Government of this change and in anticipation of its minimal impact on COLA rates, OPM plans to conduct its living-cost surveys in Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands in the first quarter of the calendar year beginning with the next survey, which will be conducted in the first quarter of calendar year 1996.

General Comments

One commenter expressed concern that OPM issued the proposed regulations at a time when a broad examination of the COLA program is scheduled. The commenter felt that some of the changes could have a substantial impact on the program and that the 30-day comment period was not enough time to fully analyze their effect.

Except for the proposed technical clarification relating to standard shelter specifications, all of the changes we proposed were based on comments and recommendations we received on previously published living-cost survey reports. In fact, this particular commenter had proposed, on several previous occasions, analyzing living costs at only one income level, and we had addressed this issue specifically in several previous **Federal Register** notices. Therefore, because we were proposing to adopt recommendations that commenters had previously provided on issues that were not new, we believed that 30 days was sufficient time to review and comment on our proposals. In the future, however, OPM will continue to provide, whenever practical, at least 60 days for interested parties to review and comment on proposals relating to the COLA program.

One commenter responded generally to the cost of housing and grocery items in Alaska and expressed concern about any reduction in COLA rates. These final regulations will have no effect on the COLA rates payable in Alaska. Furthermore, Pub. L. 102–141, as amended, prohibits any reductions in COLA rates through December 31, 1996.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because it will affect only Federal agencies and employees.

List of Subjects in 5 CFR Part 591

Government employees, Travel and transportation expenses, Wages.

Office of Personnel Management.

James B. King,

Director.

Accordingly, OPM is amending 5 CFR part 591 as follows:

PART 591—ALLOWANCES AND DIFFERENTIALS

Subpart B—Cost-of-Living Allowance and Post Differential—Nonforeign Areas

1. The authority citation for subpart B of part 591 continues to read as follows:

Authority: 5 U.S.C. 5941; E.O. 10000, 3 CFR, 1943–1948 Comp., p. 792; E.O. 12510, 3 CFR, 1985 Comp., p. 338.

2. In § 591.205, the second sentence in paragraph (b)(3) is revised to read as follows:

§ 591.205 Comparative cost index.

* * * * *

(b) * * *

(3) * * * Standard shelter specifications (e.g., type, size, age) are selected for each income level. * * * * * * * * *

§ 591.210 [Amended]

3. In § 591.210, paragraph (d) is removed and paragraphs (e), (f), and (g) are redesignated as paragraphs (d), (e), and (f), respectively.

[FR Doc. 95–22316 Filed 9–7–95; 8:45 am]

BILLING CODE 6325–01–M

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 998

[Docket No. FV95–998–2FIR]

Amendment of Requirements Established Under Marketing Agreement No. 146 Regulating the Quality of Domestically Produced Peanuts for 1995 and Subsequent Crop Years

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: The Department of Agriculture (Department) is adopting as a final rule, with one minor correction, the provisions of an interim final rule that amends for the 1995 peanut crop and subsequent crop years several provisions of the incoming, outgoing, and indemnification regulations established under Marketing Agreement No. 146. The changes recognize industry operating practices and reduce the burden on handlers without compromising the agreement's objective. The objective of the agreement is to ensure that only wholesome peanuts enter edible market channels. This final rule was unanimously recommended by the Peanut Administrative Committee (Committee), the administrative agency for this wholesomeness assurance program.

EFFECTIVE DATE: September 8, 1995.

FOR FURTHER INFORMATION CONTACT: William G. Pimental, Marketing Specialist, Southeast Marketing Field Office, Fruit and Vegetable Division, AMS, USDA, P.O. Box 2276, Winter Haven, Florida 33883–2276; telephone: (941) 299–4770, or FAX: (941) 299–5169; or Jim Wendland, Marketing Specialist, Marketing Order Administration Branch, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2523–S, Washington, D.C. 20090–6456; telephone: (202) 720–2170, or FAX: (202) 720–5698.

SUPPLEMENTARY INFORMATION: This final rule is issued under Marketing Agreement No. 146 (7 CFR part 998) regulating the quality of domestically produced peanuts, hereinafter referred to as the agreement. This agreement is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.''

The Department is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12778, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures which must be exhausted prior to any judicial challenge to the provisions of this rule.

Pursuant to the requirements set forth in the Regulatory Flexibility Act (RFA), the Administrator of the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened.

There are about 75 handlers of peanuts subject to regulation under the agreement, and about 47,000 peanut producers in the 16 States covered under the program. Small agricultural service firms are defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than $5,000,000, and small agricultural producers have been defined as those having annual receipts of less than $500,000. Some of the handlers signatory to the agreement are small entities, and a majority of the

producers may be classified as small entities.

In 1994, the reported U.S. production, mostly covered under the agreement, was approximately 4.25 billion pounds of peanuts, a 25 percent increase from the short 1993 crop. The preliminary 1994 peanut crop value is $1.23 billion, up 19 percent from the 1993 crop value.

The objective of the agreement, in place since 1965, is to ensure that only wholesome peanuts enter edible market channels. About 70 percent of U.S. shellers (handlers), handling approximately 95 percent of the crop, have voluntarily signed the agreement. Under the agreement, farmers' stock peanuts with visible *Aspergillus flavus* mold (the principal source of aflatoxin) are required to be diverted to non-edible uses. Each lot of milled peanuts must be sampled and the samples chemically analyzed for aflatoxin contamination. Signatory handlers who comply with these requirements may be eligible for indemnification of losses for individual lots of their peanuts which test positive to aflatoxin. Indemnification and administrative costs are paid by assessments levied on handlers signatory to the agreement.

The Committee, which is composed of producers and handlers of peanuts, meets to review the rules and regulations effective on a continuous basis for peanuts regulated under the agreement. Committee meetings are open to the public, and interested persons may express their views at these meetings. The Department reviews Committee recommendations and information, as well as information from other sources, and determines whether modification, suspension, or termination of the rules and regulations would tend to effectuate the declared policy of the Act.

The Committee met on March 22 and 23, 1995, and unanimously recommended several changes to incoming, outgoing, and indemnification regulations for 1995 and subsequent crop peanuts.

The Committee recommended amending § 998.100 Incoming quality regulation by revising paragraph (c) to provide that commercially acquired lots be designated as Segregation 2 peanuts (rather than Segregation 1) by the Federal or Federal-State Inspection Service (Inspection Service) when exceeding .50 percent freeze damage and/or 14.49 percent loose shelled kernels (LSK's) when the Inspection Service is notified that a contract between the producer and the handler specifies these more restrictive tolerances.

Currently, § 998.100 (b) defines Segregation 1 peanuts as farmers' stock peanuts with not more than 2 percent damaged kernels nor more than 1.00 percent concealed damage caused by rancidity, mold, or decay and which are free from visible *Aspergillus flavus*. Section 998.100 (c) defines Segregation 2 peanuts as farmers' stock peanuts with more than 2 percent damaged kernels or more than 1.00 percent concealed damage caused by rancidity, mold, or decay and which are free from visible *Aspergillus flavus*.

The recommendation was not adopted by the Department. The current standards are rules of general applicability which apply to all peanuts without regard to any contractual agreements between individuals. Buyers and sellers are free to agree to a variety of contractual terms. However, such agreements should not have the effect of determining whether peanuts are Segregation 1 or 2 as those terms are defined in the regulations.

Previously, § 998.100(i) Shelled peanuts read ''Handlers may acquire from other handlers, for remilling and subsequent disposition to human consumption outlets, shelled peanuts (which originated from ''Segregation 1 peanuts'') that fail to meet the requirements specified for human consumption in paragraph (a) of the Outgoing Quality Regulation (§ 998.200). Any lot of such peanuts must be accompanied by a valid inspection certificate for the grade factors and must be positive lot identified. * * * Peanuts acquired pursuant to this paragraph shall be held and milled separate and apart from other receipts or acquisitions of the receiving handler, and further disposition shall be regulated by paragraph (h)(1) of the Outgoing Quality Regulation (§ 998.200)''.

This rule continues in effect the revision made in paragraph (i) of § 998.100 to allow movement of shelled peanuts, which originated from Segregation 1 peanuts, without inspection and positive lot identification (PLI), from one handler to another and does not require the receiving handler to hold and mill such peanuts separate from other receipts and acquisitions. The high degree of control that had been in place for such transactions is no longer needed because the peanut industry has changed from small locally owned plants to large corporations with strict quality control procedures. The Committee believes that relaxing the requirements will enable handlers to reduce processing and storage costs and increase movement of peanuts without jeopardizing the agreement's quality control and lot identification objectives.

Section 998.200 Outgoing quality regulation was amended by revising paragraphs (f) and (h)(1) to allow handlers to transfer peanuts to any handler or to domestic commercial storage without PLI and certification of meeting quality requirements when it leaves the first facility. Previously, § 998.200(f) Inter-plant transfer read ''Any handler may transfer peanuts from one plant owned by him to another of his plants or to commercial storage, without having such peanuts positive lot identified and certified as meeting quality requirements, but such transfer shall be only to points within the same production area and ownership shall have been retained by the handler. Upon any transferred peanuts being disposed of for human consumption, they shall meet all the requirements applicable to such peanuts''.

Prior to the issuance of the interim final rule, § 998.200(h) Peanuts failing quality requirements read ''(1) Handlers may sell to or contract with other handlers, for further handling, shelled peanuts (which originated from Segregation 1 peanuts) that fail to meet the requirements for disposition to human consumption outlets heretofore specified in paragraph (a) of this section. Lots of peanuts disposed of in this manner must be accompanied by a valid grade inspection certificate, and must be positive lot identified. Transactions made in this manner shall be reported to the Committee by both the seller and the buyer on a form provided by the Committee. Any such peanuts acquired by handlers pursuant to paragraph (i) of the Incoming Quality Regulation (§ 998.100) shall be held and milled separate and apart from other receipts or acquisitions of the receiving handler and further disposition shall be regulated by the requirements specified heretofore or pursuant to paragraph (h)(3) hereinafter''.

This high degree of control is no longer needed. As stated earlier, the peanut industry has changed dramatically from many small locally owned and operated plants to large or multinational corporations with strict quality control procedures located throughout the different production areas in the United States. Relaxing the regulation allows freer movement of peanuts, more efficient use of facilities, and reduced numbers of inspections, resulting in lower costs and a more competitive industry, without compromising the program's quality control objective.

Under paragraph (h) of § 998.200, peanuts failing quality requirements for

disposition to human consumption outlets can be sent to blanchers for reconditioning, to domestic crushers, or exported (when peanuts meet fragmented requirements). In § 998.200 paragraph (h)(2) previously read ''Handlers may blanch or cause to have blanched positive lot identified shelled peanuts (which originated from Segregation 1 peanuts) that fail to meet the requirements of paragraph (a) of this section because of excessive damage, minor defects, moisture, or foreign material or are positive as to aflatoxin: *Provided,* That such lots of peanuts contain not in excess of 8 percent damage and minor defects combined or 2 percent foreign material. Prior to movement of such peanuts to a blancher, handlers shall report to the Committee, on a form furnished by the Committee, and receive authorization from the Committee for movement and blanching of each such lot. Lots of peanuts which are moved under these provisions must be accompanied by a valid grade inspection certificate and the title shall be retained by the handler until the peanuts are blanched and certified by an inspector of the Federal or Federal-State Inspection Service as meeting the requirements for disposal into human consumption outlets. To be eligible for disposal into human consumption outlets, such peanuts after blanching, must meet specifications for unshelled peanuts, damaged kernels, minor defects, moisture, and foreign material as listed in paragraph (a) of this section and be accompanied by an aflatoxin certificate determined to be negative by the Committee * * *.''

Paragraph (h)(4) of § 998.200 previously read ''Handlers may contract with Committee approved remillers for remilling shelled peanuts (which originated from Segregation 1 peanuts) that fail to meet the requirements for disposition to human consumption outlets heretofore specified in paragraph (a) of the Outgoing Quality Regulation: *Provided,* That such lot of peanuts contain not in excess of 8 percent damage and minor defects combined or 10 percent fall through or 2 percent foreign material. Prior to movement of such peanuts under these provisions to a Committee approved remiller, handlers shall report to the Committee, on a form furnished by the Committee, and receive authorization from the Committee for movement and remilling of each such lot. Lots of peanuts moved under these provisions must be accompanied by a valid grade inspection certificate and must be positive lot identified and the title of such peanuts shall be retained by the handler until the peanuts have been remilled and certified by the Federal or Federal-State Inspection Service as meeting the requirements for disposition to human consumption outlets specified in paragraph (a), and be accompanied by an aflatoxin certificate determined to be negative by the Committee. Remilling under these provisions may include composite remilling of more than one such lot of peanuts owned by the same handler. However, such peanuts owned by one handler shall be held and remilled separate and apart from all other peanuts * * *''

Paragraph (h)(2) of § 998.200 was relaxed by the interim final rule to allow individual handlers to move failing peanuts containing not in excess of 10 percent total unshelled peanuts and damaged kernels or 10 percent foreign material to Committee approved blanchers, rather than reworking (blanching) at their own facilities. Also, paragraph (h)(4) of § 998.200 was similarly relaxed to allow individual handlers to move failing peanuts to Committee approved remillers for remilling shelled peanuts containing not in excess of 10 percent total unshelled peanuts and damaged kernels or 10 percent fall through or 10 percent foreign material.

However, before such peanuts go to human consumption outlets, the peanuts have to be certified as meeting human consumption outlet requirements (must at least meet minimum requirements specified in ''OTHER EDIBLE QUALITY'' (NON-INDEMNIFIABLE) GRADES—WHOLE KERNELS AND SPLITS table of § 998.200(a) and must also be certified ''negative'' (not more than 15 parts per billion) as to aflatoxin).

These changes recognize the current generally more efficient, higher technology processing capabilities of blanchers' and remillers' facilities and practices compared with the typical handler's facility and are intended to provide handlers more reconditioning flexibility. These changes tend to reduce limitations on handlers by allowing them to use blanchers' and remillers' generally more efficient grading and milling facilities to rework such peanuts, improve handlers' competitive position, especially with regards to imported peanuts, by better utilizing peanut supplies and existing facilities and increase peanut movement to higher value markets.

This action also continues in effect the revisions made to paragraph (j) of § 998.200 to exempt certain peanuts, including those of a lower quality than Segregation 1 for domestic crushing, from being assessed to lower the handlers' costs for these lower value peanuts, as authorized by §§ 998.48 Assessments and 998.31 Incoming regulation of the agreement.

The Committee also recommended that this exemption apply to Segregation 1 peanuts for crushing. However, the recommendation was not adopted by the Department because the agreement provides no authority for such an exemption and it would require an amendment to the agreement through formal rulemaking procedures to add such authority. Segregation 1 peanuts are sometimes commingled with Segregation 2 or 3 peanuts. In such cases, the Segregation 1 peanuts take on the identity of the lower quality Segregation 2 or 3 peanuts, because it dilutes the quality of higher quality Segregation 1 peanuts. In those cases, the quantity of former Segregation 1 peanuts which were commingled are exempt from program assessments.

Further, this action amends § 998.300 Terms and conditions of indemnification by establishing reduced indemnification values specified in paragraphs (e), (h), (i), and (x); and revising paragraph (z) by specifying a reduced ceiling and/or number of claims to ''trigger'' payments. The indemnification value of rejects and entire lots is reduced to 35 cents per pound from the previous 45 cents. The interim final rule failed to mention that the reduction in indemnification value also required changes to paragraph (e) of § 998.300. This inadvertent omission is corrected in this document.

These changes are intended to reduce the problem encountered by the Committee and the Department on 1993 crop indemnification claims when the indemnification payment ceiling and number of claims was significantly exceeded and the Department was asked for and approved the authority for the Committee to spend up to $500,000 from the indemnification reserve fund to pay the excess claims. These changes are expected to reduce by $2 million the cost to the Committee for indemnification payments, and reduce the possibility of handlers making indemnification, rather than the edible market, the primary market for peanuts when regular market prices are low. When the market is weak some handlers may send their peanuts directly to indemnification rather than incur the cost of reworking the peanuts to improve the quality of the lots enough to sell them in the edible market.

The unchanged portions of the incoming, outgoing, and indemnification regulations currently in effect for 1994 crop peanuts are left in

effect, as is, for 1995 and subsequent crop years.

In accordance with the Paperwork Reduction Act of 1988 (44 U.S.C. Chapter 35), information collection requirements that are contained in this rule have been previously approved by the Office of Management and Budget (OMB) and have been assigned OMB No. 0581–0067.

Based on the above, the Administrator of the AMS has determined that this final rule will not have a significant economic impact on a substantial number of small entities.

After consideration of all relevant matter presented, the information and recommendations submitted by the Committee, and other information, it is found that finalizing the interim final rule which was published in the July 14, 1995, issue of the **Federal Register** (60 FR 36205), with one correction adding paragraph (e) to amended § 998.300, will tend to effectuate the declared policy of the Act. That rule provided that interested persons could file comments through August 14, 1995. No comments were received.

It is further found that good cause exists for not postponing the effective date of this action until 30 days after publication in the **Federal Register** (5 U.S.C. 553) because: (1) This action continues in effect relaxed requirements for peanut handlers, who voluntarily signed the agreement; and (2) the interim final rule provided that interested persons could file comments through August 14, 1995. No comments were received and the Department is adopting as a final rule the provisions of the interim final rule, with one correction.

List of Subjects in 7 CFR Part 998

Marketing agreements, Peanuts, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 998 is amended as follows:

PART 998—MARKETING AGREEMENT REGULATING THE QUALITY OF DOMESTICALLY PRODUCED PEANUTS

1. The authority citation for 7 CFR part 998 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. Accordingly, the interim final rule amending 7 CFR part 998 which was published at 60 FR 36205 on July 14, 1995, is adopted as a final rule and corrected as follows:

In amendatory item 4, on page 36208, in the third column, the 4th line, a reference to ''(e)'', is added between the word ''paragraphs'' and the letter ''(h)''.

Dated: September 1, 1995.

Ronald Cioffi,

Acting Deputy Director, Fruit and Vegetable Division.

[FR Doc. 95–22283 Filed 9–7–95; 8:45 am]

BILLING CODE 3410–02–P

Rural Housing and Community Development Service

Rural Business and Cooperative Development Service

Rural Utilities Services

Consolidated Farm Service Agency

7 CFR Part 1951

RIN 0560–A

Disaster Set-Aside Program

AGENCY: Rural Housing and Community Development Service, Rural Business and Cooperative Development Service, Rural Utilities Service, and Consolidated Farm Service Agency, USDA.

ACTION: Final rule.

SUMMARY: The Consolidated Farm Service Agency (CFSA) is amending its regulations to implement the ''Disaster Set-Aside (DSA) Program.'' This rule makes the Disaster Set-Aside Program a permanent servicing option available to all CFSA Farm Credit Programs borrowers affected by a natural disaster. Under this program, the distressed borrower will have the opportunity to move the next scheduled annual installment to the end of the loan term. The intended effect is to service disaster victims in an efficient and timely manner while keeping them in business.

EFFECTIVE DATE: Final rule effective September 8, 1995.

FOR FURTHER INFORMATION CONTACT: Kimberly R. Laris, Loan Officer, Consolidated Farm Service Agency, USDA, Farm Credit Programs Loan Servicing and Property Management Division, Room 5449, 14th Street and Independence Avenue SW., Washington, DC 20250–0774, Telephone (202) 720–1659.

SUPPLEMENTARY INFORMATION:

Classification

This rule has been determined to be not significant for purposes of Executive Order 12866 and therefore has not been reviewed by the Office of Management and Budget.

Intergovernmental Consultation

For the reasons set forth in the final rule related to Notice 7 CFR, part 3015, subpart V (48 FR 29115, June 24, 1983), Emergency Loans, Farm Ownership Loans, and Farm Operating Loans are excluded, with the exception of nonfarm enterprise activity, from the scope of Executive Order 12372, which requires intergovernmental consultation with state and local officials. The Soil and Water Loan Program, however, is subject to and has complied with the provisions of Executive Order 12372.

Programs Affected

These changes affect the following credit programs as listed in the Catalog of Federal Domestic Assistance:

10.404—Emergency Loans
10.406—Farm Operating Loans
10.407—Farm Ownership Loans
10.410—Low Income Housing Loans
10.418—Soil and Water Loans

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, ''Environmental Program.'' The issuing agency has determined that this action does not significantly affect the quality of the human environment, and in accordance with the National Environmental Policy Act of 1969, an Environmental Impact Statement is not required.

Civil Justice Reform

This final rule has been reviewed under Executive Order 12778, Civil Justice Reform. In accordance with this rule: (1) All state and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with the regulations of the agency at 7 CFR subpart B of part 1900 and any additional regulations to be published by the Department of Agriculture to implement the provisions of the National Appeals Division as mandated by the Department of Agriculture Reorganization Act of 1994 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

Paperwork Reduction Act

The information collection requirements contained in these regulations have been previously approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control number 0575–