

agreement is introduced in either the Senate or the House of Representatives should not be considered to be part of the agreement approved by Congress and should have no force and effect under United States law or in any dispute settlement body.

TITLE IV—NUTRITION PROGRAMS

SEC. 4001. SHORT TITLE.

This title may be cited as the “Food Stamp Reauthorization Act of 2002”.

Subtitle A—Food Stamp Program

SEC. 4101. 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.—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 any 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. 651 et seq.) concerning payments made in prior months in lieu of obtaining current information from the households.”.

SEC. 4102. 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. 301 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. 4103. STANDARD DEDUCTION.

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.—

"(i) DEDUCTION.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, and the Virgin Islands of the United States in an amount that is—

"(I) equal to 8.31 percent of the income standard of eligibility established under subsection (c)(1); but

"(II) not more than 8.31 percent of the income standard of eligibility established under subsection (c)(1) for a household of 6 members.

"(ii) MINIMUM AMOUNT.—Notwithstanding clause (i), the standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, and the Virgin Islands of the United States shall be not less than \$134, \$229, \$189, and \$118, respectively.

"(B) GUAM.—

"(i) IN GENERAL.—The Secretary shall allow a standard deduction for each household in Guam in an amount that is—

"(I) equal to 8.31 percent 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 more than 8.31 percent of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia for a household of 6 members.

“(ii) **MINIMUM AMOUNT.**—Notwithstanding clause (i), the standard deduction for each household in Guam shall be not less than \$269.”.

SEC. 4104. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(7)(C)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)(C)(iii)) 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. 4105. 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 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. 4106. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

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 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 recertification 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. 4107. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended—

(1) in paragraph (1), by striking “a member who is 60 years of age or older” and inserting “an elderly or disabled member”; and

(2) 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), 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.*—Except to the extent that any of the types of resources specified in clauses (i) through (iv) are excluded under another paragraph of this subsection, 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 exclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program.”.

SEC. 4108. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

(a) *IN GENERAL.*—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”.

(b) *EFFECTIVE DATE.*—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4109. 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 income standard of eligibility established under section 5(c)(2).”.

SEC. 4110. 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. 4111. REPORT ON ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) **DEFINITION OF EBT SYSTEM.**—In this section, the term “EBT system” means an electronic benefit transfer system used in issuance of benefits under the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(b) **REPORT.**—Not later than October 1, 2003, 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—

- (1) describes the status of use by each State agency of EBT systems;
- (2) specifies the number of vendors that have entered into a contract for an EBT system with a State agency;
- (3)(A) specifies the number of State agencies that have entered into an EBT-system contract with multiple EBT-system vendors; and
- (B) describes, for each State agency described in subparagraph (A), how responsibilities are divided among the various vendors;
- (4) with respect to any State in which an EBT system is not operational throughout the State as of October 1, 2002—
 - (A) provides an explanation of the reasons why an EBT system is not operational throughout the State;
 - (B) describes how the reasons are being addressed; and
 - (C) specifies the expected date of operation of an EBT system throughout the State;
- (5) provides a description of—
 - (A) the issues faced by any State agency that has awarded a second EBT-system contract in the 2-year period preceding the date of the report; and

- (B) the steps that the State agency has taken to address those issues;
- (6) provides a description of—
- (A) the issues faced by any State agency that will award a second EBT-system contract within the 2-year period beginning on the date of the report; and
- (B) strategies that the State agency is considering to address those issues;
- (7) describes initiatives being considered or taken by the Department of Agriculture, food retailers, EBT-system vendors, and client advocates to address any outstanding issues with respect to EBT systems; and
- (8) examines areas of potential advances in electronic benefit delivery in the 5- to 10-year period beginning on the date of the report, including—
- (A) access to EBT systems at farmers' markets;
- (B) increased use of transaction data from EBT systems to identify and prosecute fraud; and
- (C) fostering of increased competition among EBT-system vendors to ensure cost containment and optimal service.

SEC. 4112. 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) **ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.**—

“(1) *IN GENERAL.*—

“(A) *APPLICABILITY.*—

“(i) *IN GENERAL.*—Subject to clause (ii), at the option of the State agency, allotments for residents of any facility described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) (referred to in this subsection as a ‘covered facility’) may be determined and issued under this paragraph in lieu of subsection (a).

“(ii) *LIMITATION.*—Unless the Secretary authorizes implementation of this paragraph in all States under paragraph (3), clause (i) shall apply only to residents of covered facilities participating in a pilot project under paragraph (2).

“(B) *AMOUNT OF ALLOTMENT.*—The allotment for each eligible resident described in subparagraph (A) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of covered facilities.

“(C) *ISSUANCE OF ALLOTMENT.*—

“(i) *IN GENERAL.*—The State agency shall issue an allotment determined under this paragraph to a covered facility as the authorized representative of the residents of the covered facility.

“(ii) *ADJUSTMENT.*—The Secretary shall establish procedures to ensure that a covered facility does not receive a greater proportion of a resident’s monthly allot-

ment than the proportion of the month during which the resident lived in the covered facility.

“(D) DEPARTURES OF RESIDENTS OF COVERED FACILITIES.—

“(i) NOTIFICATION.—Any covered facility that receives an allotment for a resident under this paragraph 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—

“(aa) is eligible for continued benefits under the food stamp program; and

“(bb) should contact the State agency concerning continuation of the benefits.

“(ii) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under clause (i)(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 paragraph unless the departed resident reapplies to participate in the food stamp program.

“(iii) STATE OPTION.—The State agency may elect not to issue an allotment under clause (ii)(I) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

“(iv) 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 paragraph.

“(2) PILOT PROJECTS.—

“(A) IN GENERAL.—Before the Secretary authorizes implementation of paragraph (1) in all States, the Secretary shall carry out, at the request of 1 or more State agencies and in 1 or more areas of the United States, such number of pilot projects as the Secretary determines to be sufficient to test the feasibility of determining and issuing allotments to residents of covered facilities under paragraph (1) in lieu of subsection (a).

“(B) PROJECT PLAN.—To be eligible to participate in a pilot project under subparagraph (A), a State agency shall submit to the Secretary for approval a project plan that includes—

“(i) a specification of the covered facilities in the State that will participate in the pilot project;

“(ii) a schedule for reports to be submitted to the Secretary on the pilot project;

“(iii) procedures for standardizing allotment amounts that takes into account the allotments typically received by residents of covered facilities; and

“(iv) a commitment to carry out the pilot project in compliance with the requirements of this subsection other than paragraph (1)(B).

“(3) AUTHORIZATION OF IMPLEMENTATION IN ALL STATES.—

“(A) IN GENERAL.—The Secretary shall—

“(i) determine whether to authorize implementation of paragraph (1) in all States; and

“(ii) notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the determination.

“(B) DETERMINATION NOT TO AUTHORIZE IMPLEMENTATION IN ALL STATES.—

“(i) IN GENERAL.—If the Secretary makes a finding described in clause (ii), the Secretary—

“(I) shall not authorize implementation of paragraph (1) in all States; and

“(II) shall terminate all pilot projects under paragraph (2) within a reasonable period of time (as determined by the Secretary).

“(ii) FINDING.—The finding referred to in clause (i) is that—

“(I) an insufficient number of project plans that the Secretary determines to be eligible for approval are submitted by State agencies under paragraph (2)(B); or

“(II)(aa) a sufficient number of pilot projects have been carried out under paragraph (2)(A); and

“(bb) authorization of implementation of paragraph (1) in all States is not in the best interest of the food stamp program.”.

(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. 4113. REDEMPTION OF BENEFITS THROUGH GROUP LIVING ARRANGEMENTS.

(a) *IN GENERAL.*—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.”.

(b) *EFFECTIVE DATE.*—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 4114. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

(a) *IN GENERAL.*—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;”.

(b) *EFFECTIVE DATE.*—The amendments made by this section take effect 18 months after the date of enactment of this Act.

SEC. 4115. 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 receive transitional food stamp benefits for a period of not more than 5 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 the change in household income as a result of—

“(A) the termination of cash assistance; and

“(B) at the option of the State agency, information from another program in which the household participates.

“(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 recertification of eligibility; and

“(B) initiate a new certification period for the household without regard to whether the preceding certification 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.

“(6) *APPLICATIONS FOR RECERTIFICATION.*—

“(A) *IN GENERAL.*—A household receiving transitional benefits under this subsection may apply for recertification at any time during the transitional benefits period under paragraph (2).

“(B) DETERMINATION OF ALLOTMENT.—If a household applies for recertification under subparagraph (A), the allotment of the household for all subsequent months shall be determined without regard to 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 specified in this subsection 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. 4116. GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) (as amended by section 4115(a)) is amended by adding at the end the following:

“(t) GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.—

“(1) IN GENERAL.—For each of fiscal years 2003 through 2007, the Secretary shall use not more than \$5,000,000 of funds made available under section 18(a)(1) to make grants to pay 100 percent of the costs of eligible entities approved by the Secretary to carry out projects to develop and implement—

“(A) simple food stamp application and eligibility determination systems; or

“(B) measures to improve access to food stamp benefits by eligible households.

“(2) TYPES OF PROJECTS.—A project under paragraph (1) may consist of—

“(A) coordinating application and eligibility determination processes, including verification practices, under the food stamp program and other Federal, State, and local assistance programs;

“(B) establishing methods for applying for benefits and determining eligibility that—

“(i) more extensively use—

“(I) communications by telephone; and

“(II) electronic alternatives such as the Internet; or

“(ii) otherwise improve the administrative infrastructure used in processing applications and determining eligibility;

“(C) developing procedures, training materials, and other resources aimed at reducing barriers to participation and reaching eligible households;

“(D) improving methods for informing and enrolling eligible households; or

“(E) carrying out such other activities as the Secretary determines to be appropriate.

“(3) *LIMITATION.*—A grant under this subsection shall not be made for the ongoing cost of carrying out any project.

“(4) *ELIGIBLE ENTITIES.*—To be eligible to receive a grant under this subsection, an entity shall be—

“(A) a State agency administering the food stamp program;

“(B) a State or local government;

“(C) an agency providing health or welfare services;

“(D) a public health or educational entity; or

“(E) a private nonprofit entity such as a community-based organization, food bank, or other emergency feeding organization.

“(5) *SELECTION OF ELIGIBLE ENTITIES.*—The Secretary—

“(A) shall develop criteria for the selection of eligible entities to receive grants under this subsection; and

“(B) may give preference to any eligible entity that consists of a partnership between a governmental entity and a nongovernmental entity.”

(b) *CONFORMING AMENDMENTS.*—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(1) by striking subsection (i); and

(2) by redesignating subsections (j) and (k) as subsections (i) and (j), respectively.

SEC. 4117. DELIVERY TO RETAILERS OF NOTICES OF ADVERSE ACTION.

(a) *IN GENERAL.*—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.”

(b) *EFFECTIVE DATE.*—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 4118. 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) by striking “(c)(1) The program” and all that follows through the end of paragraph (1) and inserting the following:

“(c) *QUALITY CONTROL SYSTEM.*—

“(1) *IN GENERAL.*—

“(A) *SYSTEM.*—In carrying out the food stamp program, the Secretary shall carry out a system that enhances payment accuracy and improves administration by establishing fiscal incentives that require State agencies with high payment error rates to share in the cost of payment error.

“(B) *ADJUSTMENT OF FEDERAL SHARE OF ADMINISTRATIVE COSTS FOR FISCAL YEARS BEFORE FISCAL YEAR 2003.*—

“(i) *IN GENERAL.*—Subject to clause (ii), with respect to any fiscal year before fiscal year 2003, the Secretary shall adjust a State agency’s federally funded share of administrative costs under subsection (a), other than the costs already shared in excess of 50 percent under the proviso in the first sentence of sub-

section (a) or under subsection (g), by increasing that share of all such administrative costs by 1 percentage point to a maximum of 60 percent of all such administrative costs for each full $\frac{1}{10}$ of a percentage point by which the payment error rate is less than 6 percent.

“(ii) *LIMITATION.*—Only States with a rate of invalid decisions in denying eligibility that is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment under clause (i).

“(C) *ESTABLISHMENT OF LIABILITY AMOUNT FOR FISCAL YEAR 2003 AND THEREAFTER.*—With respect to fiscal year 2004 and any fiscal year thereafter for which the Secretary determines that, for the second or subsequent consecutive fiscal year, a 95 percent statistical probability exists that the payment error rate of a State agency exceeds 105 percent of the national performance measure for payment error rates announced under paragraph (6), the Secretary shall establish an amount for which the State agency may be liable (referred to in this paragraph as the ‘liability amount’) that is equal to the product obtained by multiplying—

“(i) the value of all allotments issued by the State agency in the fiscal year;

“(ii) the difference between—

“(I) the payment error rate of the State agency; and

“(II) 6 percent; and

“(iii) 10 percent.

“(D) *AUTHORITY OF SECRETARY WITH RESPECT TO LIABILITY AMOUNT.*—With respect to the liability amount established for a State agency under subparagraph (C) for any fiscal year, the Secretary shall—

“(i)(I) waive the responsibility of the State agency to pay all or any portion of the liability amount established for the fiscal year (referred to in this paragraph as the ‘waiver amount’);

“(II) require that a portion, not to exceed 50 percent, of the liability amount established for the fiscal year be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program (referred to in this paragraph as the ‘new investment amount’), which new investment amount shall not be matched by Federal funds;

“(III) designate a portion, not to exceed 50 percent, of the amount established for the fiscal year for payment to the Secretary in accordance with subparagraph (E) (referred to in this paragraph as the ‘at-risk amount’); or

“(IV) take any combination of the actions described in subclauses (I) through (III); or

“(ii) make the determinations described in clause (i) and enter into a settlement with the State agency, only with respect to any waiver amount or new invest-

ment amount, before the end of the fiscal year in which the liability amount is determined under subparagraph (C).

“(E) PAYMENT OF AT-RISK AMOUNT FOR CERTAIN STATES.—

“(i) IN GENERAL.—A State agency shall pay to the Secretary the at-risk amount designated under subparagraph (D)(i)(III) for any fiscal year in accordance with clause (ii), if, with respect to the immediately following fiscal year, a liability amount has been established for the State agency under subparagraph (C).

“(ii) METHOD OF PAYMENT OF AT-RISK AMOUNT.—

“(I) REMISSION TO THE SECRETARY.—In the case of a State agency required to pay an at-risk amount under clause (i), as soon as practicable after completion of all administrative and judicial reviews with respect to that requirement to pay, the chief executive officer of the State shall remit to the Secretary the at-risk amount required to be paid.

“(II) ALTERNATIVE METHOD OF COLLECTION.—

“(aa) IN GENERAL.—If the chief executive officer of the State fails to make the payment under subclause (I) within a reasonable period of time determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this section by the amount required to be paid under clause (i).

“(bb) ACCRUAL OF INTEREST.—During any period of time determined by the Secretary under item (aa), interest on the payment under subclause (I) shall not accrue under section 13(a)(2).

“(F) USE OF PORTION OF LIABILITY AMOUNT FOR NEW INVESTMENT.—

“(i) REDUCTION OF OTHER AMOUNTS DUE TO STATE AGENCY.—In the case of a State agency that fails to comply with a requirement for new investment under subparagraph (D)(i)(II) or clause (iii)(I), the Secretary may reduce any amount due to the State agency under any other provision of this section by the portion of the liability amount that has not been used in accordance with that requirement.

“(ii) EFFECT OF STATE AGENCY’S WHOLLY PREVAILING ON APPEAL.—If a State agency begins required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is reduced to \$0 on administrative or judicial review, the Secretary shall pay to the State agency an amount equal to 50 percent of the new investment amount that was included in the liability amount subject to the appeal.

“(iii) EFFECT OF SECRETARY’S WHOLLY PREVAILING ON APPEAL.—If a State agency does not begin required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is wholly upheld on administrative or judicial review, the Secretary shall—

“(I) require all or any portion of the new investment amount to be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program, which amount shall not be matched by Federal funds; and

“(II) require payment of any remaining portion of the new investment amount in accordance with subparagraph (E)(ii).

“(iv) EFFECT OF NEITHER PARTY’S WHOLLY PREVAILING ON APPEAL.—The Secretary shall promulgate regulations regarding obligations of the Secretary and the State agency in a case in which the State agency appeals the liability amount of the State agency and neither the Secretary nor the State agency wholly prevails.

“(G) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies, other than State agencies with payment error rates of less than 6 percent, to develop and implement corrective action plans to reduce payment errors.”;

(2) 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, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d).”;

(3) in paragraph (5)—

(A) 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 State agency’s payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d).”; and

(B) in the last sentence, by striking “paragraph (1)(C)” and inserting “paragraph (1)”;

(4) in paragraph (6)—

(A) by striking “(6) At” and inserting the following:

“(6) NATIONAL PERFORMANCE MEASURE FOR PAYMENT ERROR RATES.—

“(A) ANNOUNCEMENT.—At”;

(B) in subparagraph (A) (as designated by subparagraph (A)), by striking “and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C)”;

(C) in the first and third sentences, by striking “paragraph (5)” each place it appears and inserting “paragraph (8)”;

(D) by striking “Where a State” and inserting the following:

“(B) USE OF ALTERNATIVE MEASURE OF STATE ERROR.—Where a State”;

(E) by striking “The announced” and inserting the following:

“(C) USE OF NATIONAL PERFORMANCE MEASURE.—The announced”;

(F) in subparagraph (C) (as designated by subparagraph (E)), by striking “the State share of the cost of payment error under paragraph (1)(C)” and inserting “the liability amount of a State under paragraph (1)(C)”;

(G) by adding at the end the following:

“(D) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—The national performance measure announced under this paragraph shall not be subject to administrative or judicial review.”;

(5) in paragraph (7)—

(A) by striking “(7) If the Secretary asserts a financial claim against” and inserting the following:

“(7) ADMINISTRATIVE AND JUDICIAL REVIEW.—

“(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to”;

(B) in subparagraph (A) (as designated by subparagraph (A)), by striking “paragraph (1)(C)” and inserting “paragraph (1)”;

(C) by adding at the end the following:

“(B) DETERMINATION OF PAYMENT ERROR RATE.—With respect to any fiscal year, a determination of the payment error rate of a State agency or a determination whether the payment error rate exceeds 105 percent of the national performance measure for payment error rates shall be subject to administrative or judicial review only if the Secretary establishes a liability amount with respect to the fiscal year under paragraph (1)(C).

“(C) AUTHORITY OF SECRETARY WITH RESPECT TO LIABILITY AMOUNT.—An action by the Secretary under subparagraph (D) or (F)(iii) of paragraph (1) shall not be subject to administrative or judicial review.”; and

(6) in paragraph (8)—

(A) in subparagraph (A), by striking “paragraph (1)(C)” and inserting “paragraph (1)”;

(B) in subparagraph (C)—

(i) in clause (i), by striking “payment claimed against State agencies; and” and inserting “payment

claimed against State agencies or liability amount established with respect to State agencies;”;

(ii) in clause (ii), by striking “claims.” and inserting “claims or liability amounts; and”; and

(iii) by adding at the end the following:

“(iii) provide a copy of the document providing notification under clause (ii) to the chief executive officer and the legislature of the State.”; and

(C) in subparagraphs (D) and (H), by inserting “or liability amount” after “claim” each place it appears.

(b) **AUTHORITY TO SETTLE CLAIMS CONCERNING AT-RISK AMOUNTS.**—Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) is amended—

(1) by striking “(a)(1) The” and inserting the following:

“(a) **GENERAL AUTHORITY OF THE SECRETARY.**—

“(1) **DETERMINATION OF CLAIMS.**—Except in the case of an at-risk amount required under section 16(c)(1)(D)(i)(III), the”;

(2) by striking the fourth sentence;

(3) by striking “To the extent” and inserting the following:

“(2) **CLAIMS ESTABLISHED UNDER QUALITY CONTROL SYSTEM.**—To the extent”;

(4) in paragraph (2) (as designated by paragraph (3)), by striking “section 16(c)(1)(C)” and inserting “section 16(c)(1)”;

(5) by striking “Any interest” and inserting the following:

“(3) **COMPUTATION OF INTEREST.**—Any interest”; and

(6) by striking “(2) Each adult” and inserting the following:

“(4) **JOINT AND SEVERAL LIABILITY OF HOUSEHOLD MEMBERS.**—Each adult”.

(c) **CREDITING OF PAYMENTS TO FOOD STAMP APPROPRIATIONS ACCOUNT.**—Section 18(e) of the Food Stamp Act of 1977 (7 U.S.C. 2027(e)) is amended in the first sentence—

(1) by striking “11(g) and (h), and” and inserting “subsections (g) and (h) of section 11,”; and

(2) by inserting “and section 16(c)(1),” after “section 13,”.

(d) **CONFORMING AMENDMENTS.**—Section 22(h) of the Food Stamp Act of 1977 (7 U.S.C. 2031(h)) is amended—

(1) in the second sentence, by striking “section 16(c)(1)(C)” and inserting “section 16(c)(1)”;

(2) by striking the third sentence.

(e) **APPLICABILITY.**—The amendments made by this section shall not apply with respect to any sanction, appeal, new investment agreement, or other action by the Secretary of Agriculture or a State agency that is based on a payment error rate calculated for any fiscal year before fiscal year 2003.

SEC. 4119. 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)”;

(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. 4120. BONUSES FOR STATES THAT DEMONSTRATE HIGH OR MOST IMPROVED PERFORMANCE.

(a) *IN GENERAL.*—*Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (d) and inserting the following:*

“(d) **BONUSES FOR STATES THAT DEMONSTRATE HIGH OR MOST IMPROVED PERFORMANCE.**—

“(1) **FISCAL YEARS 2003 AND 2004.**—

“(A) **GUIDANCE.**—*With respect to fiscal years 2003 and 2004, the Secretary shall establish, in guidance issued to State agencies not later than October 1, 2002—*

“(i) *performance criteria relating to—*

“(I) *actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and*

“(II) *other indicators of effective administration determined by the Secretary; and*

“(ii) *standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii).*

“(B) **PERFORMANCE BONUS PAYMENTS.**—*With respect to each of fiscal years 2003 and 2004, the Secretary shall—*

“(i) *measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and*

“(ii) *subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).*

“(2) **FISCAL YEARS 2005 AND THEREAFTER.**—

“(A) **REGULATIONS.**—*With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—*

“(i) *establish, by regulation, performance criteria relating to—*

“(I) *actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and*

“(II) *other indicators of effective administration determined by the Secretary;*

“(ii) *establish, by regulation, standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii); and*

“(iii) *before issuing proposed regulations to carry out clauses (i) and (ii), solicit ideas for performance criteria and standards for high and most improved performance from State agencies and organizations that represent State interests.*

“(B) *PERFORMANCE BONUS PAYMENTS.*—With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

“(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

“(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

“(3) *PROHIBITION ON RECEIPT OF PERFORMANCE BONUS PAYMENTS.*—A State agency shall not be eligible for a performance bonus payment with respect to any fiscal year for which the State agency has a liability amount established under subsection (c)(1)(C).

“(4) *PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.*—A determination by the Secretary whether, and in what amount, to award a performance bonus payment under this subsection shall not be subject to administrative or judicial review.”

(b) *EFFECTIVE DATE.*—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 4121. 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), by striking clause (vii) and inserting the following:

“(vii) for each of fiscal years 2002 through 2007, \$90,000,000.”;

(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) 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 \$20,000,000 for each of fiscal years 2002 through 2007 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 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—

“(I) is in the last month of the 3-month period described in section 6(o)(2);

“(II) is not eligible for an exception under section 6(o)(3);

“(III) is not eligible for a waiver under section 6(o)(4); and

“(IV) is not exempt under section 6(o)(6).”.

(b) *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 be rescinded 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 “, except that the State agency may limit such reimbursement to each participant to \$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 “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”.

(e) *EFFECTIVE DATE.*—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4122. 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 “2007”; and

(2) in subparagraph (B)(ii), by striking “2002” and inserting “2007”.

(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 “2007”.

(c) *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 “1996 through 2002” and inserting “2003 through 2007”.

SEC. 4123. EXPANDED GRANT AUTHORITY.

(a) *IN GENERAL.*—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.”

(b) *EFFECTIVE DATE.*—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4124. CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.

(a) *CONSOLIDATED FUNDING.*—Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended—

(1) by striking the section heading and “(a)(1)(A) From” and all that follows through “(2) The” and inserting the following:

“SEC. 19. CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.

“(a) PAYMENTS TO GOVERNMENTAL ENTITIES.—

“(1) DEFINITION OF GOVERNMENTAL ENTITY.—In this subsection, the term ‘governmental entity’ means—

“(A) the Commonwealth of Puerto Rico; and

“(B) American Samoa.

“(2) BLOCK GRANTS.—

“(A) AMOUNT OF BLOCK GRANTS.—From the sums appropriated under this Act, the Secretary shall, subject to this section, pay to governmental entities to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C)—

“(i) for fiscal year 2003, \$1,401,000,000; and

“(ii) for each of fiscal years 2004 through 2007, the amount specified in clause (i), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2002, and June 30 of the immediately preceding fiscal year.

“(B) PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

“(i) IN GENERAL.—For fiscal year 2003 and each fiscal year thereafter, the Secretary shall use 99.6 percent of the funds made available under subparagraph (A) for payment to the Commonwealth of Puerto Rico to pay—

“(I) 100 percent of the expenditures by the Commonwealth for the fiscal year for the provision of nutrition assistance included in the plan of the Commonwealth approved under subsection (b); and

“(II) 50 percent of the related administrative expenses.

“(i) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding clause (i), the Commonwealth of Puerto Rico may spend in fiscal year 2002 or 2003 not more than \$6,000,000 of the amount required to be paid to the Commonwealth for fiscal year 2002 under this paragraph (as in effect on the day before the

date of enactment of this clause) 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 the nutrition assistance; and

“(III) operating systems to deliver the nutrition assistance through electronic benefit transfers.

“(C) PAYMENTS TO AMERICAN SAMOA.—For fiscal year 2003 and each fiscal year thereafter, the Secretary shall use 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures by American Samoa for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

“(D) CARRYOVER OF FUNDS.—For fiscal year 2002 and each fiscal year thereafter, not more than 2 percent of the funds made available under this paragraph for the fiscal year to each governmental entity may be carried over to the following fiscal year.

“(3) TIME AND MANNER OF PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—The”;

(2) in subsection (b), by striking “subsection (a)(1)(A)” each place it appears and inserting “subsection (a)(2)(B)”;

(3) in subsection (c), by striking “subsection (a)(1)(A)” each place it appears and inserting “subsection (a)(2)(A)”.

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) APPLICABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section apply beginning on October 1, 2002.

(2) EXCEPTIONS.—Subparagraphs (B)(ii) and (D) of section 19(a)(2) of the Food Stamp Act of 1977 (as amended by subsection (a)(1)) apply beginning on the date of enactment of this Act.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4125. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

(a) IN GENERAL.—Section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034) is amended—

(1) in subsection (a)—

(A) by striking “(1)” and inserting “(1)(A)”;

(B) by redesignating paragraphs (2) and (3) as subparagraphs (B) and (C), respectively, of paragraph (1);

(C) in paragraph (1)(C) (as redesignated by subparagraph (B)), by striking the period at the end and inserting “; or”; and

(D) by adding at the end the following:

“(2) meet specific State, local, or neighborhood food and agricultural 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 agricultural producers and low-income consumers.”;

(2) in subsection (b)(2)(B)—

(A) by striking “\$2,500,000” and inserting “\$5,000,000”; and

(B) by striking “2002” and inserting “2007”;

(3) in subsection (d), by striking paragraph (4) and inserting the following:

“(4) encourage long-term planning activities, and multi-system, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and agricultural problems of the communities, such as food policy councils and food planning associations.”; and

(4) by striking subsection (h) and inserting the following:

“(h) INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.—

“(1) IN GENERAL.—The Secretary shall offer to enter into a contract with, or make a grant to, 1 nongovernmental organization that meets the requirements of paragraph (2) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (collectively referred to in this subsection as ‘targeted entities’) to gather information, and recommend to the targeted entities, innovative programs for addressing common community problems, including—

“(A) loss of farms and ranches;

“(B) rural poverty;

“(C) welfare dependency;

“(D) hunger;

“(E) the need for job training; and

“(F) the need for self-sufficiency by individuals and communities.

“(2) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in paragraph (1) shall—

“(A) be selected by the Secretary on a competitive basis;

“(B) be experienced in working with other targeted entities and in organizing workshops that demonstrate programs to other targeted entities;

“(C) be experienced in identifying programs that effectively address community problems described in paragraph (1) that can be implemented by other targeted entities;

“(D) be experienced in, and capable of, receiving information from and communicating with other targeted entities throughout the United States;

“(E) be experienced in operating a national information clearinghouse that addresses 1 or more of the community problems described in paragraph (1); and

“(F) as a condition of entering into the contract or receiving the grant referred to in paragraph (1), agree—

“(i) to contribute in-kind resources toward implementation of the contract or grant;

“(ii) to provide to other targeted entities information and guidance on the innovative programs referred to in paragraph (1); and

“(iii) to operate a national information clearinghouse on innovative means for addressing community problems described in paragraph (1) that—

“(I) is easily usable by—

“(aa) Federal, State, and local government agencies;

“(bb) local community leaders;

“(cc) nongovernmental organizations; and

“(dd) the public; and

“(II) includes information on approved community food projects.

“(3) AUDITS; EFFECTIVE USE OF FUNDS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available to carry out this subsection.

“(4) FUNDING.—Not later than 90 days after the date of enactment of this paragraph, and on October 1 of each of fiscal years 2003 through 2007, the Secretary shall allocate to carry out this subsection \$200,000 of the funds made available under subsection (b), to remain available until expended.”.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4126. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 27(a) of the Food Stamp Act of 1977 (7 U.S.C. 2036(a)) is amended—

(1) by striking “1997 through 2002” and inserting “2002 through 2007”; and

(2) by striking “\$100,000,000” and inserting “\$140,000,000”.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2001.

Subtitle B—Commodity Distribution

SEC. 4201. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(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 “2007”.

(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 2007, 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.—

“(A) FISCAL YEAR 2003.—For fiscal year 2003, the amount of each grant per assigned caseload slot shall be equal to the amount of the grant per assigned caseload slot for administrative costs in 2001, adjusted by the percentage change between—

“(i) 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, 2001; and

“(ii) the value of that index for the 12-month period ending June 30, 2002.

“(B) FISCAL YEARS 2004 THROUGH 2007.—For each of fiscal years 2004 through 2007, the amount of each grant per assigned caseload slot shall be equal to the amount of the grant per assigned caseload slot for the preceding fiscal year, adjusted by the percentage change between—

“(i) 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

“(ii) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.”;

(2) in subsection (d)(2), by striking “2002” each place it appears and inserting “2007”; and

(3) by striking subsection (l) and inserting the following:

“(l) USE OF APPROVED FOOD SAFETY TECHNOLOGY.—

“(1) IN GENERAL.—In acquiring commodities for distribution through a program specified in paragraph (2), the Secretary shall not prohibit the use of any technology to improve food safety that—

“(A) has been approved by the Secretary; or

“(B) has been approved or is otherwise allowed by the Secretary of Health and Human Services.

“(2) PROGRAMS.—A program referred to in paragraph (1) is a program authorized under—

“(A) this Act;

“(B) the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

“(C) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.);

“(D) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.); or

“(E) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).”.

(c) ADDITIONAL FUNDING FOR CERTAIN STATES.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available an amount equal to the amount that the Secretary of Agri-

culture determines to be necessary to permit each State that began administering the commodity supplemental food program under the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93-86) in the 2000 caseload cycle to administer the program, through the 2002 caseload cycle, at a caseload level that is not less than the originally assigned caseload level of the State.

(2) PROVISION TO STATES.—The Secretary shall provide to each State described in paragraph (1) for the purpose described in that paragraph the funds made available under that paragraph.

(d) EFFECTIVE DATE.—The amendment made by subsection (b)(3) takes effect on the date of enactment of this Act.

SEC. 4202. COMMODITY DONATIONS.

(a) IN GENERAL.—The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note; Public Law 100-237) is amended—

(1) by redesignating sections 17 and 18 as sections 18 and 19, respectively; and

(2) by inserting after section 16 the following:

“SEC. 17. COMMODITY DONATIONS.

“(a) IN GENERAL.—Notwithstanding any other provision of law concerning commodity donations, any commodities acquired in the conduct of the operations of the Commodity Credit Corporation and any commodities acquired under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to the extent that the commodities are in excess of the quantities of commodities that are essential to carry out other authorized activities of the Commodity Credit Corporation and the Secretary (including any quantity specifically reserved for a specific purpose), may be used for any program authorized to be carried out by the Secretary that involves the acquisition of commodities for use in a domestic feeding program, including any program conducted by the Secretary that provides commodities to individuals in cases of hardship.

“(b) PROGRAMS.—A program described in subsection (a) includes a program authorized by—

“(1) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.);

“(2) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

“(3) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.);

“(4) the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.); or

“(5) such other laws as the Secretary determines to be appropriate.”.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4203. 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 “2007”.

SEC. 4204. 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 “\$50,000,000” and inserting “\$60,000,000”;
- (2) by striking “1991 through 2002” and inserting “2003 through 2007”;
- (3) by striking “administrative”;
- (4) by inserting “storage,” after “processing,”; and
- (5) by inserting “, including commodities secured by glean-
ing (as defined in section 111(a) of the Hunger Prevention Act
of 1988 (7 U.S.C. 612c note; Public Law 100-435))” after
“sources”.

Subtitle C—Child Nutrition and Related Programs

SEC. 4301. COMMODITIES FOR SCHOOL LUNCH PROGRAM.

(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. 4302. 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. 4303. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758) is amended by adding at the end the following:

“(j) *PURCHASES OF LOCALLY PRODUCED FOODS.*—

“(1) *IN GENERAL.*—The Secretary shall—

“(A) encourage institutions participating in the school lunch program under this Act and the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) to purchase, in addition to other food purchases, locally produced foods for school meal programs, to the maximum extent practicable and appropriate;

“(B) advise institutions participating in a program described in subparagraph (A) of the policy described in that

subparagraph and post information concerning the policy on the website maintained by the Secretary; and

“(C) in accordance with requirements established by the Secretary, provide startup grants to not more than 200 institutions to defray the initial costs of equipment, materials, and storage facilities, and similar costs, incurred in carrying out the policy described in subparagraph (A).

“(2) AUTHORIZATION OF APPROPRIATIONS.—

“(A) *IN GENERAL.*—There is authorized to be appropriated to carry out this subsection \$400,000 for each of fiscal years 2003 through 2007, to remain available until expended.

“(B) *LIMITATION.*—No amounts may be made available to carry out this subsection unless specifically provided by an appropriation Act.”.

SEC. 4304. APPLICABILITY OF BUY-AMERICAN REQUIREMENT TO PUERTO RICO.

Section 12(n) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(n)) is amended by adding at the end the following:

“(4) *APPLICABILITY TO PUERTO RICO.*—Paragraph (2)(A) shall apply to a school food authority in the Commonwealth of Puerto Rico with respect to domestic commodities or products that are produced in the Commonwealth of Puerto Rico in sufficient quantities to meet the needs of meals provided under the school lunch program under this Act or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).”.

SEC. 4305. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) *IN GENERAL.*—Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end the following:

“(g) *FRUIT AND VEGETABLE PILOT PROGRAM.*—

“(1) *IN GENERAL.*—In the school year beginning July 2002, the Secretary shall carry out 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 fresh and dried fruits and fresh vegetables throughout the school day in 1 or more areas designated by the school.

“(2) *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.

“(3) *REPORT.*—Not later than May 1, 2003, the Secretary, acting through the Administrator of the Economic Research Service, shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the pilot program.

“(4) *FUNDING.*—The Secretary shall use not more than \$6,000,000 of funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out this subsection (other than paragraph (3)).”.

(b) *EFFECTIVE DATE.*—The amendment made by this section takes effect on the date of enactment of this Act.

SEC. 4306. 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. 4307. WIC FARMERS’ MARKET NUTRITION PROGRAM.

(a) *IN GENERAL.*—Section 17(m)(9) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)) is amended—

(1) by striking “(9)(A) There” and inserting the following:

“(9) FUNDING.—

“(A) IN GENERAL.—

“(i) AUTHORIZATION OF APPROPRIATIONS.—There”; and

(2) in subparagraph (A), by adding at the end the following:

“(ii) MANDATORY FUNDING.—Not later than 30 days after the date of enactment of the Food Stamp Reauthorization Act of 2002, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection \$15,000,000, to remain available until expended.”.

(b) *EFFECTIVE DATE.*—The amendments made by this section take effect on the date of enactment of this Act.

Subtitle D—Miscellaneous

SEC. 4401. PARTIAL RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) *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

“(i) in the case”.

(b) 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 provided to individuals under the age of 18 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) EFFECTIVE DATE.—The amendments made by this subsection take effect on October 1, 2003.

(c) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—

(1) IN GENERAL.—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 qualified alien who has resided in the United States with a status within the meaning of the term ‘qualified alien’ for a period of 5 years or more beginning on the date of the alien’s entry into the United States.”

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect on April 1, 2003.

SEC. 4402. SENIORS FARMERS’ MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall use \$5,000,000 for fiscal year 2002, and \$15,000,000 for each of fiscal years 2003 through 2007, 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. 4403. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.

(a) *ESTABLISHMENT.*—The Secretary of Agriculture may establish, in not more than 5 States, for a period not to exceed 4 years for each participating State, a pilot program to increase the domestic consumption of fresh fruits and vegetables.

(b) *PURPOSE.*—

(1) *IN GENERAL.*—Subject to paragraph (2), the purpose of the program shall be to provide funds to States solely for the purpose of assisting eligible public and private sector entities with cost-share assistance to carry out demonstration projects—

(A) to increase fruit and vegetable consumption; and

(B) to convey related health promotion messages.

(2) *LIMITATION.*—Funds made available to a State under the program shall not be used to disparage any agricultural commodity.

(c) *SELECTION OF STATES.*—

(1) *IN GENERAL.*—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 under the program—

(A) experience in carrying out similar projects or activities;

(B) innovative approaches; and

(C) the ability of the State to promote and track increases in levels of fruit and vegetable consumption.

(2) *ENHANCEMENT OF EXISTING STATE PROGRAMS.*—The Secretary may use the pilot program to enhance existing State programs that are consistent with the purpose of the pilot program specified in subsection (b).

(d) *ELIGIBLE PUBLIC AND PRIVATE SECTOR ENTITIES.*—

(1) *IN GENERAL.*—A participating State shall establish eligibility criteria under which the State may select public and private sector entities to carry out demonstration projects under the program.

(2) *LIMITATION.*—No funds made available to States under the program shall be provided by a State to any foreign for-profit corporation.

(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) *AUTHORIZATION OF APPROPRIATIONS.*—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2002 through 2007.

SEC. 4404. HUNGER FELLOWSHIP PROGRAM.*(a) SHORT TITLE; FINDINGS.—*

(1) SHORT TITLE.—This section may be cited as the “Congressional Hunger Fellows Act of 2002”.

(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) leadership potential or actual 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 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 (including records of salaries of the Executive Director and other personnel), 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. 4405. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 5001. 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. 5002. 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 a temporary bridge loan made by a commercial or cooperative lender to a 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 farmer or rancher for acquisition of the land; and