as an agency of the United States.

(b) The Council shall be composed of the following members: The Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Housing and Urban Development, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Director of the Office of Emergency Preparedness, the Special Assistant to the President for Consumer Affairs, and such others as the President may, from time to time, designate. The Secretary of the Treasury shall serve as Chairman of the Council and the Chairman of the Council of Economic Advisers shall serve as Vice Chairman. The Chairman of the Board of

Governors of the Federal Reserve System shall serve as adviser to the Council.

(c) There shall be a Director of the Cost of Living Council who shall be appointed by the President, be a member of the Council, be a full-time official of the United States, and be the Council's chief executive officer.

SEC. 3. (a) Except as otherwise provided herein, there are continued to be delegated to the Council all of the powers conferred upon the President by the Economic Stabilization Act of 1970, as amended.

(b) The Council shall develop and recommend to the President policies, mechanisms and procedures to achieve and maintain stability of prices and costs in a growing economy. To this end it shall consult with representatives of agriculture, industry, labor, State and local governments, consumers and the public, through the National Commission on Productivity and otherwise.

(c) In all of its actions the Council shall be guided by the need to maintain consistency of price and wage policies with fiscal, monetary, international, and other economic policies of the United States.

(d) The Council shall inform the public, agriculture, industry, and labor concerning the need for controlling inflation and shall encourage and promote voluntary action to that end.

SEC. 4. (a) The Council, in carrying out the provisions of this Order, may continue to (i) prescribe definitions for any terms used herein, (ii) make exceptions or grant exemptions, (iii) issue regulations and orders, (iv) provide for the establishment of committees and other comparable groups, and (v) take such other actions as it determines to be necessary and appropriate to carry out the purposes of this Order. More particularly, the Council, working through appropriate delegations to the Chairman of the Pay Board and the Chairman of the Price Commission, may (1) notwithstanding the provisions of subsection (a) of section 1 of this Order, prescribe base periods for determining maximum levels for prices, rents, wages, and salaries other than the base period specified in subsection (a) of section 1 of this Order, and (2) otherwise increase or decrease, subject to section 202 of the Economic Stabilization Act of 1970, as amended, the maximum levels for prices, rents, wages, and salaries prescribed by subsection (a) of section 1 of this Order.

(b) The Council may redelegate to any agency, instrumentality, or official of the United States any authority under this Order, and may, in administering this Order, utilize the services of any other agencies, Federal or State, as may be available and appropriate.

(c) On request of the Chairman of the Council, each executive department or agency is authorized and directed, consistent with law, to furnish the Council with any available information which the Council may require in the performance of its functions.

SEC. 5. The Council may require the maintenance of appropriate records or other evidence which are necessary in carrying out the provisions of this Order, and may require any person to maintain and produce

for examination such records or other evidence, in such form as it shall require, concerning prices, rents, wages, and salaries and all related matters. The Council may make such exemptions from any requirement otherwise imposed as are consistent with the purposes of this Order. Any type of record or evidence required under regulations issued under this Order shall be retained for such period as the Council may prescribe.

SEC. 6. The expenses of the Council shall be paid from such funds of the Department of the Treasury or otherwise as may be available therefor.

SEC. 7. (a) There is hereby established a "Pay Board" (hereinafter referred to as the Board).

(b) The Board shall be composed of fifteen members. The members shall be appointed by the President and shall include five labor representatives, five business representatives, and five representatives of the general public. The members of the Board shall serve at the pleasure of the President and the President shall designate one of the members representing the public to serve as Chairman. The Chairman shall serve full time and be an official of the United States. The Chairman shall designate an Executive Director of the Board who shall serve under the direction of the Chairman of the Board and perform such duties as the Chairman may specify.

(c) The Board shall perform such functions with respect to the stabilization of wages and salaries as the Council delegates to the Board. The Chairman of the Board shall perform such functions with respect to the stabilization of wages and salaries as the Council may delegate to him and, in performing those functions, shall exercise such authority, including the development and establishment of criteria for the stabilization of wages and salaries which shall be applied in the administration of this Order, as may be delegated to him by the Council.

SEC. 8. (a) There is hereby established a "Price Commission" (hereinafter referred to as the Commission).

(b) The Commission shall be composed of seven members. The members shall be appointed by the President and shall be representative of the general public. The Members of the Commission shall serve at the pleasure of the President, and the President shall designate one of the members to serve as Chairman. The Chairman shall serve full time and be an official of the United States. The Chairman shall designate an Executive Director of the Commission who shall serve under the direction of the Chairman of the Commission, and perform such duties as the Chairman may specify.

(c) The Commission shall perform such functions with respect to the stabilization of prices and rents as the Council delegates to the Commission. The Chairman of the Commission shall perform such functions with respect to the stabilization of prices and rents as the Council may delegate to him and, in performing these functions, shall exercise such authority, including the development and establishment of criteria for the stabilization of prices and rents which shall be applied

in the administration of this Order, as may be delegated to him by the Council.

SEC. 9. (a) There is hereby established a Committee on Interest and Dividends. The Committee shall be composed of the Chairman of the Board of Governors of the Federal Reserve System, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Housing and Urban Development, the Chairman of the Federal Deposit Insurance Corporation, the Chairman of the Federal Home Loan Bank Board, and such others as the President may, from time to time, designate. The Chairman of the Board of Governors of the Federal Reserve System shall serve as Chairman of the Committee.

(b) This Committee shall, subject to review by the Council, formulate and execute a program for obtaining voluntary restraints on interest rates and dividends.

SEC. 10. (a) There is hereby established a Committee on the Health Services Industry. This Committee shall be composed of such members as the President may from time to time appoint. The members shall be generally representative of medical professions and related occupations, hospitals, the insurance industry, other supporting industries, consumer interests, and the public. The President shall designate the Chairman of the Committee.

(b) This Committee shall provide advice concerning special considerations that tend to contribute to inflation in the health services industry. This Committee shall also assist the Board and Commission in the performance of their functions by making technical analyses of specific matters referred to it by the Board or Commission.

SEC. 11. (a) There is hereby established a Committee on State and Local Government Cooperation. The Committee shall be composed of such representatives of State and local governments and subdivisions thereof, representatives of State and local employees, and such others as the President may, from time to time, appoint. The President shall designate the Chairman of the Committee.

(b) This Committee shall provide advice concerning special considerations involved in the stabilization of prices, rents, wages, and salaries pursuant to this Order as they relate to State and local governments, and subdivisions and employees thereof. This Committee shall also assist the Board and Commission in the performance of their functions by making technical analyses of specific matters referred to it by the Board or Commission.

SEC. 12. Upon request of the Chairman of the Council, Federal departments and agencies shall provide such assistance in carrying out the provisions of this Order as is permitted by law.

SEC. 13. All orders, regulations, circulars, or other directives issued and all other actions taken pursuant to Executive Order No. 11615, as amended, are hereby confirmed and ratified, and shall remain in full

force and effect, as if issued under this Order, unless and until altered, amended, or revoked by the Council or by such competent authority as the Council may specify.

SEC. 14. (a) The Construction Industry Stabilization Committee established by Executive Order No. 11588 of March 29, 1971, and the craft dispute boards authorized by section 2 of that Order, are hereby continued.

(b) The Chairman of the Pay Board, established by section 7 of this Order, shall henceforth perform all functions vested in the Secretary of Labor by Executive Order No. 11588, with respect to (1) the certification of determinations that a proposed wage or salary increase is not acceptable, (2) the approval of rules and regulations issued by the Construction Industry Stabilization Committee, and (3) the issuance of rules and regulations.

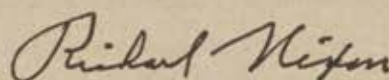
(c) Subsection (d) of section 5 and section 6 of Executive Order No. 11588, are hereby revoked.

(d) Subsections (a) and (c) of this section are effective immediately. Subsection (b) of this section shall be effective on the day the Chairman of the Pay Board gives notice that the Pay Board is operational.

SEC. 15. (a) Whoever willfully violates this Order or any order or regulation issued under authority of this Order shall be fined not more than \$5,000 for each such violation.

(b) The Council may in its discretion request the Department of Justice to bring actions for injunctions authorized under Section 205 of the Economic Stabilization Act of 1970, as amended, whenever it appears to the Council that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any regulation or order issued pursuant to this Order.

SEC. 16. Executive Order No. 11615 of August 15, 1971, and Executive Order No. 11617 of September 2, 1971, are hereby superseded.



THE WHITE HOUSE,
October 15, 1971.

[FR Doc. 71-15254 Filed 10-15-71; 12:25 pm]

Rules and Regulations

Title 7—AGRICULTURE

Chapter II—Food and Nutrition
Service, Department of Agriculture

PART 270—GENERAL INFORMATION AND DEFINITIONS

PART 271—PARTICIPATION OF STATE AGENCIES AND ELIGIBLE HOUSE- HOLDS

PART 272—PARTICIPATION OF RE- TAIL FOODSTORES, WHOLESALE FOOD CONCERNS, NONPROFIT MEAL DELIVERY SERVICES, AND BANKS

PART 273—ADMINISTRATIVE AND JUDICIAL REVIEW—FOOD RETAIL- ERS, FOOD WHOLESALE AND NONPROFIT MEAL DELIVERY SERVICES

PART 274—EMERGENCY FOOD AS- SISTANCE FOR VICTIMS OF MAJOR DISASTERS

Food Stamp Program

Notice of proposed rule making and three related notice documents were published in the *FEDERAL REGISTER* on April 16 and 17, 1971 (36 F.R. 7240-54; 36 F.R. 7273; 36 F.R. 7320-21), setting forth proposed revised regulations and proposed income eligibility standards and basis of coupon issuance for the operation of the Food Stamp Program. This statement summarizes the comments, suggestions, and objections from interested parties and describes the principal changes which were made in the final regulations and related notice documents. Responses to the proposed regulations and three related notice documents were received from a total of 781 interested parties with 3,607 comments.

1. *Eligible Food.* The principal suggestions were as follows:

a. Meals served to elderly or handicapped food stamp recipients in restaurants and in nonprofit central dining facilities should be eligible for purchase with food coupons.

b. Nonfood necessities such as detergents should be eligible.

c. Eligible food should be limited to low-cost, nutritionally sound foods.

The regulations were not changed as suggested since such changes would require legislation.

Comments were also received suggesting changes and clarification in the wording of the eligible foods section. Since the proposed regulations carry the same wording used in the current Food Stamp Regulations which have caused a minimum of difficulty, it was determined that a change was not warranted.

2. *Household.* The majority of comments received on this subject opposed the "related" requirement of the household definition. Other comments wanted to keep the former household definition or allow those households already participating under the current Program to continue participation on the new Program. However, the related household concept is required by the Food Stamp Act, as amended, and the definitions of "household" and "related" were formulated in accordance with the January 1971 amendments to the law.

Some of the comments suggested that godparents be considered related persons. This suggestion was not adopted because any godparents who may fit the related concept are covered by the "in loco parentis" definition or are otherwise related by blood or affinity. So-called "godparents" who do not come within the "related" definition in the regulations do not have a status that we believe can be recognized. In the related definition, the meaning of the terms "affinity" and "in loco parentis" apparently was not clear. Therefore, these terms have been defined in the regulations.

Several comments were received objecting to our failure to provide for a "common-law" marriage relationship in those States which do not legally recognize common-law marriages. In response to these comments, the definition of "related" has been revised to include a man and woman living as man and wife, if they are accepted as married by the community in which they live. This change will include those persons who would be considered married if a common-law relationship were recognized by the State.

3. *Administration.* A few suggestions were received that we should permit other organizations besides the State agency to administer the Food Stamp Program at the local level. One suggestion was that community action groups be allowed to administer the Program. Another recommendation was that the Tribal Council on Indian reservations be recognized as constituting a political subdivision with which the Department could deal directly. A third suggestion was that FNS should administer the Program when either the State agency refuses to administer the Program in a project area or when the Program is being administered improperly. No changes have been made in response to these comments. The Act expressly requires that the State agency must request that the Program be established in a project area (section 4(a) of the Act) and that the State agency must assume responsibility for administering the Program (section 10(b) of the Act).

4. *Program violations.* One comment was received requesting that the reg-

ulations specify who has the responsibility for prosecuting persons who have fraudulently obtained food coupons. However, the regulations are intended to refer only to the criminal provisions of the Food Stamp Act for violations of the Act or the regulations. Many States have laws under which violators may be prosecuted. Therefore, depending on the individual circumstances and the laws involved, individuals may sometimes be prosecuted under either Federal or State law.

5. *Dual operation of the Food Stamp Program and the Food Distribution Program.* Several respondents wanted dual operation during the transition period when a Food Distribution Program is being replaced by a Food Stamp Program to extend longer than three months. However, no change has been made in this provision because the transition period is intended merely to effect the orderly transition from one program to the other and it is not designed to be an ongoing program.

6. *Free coupons as income or resources.* A few comments were received which objected to the provision that free coupons cannot be considered as income or resources under any circumstances. This provision is based on section 7(c) of the Food Stamp Act.

7. *Discrimination.* The title has been changed to "Nondiscrimination" to conform with the Departmental rules and regulations, 7 CFR Part 15. The substance has been changed to include issuance as well as certification activities to assure that the issuance of coupons also be handled in a nondiscriminatory manner.

8. *Residency.* We received a few comments which suggested that it should be made clearer that migrants, if otherwise eligible, should not be excluded from the Program because they do not have an intent to maintain residence at any location. Other comments were that we should require an applicant to have a permanent residence. The regulations, consistent with court decisions, provide that no durational residency requirement be established by any State agency.

9. *State agency personnel standards.* One comment suggested that employment standards be established for State agency personnel. The Food Stamp Act, however, provides that the State agency shall undertake the certification of applicant households in accordance with the personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance programs. This provision is followed in the regulations.

10. *Outreach.* The majority of comments received were opposed to State agencies being made responsible for outreach. The view was expressed that the

services of Community Action groups and other organizations should be utilized for outreach.

The regulations, consistent with the Food Stamp Act, provide that State agencies shall undertake effective outreach action with respect to low-income households and shall make use of the services provided by other federally funded agencies and organizations.

The words "with due regard to ethnic groups" were added to encourage the development of bilingual materials.

11. *Notice of adverse action.* Numerous comments were received from State agencies concerning the added workload resulting from the 15-day advance notice requirement and the agency conference. Many comments were also received objecting to issuance of coupons for 15 days to households that had already been determined by the State agency to be ineligible or eligible for participation with lowered benefits.

The procedure in the regulations is based on the procedure developed by the Department of Health, Education, and Welfare after giving consideration to pertinent court decisions.

Although some persons commented that 15 days advance notice was not sufficient, it was determined that this provides ample time for requesting a conference or a hearing.

The regulations were modified to make clear that an agency conference was not a prerequisite for a hearing. The purpose of the agency conference is to provide a means for an informal discussion of agency actions, and for correction of any errors that may have been made, thus reducing the number of cases which must be handled by the hearing process.

Some State agencies expressed concern that coupons issued during the 15-day period would be considered over-issuances. This is not the case because the advance notice requirement actually extends eligibility for this 15-day period time.

12. *Fair hearings.* Many comments were received protesting the added administrative and financial burden being placed on State agencies by this requirement and the complexity of the procedures.

The fair hearing procedures conform closely with those prescribed by the Department of Health, Education, and Welfare for federally aided public assistance programs.

Several comments were made that the 60-day time period in which a final administrative decision must be made was too short and others that it was too long. After considering all comments, 60 days is considered a reasonable period for both State agencies and households.

Many respondents were concerned about the unavailability of State agency funds to pay for the costs of medical experts used in hearings. The regulations have been modified to provide that medically qualified personnel employed by the State agency for making determinations or giving medical testimony in hearing proceedings can be considered as hearing officials for the purpose of FNS

contributions to State agency costs under section 15(b) of the Food Stamp Act.

Several persons believed that various terms should be defined. These included "abandoned," "reasonable," "fact," "judgment," and "policy." The differences between "fact and judgment" and "policy" should now be clearer by the change in wording to substitute the Food Stamp Act, Regulations, and Federal procedures for the term "policy." In addition, we have changed the word "dissatisfied" to "aggrieved" as the result of several comments.

Several interested parties contended that benefits should be continued at the rate in effect prior to the Notice of Adverse Action in all cases. No changes were made in present procedures which are consistent with the procedures of the Department of Health, Education, and Welfare and court decisions.

Several interested parties expressed concern about the impartiality of the hearing officials. The regulations were changed to insure that all hearing officials are employed directly by the State and have had no connection with the original local decision.

13. *Credits for lost benefits.* The overwhelming majority of all comments received were opposed to the credits provisions. The reasons given for this opposition were: The credits system would be extremely difficult to administer and State legislation would be required to implement a credit system. The credits provisions have been deleted in their entirety.

14. *Refunds for overpayment of purchase requirements.* A number of respondents suggested that refunds to Program participants who, through administrative error, paid more than the proper purchase requirement for coupons should be reimbursed at the local level, rather than by FNS. We believe that cash refunds by FNS is the proper method of handling this problem.

15. *Public information.* Some State agency representatives contended that providing copies to the public would increase the workload on administrative personnel, increase mailing costs, cause a printing and reproduction burden on the State agency, and would not assure that material given out would be kept up to date. In response to these comments, the responsibility of providing copies to all interested persons of Regulations, Plans of Operation, and Federal procedures has been transferred from the State agency to FNS, with the State agency only maintaining copies for inspection at the State and local level.

16. *Implementation of the regulations.* Several responses were received on this subject. Some thought the 90-day and 270-day implementation periods excessive; others thought them too short. Several suggested that State agencies be allowed to postpone recertification of applicants until their certification periods expire, thus extending the 270 days to 1 year.

Based on these comments, the implementation schedule has been revised. Because public and general assistance households will be eligible without regard to income and resources many of the recertification problems will be alleviated. It was determined that 270 days is a reasonable period for recertification of all households. All plans of operation must be submitted within 60 days of the effective date of the regulations. A provision has been added that the outreach plan must be submitted within 180 days to allow adequate planning time. The regulations have been changed to provide for implementation of the new basis of issuance and eligibility standards within 30 days of the date of approval of the Plan of Operation, and implementation of all other provisions of the regulations within 90 days of the approval date. This timetable should provide adequate implementation time for the State agencies.

17. *Payments for certain costs of the State agency.* Many persons wanted the Federal Government to pay a larger proportion of the costs of operating the Food Stamp Program. However, the availability of matching funds for certain administrative costs is expressly provided for in the Food Stamp Act. The regulations follow the Act in this respect.

18. *Food stamps for delivered meals.* Many comments were received on the provisions for using coupons as payment for meals delivered to eligible recipients.

Several modifications suggested, such as deleting the age limitation or disability requirements, or permitting coupons to be used for meals served in restaurants or boarding houses, are not authorized by the Food Stamp Act. The regulations permit persons eligible for delivered meals and who have cooking facilities to use their coupons either in a retail food store or to pay for delivered meals.

19. *Definition of income.* There were many comments objecting to the inclusion of scholarships, educational grants (including loans on which repayment is deferred until completion of the recipient's education), fellowships, and veterans' educational benefits as income in determining a household's eligibility for the Program. Changes have been made to allow the cost of educational expenses for tuition and mandatory fees, including those paid for by scholarships, grants, loans, fellowships, and veterans' benefits, to be deducted from income in determining eligibility.

Many comments urged expansion of the hardship provision, e.g., allowing all medical expenses and including phone service as a deduction from income. Changes have been made to allow phone service as a utility hardship under the shelter provision. Medical costs exceeding \$10 per month per household are allowed as a deduction. This provision was left unchanged because very small changes have a minimal effect on the purchase requirement, and the administrative complexity created by the necessity of computing such small changes

works a hardship on both the State agency and the applicant. The regulations have been changed to allow a deduction of 10 percent of earned income or training allowance, not to exceed \$30 per household per month, in recognition of the costs of going to work or taking training. Provisions have also been made in the regulations to permit, as a deduction, payments for the care of a child or other persons when necessary for a household member to accept or continue employment.

The proposed regulations permit the income of a child who is a student and who has not attained his 18th birthday to be disregarded in determining a household's eligibility. A number of comments wanted to raise the age limit to 22 for disregarding earned income of students. The age limit was not increased because such an increase would permit disregarding of income of college students and fully employed household members.

Several comments questioned the meaning of the phrase "if it is to the household's advantage" in the proposed regulations, § 271.3(b) (1) (iv). The regulations were changed to delete this phrase and to provide for (1) the averaging of income to determine eligibility; (2) the averaging evenly or prorating unevenly to determine the basis of issuance for those households deriving their income from farm operations or other self-employment; and (3) the prorating of scholarships, etc., over the period which the money was intended to cover. FNS will issue instructions to further implement these provisions.

20. Tax dependency. There were many objections to the tax dependency provision of the regulations. However, this provision is required by the Food Stamp Act. A definition of "dependent" has been added.

21. Work registration requirement. Many persons indicated that work registration should not be required. However the Food Stamp Act requires that the Secretary include in the uniform standards of eligibility provisions for work registration and acceptance of suitable employment.

Several respondents were concerned that persons participating in the Work Incentive Program or other Manpower Training Programs would be required to register and accept employment. However, the regulations exempt any students in a recognized school or training program.

A number of comments were received which asked clarification of the treatment to be accorded strikers in determining eligibility. Changes have been made in the regulations to make it clear that persons not working because of a strike or lockout are required to comply with the registration for work requirement, but are not required to work at a plant subject to a strike or lockout.

Several persons objected to the provisions on suitability of employment. Modifications have been made to make it clear that State agencies must determine the suitability of available jobs for work registrants on the basis of the criteria

listed. The services of the Department of Labor and Federal and State employment offices will be utilized.

A number of persons felt that a definition of "good cause," in relation to failure of a household member to comply with the work requirement provisions, was needed. However, each case must be judged in the light of all facts and circumstances. A definition could work to the disadvantage of a household by narrowing the area of judgment if unanticipated circumstances arise. Any person aggrieved by a determination may request a hearing under the fair hearing procedures.

It was suggested that the work registration forms required by FNS be furnished by FNS. This form is being developed by FNS at the national level in cooperation with the Department of Labor.

22. Eligibility determination. It was suggested that emphasis should be placed on the State agency helping the applicant to prove his eligibility.

The certification process has been simplified in order that applications can, in most instances, be completed by a household member with such assistance from the local certification staff as he may desire.

23. Certification of public assistance households. There were a number of comments about the procedure of certification of public assistance households on the basis of their affidavits. It was felt that this document would create unnecessary paperwork. Some persons felt that certification by affidavit should be extended to general assistance households.

The use of an affidavit will not necessitate a separate application process. In most cases, the affidavit will be a part of the public assistance application and may be completed at the time of application for public assistance. Certification by affidavit under the revised regulations includes general assistance households.

24. Certification of nonassistance households. A number of letters suggested that self-declaration be extended to nonassistance households. Many felt that certification pending verification should be extended to all households. Questions were raised as to the need to verify income. Some persons felt that quality control and verification of income were inconsistent.

Full self-declaration will not be extended to nonassistance households. Under the new regulations verification of income of such households is required. Verification of other factors will be required only in special circumstances. Because household income has the greatest impact on household eligibility and basis of issuance it is necessary to retain verification of this item. Certification pending verification is made available for households who have the greatest need.

Quality control by a sampling process is designed to detect errors made by recipients or certification workers and to check the validity and effectiveness of the entire certification process.

Several persons suggested that the Application for Participation should be designed by FNS. FNS will provide State agencies with a sample application format. This format may be modified by State agencies subject to FNS approval.

25. Application processing. Comments concerning the 30 days allowed as a maximum to process affidavits and Applications for Participation stated that 30 days was either too long, or too short, or acceptable. Suggestions were made that special provisions should be made for migrants. It was decided that 30 days should remain as the allowed maximum and that State agencies could establish shorter time periods for application processing if feasible. It was also decided that no special provisions were necessary for migrants in view of the 60-day certification continuation provision.

Several suggestions were made that the application of the 30-day period should be more clearly defined. Changes resulting from these suggestions have been made in the regulations. The State agency must notify the household of either certification or rejection of an application within not more than 30 days after the State agency receives such application. Households who apply for recertification must be notified of a denial of recertification prior to the end of the certification period.

26. Certification periods. Several suggestions were made that certification periods be made as long as possible, with migrants being certified on a 12-month, nationwide basis. Certification periods will be established for that period of time during which changes are not expected to occur. The State agency should certify households for the longest period practicable within the guidelines set forth in the regulations. It is not administratively feasible to establish nationwide certification or to certify migrants on a 12-month basis. However, the 60-day continuing certification provision will remove the necessity of a household having to reapply in order to continue participation when the household moves within the certification period. The 12-month certification provision applies to farmers, other self-employed persons, and certain households with very stable income.

27. 60-day continuation of certification. Comments on the 60-day continuation provision for migrants were twofold. They were that the continuation did not apply to families moving to or from a food distribution area and that the provision did not allow for changes in income which might occur after a family had moved. The Food Stamp Act provides for such 60-day continuation of certification only in the event of removal of a household to another food stamp area. A household may apply for recertification in the event that its income or other factors change so as to reduce its purchase requirement.

It was suggested that the regulations provide for the prompt issuance of coupons to migrants. The regulations have been changed to provide that State agencies must "promptly" issue coupons to

families participating under a 60-day continuation of certification.

28. *State agency instructions approval.* The major comments made were that State agency instructions and forms should not be required to be submitted to FNS for approval prior to issuance and that, if FNS does not approve or reject them within 30 days, the State agency should be permitted to issue them.

For effective uniform Program administration, it is necessary that all State agency instructions be reviewed by FNS. If FNS does not respond to a request for approval of State agency instructions within 30 days after receipt of such request, the State agency may issue the instructions without FNS approval.

29. *Nonparticipation.* Some persons objected to the provision for dropping households after 3 months of nonparticipation.

The regulations provide that issuance of ATP's be terminated in this event but the certification of the household is not thereby invalidated.

30. *Variable purchase.* Some respondents objected to the variable purchase provision because of the increased issuance costs and others suggested more flexibility for households.

The Food Stamp Act states that the Secretary shall provide a reasonable opportunity for any eligible household to elect to be issued a coupon allotment having a face value less than the face value of the authorized coupon allotment. The variable purchase option issued under this provision increases the flexibility of the Program for participating households without adding unreasonably to State agency administrative costs.

31. *Public assistance withholding and variable purchase.* The proposed regulations permitted public assistance households which elected to pay purchase requirements by deduction from grants to choose a variable purchase option. Many comments objected to giving households both options. The primary objection was the administrative cost and complexity of a combination of such options.

In view of the computerized handling of public assistance grants and the problems and costs incident to variable monthly deductions, the regulations have been revised to provide that, if a household chooses public assistance deduction, the full coupon allotment must be purchased. However, a provision has been added authorizing such a household to return the coupon allotment for a refund of the purchase requirement.

32. *Plans of operation.* Some comments objected to FNS requiring changes in State plans of operation because of Program or interpretation changes after the plans were initially approved. Some persons suggested that plans should contain a fair hearing procedure.

The State plan of operation under the revised regulations will be a relatively brief document under which the State agency agrees to administer the Program in accordance with the regulations and FNS instructions and any other provisions approved by FNS. Fair hearing procedures are spelled out in detail in the

regulations as supplemented by instructions to be issued by FNS.

33. *Use of federally donated foods by nonprofit meal delivery services.* A number of persons suggested that authorized nonprofit meal delivery services be allowed to receive and use federally donated foods for their food stamp recipient customers. Adoption of this suggestion would not be permitted under the Food Stamp Act.

34. *Pricing and consumer complaints.* A number of comments suggested that the regulations include specific provisions to prevent price discrimination against, and other exploitation of, food stamp recipients. It was also suggested that specific procedures for the public to follow in registering a complaint with FNS against authorized food retailers be added.

Section 272.2(c) of the regulations prohibits any kind of discrimination against food stamp recipients. The Department investigates all allegations of Program violations by authorized retail foodstores.

35. *Cash change.* It was suggested that authorized retailers be required to use credit slips instead of cash change in amounts up to 49 cents in order to prevent food stamp recipients from making purchases to receive cash change. Sections 271.9(d) and 272.2(e) of the regulations were changed to prohibit transactions made primarily for the purpose of receiving cash change. Further consideration is being given to the cash change provision.

36. *Identification of food stamp recipients.* It was suggested that retailers be required to check the identification card of every food stamp customer to prevent possible trafficking in coupons. In view of the serious impeding of checkout procedures in retail foodstores, to the detriment of stores and their customers, that would result from such a requirement, and since the need for such strict identification requirement has not been shown by previous experience, this suggestion was not adopted.

37. *Issuance and redemption of coupons.* It was suggested that authorized firms be required to deposit coupons instead of receiving cash for them from participating banks to provide an accounting record. Since the current redemption procedures allow the Department to gather information about redemptions necessary to the administration of the Program, the recommendation was not followed. Section 272.5 (a) of the regulations was changed in response to the suggestion that the regulations indicate which redemption certificates should be sent to the FNS Field Offices, and which should be sent to the automated redemption certificate processing center.

38. *FSP Notice No. 1971-1.* The principal comments on the proposed maximum monthly allowable income schedule for determining eligibility of households were that: (1) Public assistance households should be automatically eligible for the Program; and (2) the proposed standards for one- and two-

person households were too low, thereby eliminating many elderly persons from participating in the Program.

The regulations were modified to provide that households in which all members are included in federally aided public assistance or general assistance grants will be eligible for the Program while receiving such grants without regard to the income and resources of the household members, assuming all other eligibility requirements are met. The eligibility of all other applicant households will be determined on the basis of the maximum allowable income eligibility standards.

The maximum allowable monthly income for one- and two-person households has been increased in accordance with the most recent poverty levels issued by the Census Bureau on May 7, 1971.

The comments received on the proposed basis of issuance tables ranged from continuing the purchase requirements currently in effect, and opposing the proposed purchase requirements because they were too high in the upper range of the scale, to completely eliminating the purchase requirements.

No changes were made in the basis of issuance tables in view of the provisions of the Food Stamp Act and in order to provide for work incentives and maintain consistency with the proposed family assistance program.

Dated: October 12, 1971.

RICHARD E. LYNG,
Assistant Secretary.

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Chapter VII—Agricultural Stabilization and Conservation Service (Agricultural Adjustment), Department of Agriculture

SUBCHAPTER B—FARM MARKETING QUOTAS AND ACREAGE ALLOTMENTS

[Amdt. 12]

PART 724—BURLEY, FIRE-CURED, DARK AIR-CURED, VIRGINIA SUN-CURED, CIGAR-BINDER (TYPES 51 AND 52), CIGAR-FILLER AND BINDER (TYPES 42, 43, 44, 53, 54, AND 55), AND MARYLAND TOBACCO

Subpart—Tobacco Allotment and Marketing Quota Regulations, 1968-69 and Subsequent Marketing Years

MISCELLANEOUS AMENDMENTS

This amendment is issued pursuant to and in accordance with the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281 et seq.).

The purposes of this amendment are as follows:

1. Section 724.55(b) is amended to eliminate references to insufficient cropland when determining preliminary acreage allotments and tobacco history acreage for old farms. These changes result