

CRS Report for Congress

Domestic Food Assistance: The 2007 Farm Bill and Other Legislation in the 110th Congress

Updated August 8, 2007

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Prepared for Members and
Committees of Congress

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Summary

The nutrition title of the omnibus 2007 “farm bill” will be the focus of legislative proposals affecting domestic food assistance programs in the first session of the 110th Congress. The program areas that are expected to be addressed (because various authorities, like authorizations for appropriations expire at the end of FY2007) include: the regular Food Stamp program, programs operating in lieu of food stamps in Puerto Rico and American Samoa and on Indian reservations, The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), Community Food Projects, the Seniors Farmers’ Market Nutrition Program (SFMNP), and fresh fruit and vegetable initiatives. Other nutrition assistance — child nutrition programs (like the School Lunch program), the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), the WIC Farmers’ Market Nutrition program — is on a different reauthorization and review schedule and probably will not be a significant part of the nutrition assistance and farm bill debate in the first session.

The most significant issues that have been raised are those surrounding the Food Stamp program and fruit and vegetable support policies. Proposals to significantly change rules governing food stamp eligibility and benefit levels and how the Food Stamp program is administered by states have been advanced by the Administration and in a number of comprehensive bills, as have calls for program revisions and grant initiatives aimed at easing access to food stamp benefits. In addition, major boosts in funding and other support for increasing the availability of fruits and vegetables in nutrition programs have been proposed by the Administration and others.

Action on most of the food assistance proposals and issues taken up as part of the farm bill will depend heavily on budgetary considerations — specifically, whether any new funding is available and whether spending cuts will be needed to finance program expansions.

On July 27, 2007, the House adopted its version of the 2007 farm bill (H.R. 2419); it incorporates controversial tax law changes to fund those provisions of the nutrition title that would create new federal spending. The nutrition title (Title IV) would significantly increase food stamp benefits, loosen some eligibility rules for food stamps, and add new support for TEFAP and fruit and vegetable programs; it also would impose substantial limits on states’ ability to “privatize” administration of the Food Stamp program and allow for the exercise of geographic preference in procuring food for child nutrition programs. The Congressional Budget Office estimates that Title IV would add new costs of \$4.2 billion over the next five years (\$11.5 billion over the next 10 years).

The Senate Committee on Agriculture, Nutrition, and Forestry has not yet taken action on a 2007 farm bill.

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Introduction

In the first session of the 110th Congress, it is likely that virtually all domestic food assistance issues calling for legislative action will arise and be addressed in the context of the omnibus 2007 “farm bill” — periodic legislation (the last farm bill was enacted in 2002) that covers most programs and activities carried out by the U.S. Department of Agriculture (USDA or “Agriculture Department”). Farm bills serve as a vehicle for reauthorizing a wide range of expiring authorities, making changes in (or ending) existing programs, and launching new initiatives.¹

On the other hand, some food assistance efforts are reauthorized and reviewed on a different schedule and are up for review in 2009; these include child nutrition programs (like the School Lunch program), the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), and the WIC Farmers’ Market Nutrition program.² With exceptions, annual appropriations laws typically are not the arena for significant policy decisions relating to nutrition assistance programs. And some important nutrition program changes now under way at the USDA are unlikely to become the subject of legislation per se, such as revision of the content of food packages distributed through the WIC program, revamping the nutrition guidelines for school meals, modification of food offerings under the Food Distribution Program on Indian Reservations.

¹ For a look at the farm bill as a whole, see CRS Report RL33037, *Previewing a 2007 Farm Bill*, coordinated by Jasper Womach, and CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110th Congress*, coordinated by Renee Johnson.

² Normally, the only child-nutrition or WIC-related provisions that might appear in a farm bill are those relating to commodity assistance to schools or initiatives like fresh fruit and vegetable projects, discussed later in this report. However, past farm bills have, in some cases, included minor revisions affecting child nutrition and WIC program operations. Child nutrition and WIC programs were last subject to a comprehensive review and reauthorization in the 2004 Child Nutrition and WIC Reauthorization Act (P.L. 108-265). Unlike in the Senate, where they (along with most other food assistance programs) are under the jurisdiction of the Senate Committee on Agriculture, Nutrition, and Forestry, child nutrition and WIC programs are in the jurisdiction of the Education and Labor Committee in the House.

This report covers both issues and proposed legislation that are explicitly tied to the farm bill and those that involve programs and activities that are normally not part of the farm bill but may become so (e.g., some child nutrition issues and bills).

The 2007 Farm Bill

Background

In FY2006, the \$35 billion spent for federal programs and activities covered by the nutrition title of the 2002 farm bill (and likely to be addressed in the 2007 measure) accounted for over half of the spending projected for all farm-bill-covered programs and activities and 36% of USDA outlays.³ The lion's share of this support is for the Food Stamp program, which (along with child nutrition and WIC programs) is widely viewed as the federal government's primary response to the food needs of low-income Americans. Nutrition assistance programs also play a role in federal support for the agricultural sector through direct commodity purchases and increased demand.

The USDA oversees almost 20 domestic nutrition assistance programs, spending some \$54 billion in FY2006, 55% of USDA outlays.⁴ Virtually all are administered by states, schools, or local grantees under federally prescribed rules. Federal oversight of these programs (e.g., regulations governing program operations) is the responsibility of the USDA's Food and Nutrition Service (FNS). In addition, the USDA's Agricultural Marketing Service (AMS), the Farm Service Agency (FSA), and the Commodity Credit Corporation (CCC) play roles in the procurement and distribution of food commodities for some programs.

The upcoming farm bill is expected to cover 7 of these program areas accounting for about 65% of federal spending on domestic nutrition aid. Farm bills traditionally reauthorize expiring authorities and appropriations for these domestic nutrition assistance initiatives and are the principal vehicle for revising rules that govern how they operate and how much they will cost. They include the following:

- the regular Food Stamp program in the 50 states, the District of Columbia, Guam, and the Virgin Islands;
- programs operating in lieu of the regular Food Stamp program — nutrition assistance block grants for Puerto Rico, American Samoa, and the Northern Mariana Islands, along with the Food Distribution Program on Indian Reservations (FDPIR);
- The Emergency Food Assistance Program (TEFAP);

³ For domestic food assistance in the USDA budget, see CRS Report RL33412, *Agriculture and Related Agencies: FY2007 Appropriations*, and CRS Report RS22621, *The FY2008 Budget Request for the U.S. Department of Agriculture*, both coordinated by Jim Monke.

⁴ In FY2006, another \$700 million was appropriated for the Department of Health and Human Services' nutrition programs for the elderly (authorized under the Older Americans Act).

- the Commodity Supplemental Food Program (CSFP); and
- Community Food Projects.

Moreover, the 2002 farm bill added to this list. It provided statutory authority and mandatory funding for a new Seniors Farmers' Market Nutrition Program (SFMNP) and established a pilot program to distribute free fruits and vegetables in schools (later expanded and made permanent). It also included a provision affecting commodities distributed to schools — earmarking some federal spending on these commodities for fresh produce acquired and distributed through Defense Department procurement facilities (the “DOD Fresh” program).

All farm bill domestic nutrition assistance programs, except for the CSFP, the FDPIR, and the administrative and distribution-cost component of TEFAP, generally are treated as *mandatory entitlements* for budget purposes. For the regular Food Stamp program, this means that, in order to affect costs, eligibility and benefit rules must be changed. Specific annual mandatory funding levels are set by law for the Puerto Rico and American Samoa grants (these are indexed), the food component of TEFAP, Community Food Projects, the SFMNP, and fruit and vegetable projects. The amount of the Northern Marianas' grant is negotiated between the USDA and the Commonwealth. And decisions made with each year's appropriation govern the CSFP, the administrative and distribution cost component of TEFAP, and the amount set aside for the FDPIR.

The 2002 farm bill made extensive changes to Food Stamp program rules and relatively minor revisions to those for the other programs.⁵ Using its March 2002 “baseline,” the Congressional Budget Office (CBO) estimated that the total additional cost of the provisions in the nutrition assistance title of the 2002 farm bill would be about \$3 billion over the six-year life of the bill, representing 5%-6% of total new spending prompted by the bill. However, while there is no direct measure of the real cost of the 2002 bill's nutrition title (as opposed to costs incurred because of other variables like unforeseen participation changes related to economic conditions or increased participation rates), *total* actual costs through FY2005 for the programs covered by the nutrition title — including both “baseline” spending and new spending caused by the farm bill — were 12% higher than projected in 2002. If current CBO estimates for FY2006 and FY2007 are added in and compared to the 2002 estimates for those years, the gap widens to 20%.

A number of nutrition assistance issues for the 2007 farm bill are emerging (over 20 bills have been introduced) and are described later in this report. Moreover, the Administration has announced its recommendations for the upcoming farm bill (its proposals for nutrition programs also are discussed in the following outline), and the House has adopted its version of the 2007 farm bill (described in the discussion of congressional action at the end of this report). But action on proposals for change will depend heavily on budgetary considerations — specifically, whether any new

⁵ For a detailed discussion of nutrition assistance program changes made and considered in the 2002 farm bill, see CRS Report RL33690, *Food Stamps and Nutrition Programs in the 2002 Farm Bill*, by Joe Richardson.

funding is available and whether spending cuts will be required to finance separate program expansions.

Food Stamps ⁶

The largest of the nutrition assistance programs is the Food Stamp program. At \$33 billion in FY2006, it represents some 95% of the federal spending for farm bill nutrition assistance programs, is the foundation of federal initiatives to give low-income households the chance to obtain at least a minimally adequate diet, and is a major factor in overall federal policy for the poor.

The purpose (and structure) of the program has evolved over time. It is meant to play a role in three areas of federal public policy. Food stamps originated as a way of providing an outlet for surplus agricultural production, with the notable side benefit of supporting poor families. However, its goals and role in the country's support system for the low-income population have shifted and expanded greatly. To the extent it expands food purchasing power, it continues to support demand for agricultural products.⁷ But it now also is seen as the government's primary response to important concerns about the overall "food security" status of the low-income population, although only an estimated 65% of eligible individuals choose to participate by the most recent count (2005). A 2006 Economic Research Service (ERS) study reports that, in 2005, 11% of U.S. households were "food insecure," and that the prevalence of "very low food security" was 3.9%.⁸ Finally, the Food Stamp program has become an integral part of the overall "safety net" for the needy. It ranks as the fourth largest needs-tested program, behind Medicaid, the Earned Income Tax Credit, and the Supplemental Security Income program. It is perhaps the largest on-going program providing immediate aid to those affected by natural and other disasters. According to the USDA's Economic Research Service, when its benefits are added to other income, food stamps are estimated to move almost 10% of recipients out of poverty, and, for a typical low-income recipient family with children, food stamps can provide some 25% of their purchasing power.

Program Operation. The regular Food Stamp program provides inflation-indexed monthly benefits to low-income households that supplement their own spending on food; benefits vary by income, household expenses (like shelter costs),

⁶ Authorized under the Food Stamp Act; 7 U.S.C. 2011 et seq.

⁷ A dollar in food stamp benefits is estimated to result in new food spending of 17-47 cents, depending on household income and type, versus 5-10 cents in the case of a dollar of cash. Although food stamp aid itself must be spent on food, a dollar in food stamps does not lead to a full dollar of additional food spending because cash previously spent on food is freed up and can be used for nonfood expenses that, for the recipient, may be more pressing.

⁸ This second category was denominated as "food insecure with hunger" in reports for earlier years. Households classified as "food insecure" were grouped into two categories. Those classified as having "low food security" (7.1%) reported multiple indications of food access problems, but typically reported few, if any, indications of reduced food intake. Those classified as having "very low food security" (3.9%) reported multiple indications of reduced food intake and disrupted eating patterns due to inadequate resources for food.

and household size — but generally not by state or region.⁹ They are delivered through electronic benefit transfer (EBT) cards that are used like debit cards. Eligibility for food stamps is primarily based on a household's financial status. Monthly gross income typically must be below 130% of the inflation-indexed federal poverty income guideline for the household's size (e.g., about \$1,800 for a 3-person household in FY2007), and liquid assets must be under \$2,000 (\$3,000 for those households with elderly and disabled members). However, some households can be "categorically eligible" if they participate in or receive services under another income-tested program like Temporary Assistance for Needy Families (TANF) or the Supplemental Security Income (SSI) program. And certain categories are barred irrespective of their financial need, such as many noncitizens, able-bodied adults without dependents not meeting a work test.

Program costs are shared with the states, which administer the program under generally uniform federal rules. The federal government pays the full cost of benefits and about half the cost of administration, operating work or training programs for recipients, and state-directed nutrition education and outreach activities. States, and in some cases localities, pay the remainder (some \$2.7 billion in FY2006).

The level of food stamp spending varies with participation, which is closely linked to economic conditions and eligibility rules, and benefit levels. Benefits are indexed to food-cost inflation and adjusted for recipients' income, household size, and certain nonfood expenses (like high shelter costs, child care spending); in addition, a basic minimum amount (the "standard deduction") is disregarded when calculating a household's ability to contribute to its food needs. The basic theory underpinning food stamp benefits is that they should provide the difference between what a recipient household can afford for food out of its own monthly cash income (assumed to be about 30% of counted income) and the estimated minimal cost of an adequate diet (the monthly cost of the USDA's "Thrifty Food Plan" for its size). Since the 2002 farm bill, participation has increased substantially, from some 19 million persons per month in FY2002 to 26.4 million (May 2007), and the average monthly benefit level has jumped from \$80 a person in FY2002 to \$95 in May 2007.¹⁰ Federal costs have grown from \$20.6 billion in FY2002 to \$33 billion in FY2006 and an estimated \$33.4 billion for FY2007.

Finally, the Food Stamp program has a "quality control" system that measures the degree to which eligibility and benefit decisions are erroneously made. The most recent national quality control statistics (for 2005) show historically low error rates: 4.5% of benefits over-issued and 1.3% under-issued.¹¹ States with persistently high

⁹ Alaska and Hawaii are special exceptions to this general rule.

¹⁰ To put these participation figures into perspective, it should be noted that the all-time high in food stamp participation was reached shortly before enactment of the 1996 welfare reform law — 27.5 million persons a month in FY1994. The all-time low for the modern program was in FY2000 — 17.2 million persons a month.

¹¹ Information on error rates and fraud ("trafficking" in food stamp benefits) can be found in two recent Government Accountability Office (GAO) reports: *Food Stamp Program: States Have Made Progress Reducing Payment Errors, and Further Challenges Remain* (continued...)

error rates can be assessed financial sanctions; those achieving high performance criteria can receive bonus payments.

Issues and Proposals. The 2002 farm bill reauthorized expiring Food Stamp program authorities and appropriations through FY2007. It greatly expanded eligibility for noncitizens (most notably allowing eligibility for noncitizen children and those who meet a five-year legal residence requirement), raised benefits modestly for larger households (by counting less of their income), and allowed states to provide “transitional” food stamps for families leaving the Temporary Assistance for Needy Families (TANF) program. In addition, the 2002 bill set up a number of state options to ease access to the program and administrative burdens on applicants and recipients and program operators (e.g., allowing states to reduce recipient reporting requirements, simplify benefit calculations, conform some food stamp rules to those used in the TANF and Medicaid programs) and revamped the quality control system to reduce the number of states subject to financial sanctions and grant bonus payments to states demonstrating exemplary administrative performance.¹² Virtually no program cuts were made.

Even small changes to eligibility or benefit rules in a program as large as food stamps can bring on relatively large budget costs or savings. And, as with the 2002 farm bill, the ability to revise the Food Stamp program in 2007 will depend heavily on budget constraints at the time the farm bill is considered. Major issues that have emerged in proposed legislation and the Administration’s farm bill package include eligibility for food stamps (including the treatment of household assets), the use of food stamp benefits, benefit levels, state administration, and program access.

Eligibility. Both loosening and tightening current rules governing the eligibility of *noncitizens* are likely to be considered. Although no legislation to further restrict noncitizens’ eligibility has yet been introduced, in the 109th Congress, the House version of the bill implementing spending reductions to comply with the FY2006 budget reconciliation measure would have further limited eligibility for noncitizens. And several bills call for ending existing limits on legally resident noncitizens.

Under current law, states may make households participating in their TANF programs *categorically eligible* (automatically eligible) for food stamps, and most

¹¹ (...continued)

(GAO-05-245; May 2005) and *Food Stamp Trafficking: FNS Could Enhance Program Integrity by Better Targeting Stores Likely to Traffic and Increasing Penalties* (GAO-07-53; October 2006).

¹² Information on state options can be found in a 2004 GAO report — *Food Stamp Program: Farm Bill Options Ease Administrative Burdens, but Opportunities Exist to Streamline Participant Reporting Rules among Programs* (GAO-04-916; September 2004). Coverage of the current status of state options is on the USDA website at [http://www.fns.usda.gov/fsp/rules/Memo/Support/State_Options/sixth/default.htm]. And information about states’ use of their options as to how to count the value of vehicles when determining food stamp eligibility can be found in a report by the Center on Budget and Policy Priorities — *State Vehicle Asset Policies in the Food Stamp Program* (revised November 6, 2006) — available through the Center’s website: [<http://www.cbpp.org>].

states make use of this option. The Administration contends that states have taken advantage of this rule and made those with financial resources above normal food stamp standards eligible, simply by providing some minimal TANF-linked services. And, to protect program integrity, it proposes to limit categorical eligibility to those TANF recipients getting *cash* aid, which presumably is subject to financial tests similar to or more stringent than food stamps. On the other hand, opponents of this view note that many of the estimated 300,000 persons affected are receiving services (e.g., child care, transportation assistance for work) that help them keep working, that they still must have their benefit calculated under normal food stamp rules and can only qualify for a benefit if they have high living expenses (e.g., shelter costs), that limiting categorical eligibility would impose added administrative burdens on states and applicants, and that, as a side-effect, a number of children would lose eligibility for free school meals.¹³ No legislation concerning categorical eligibility has been introduced, but it is important to remember that limiting categorical eligibility is one of very few proposals being discussed that can produce significant cost savings.

Opponents of the current restrictions on participation by able-bodied adults without children (ABAWDs), which bar eligibility after three months unless the individual meets a work-related test, contend that they should either be abolished as too punitive (and administratively complex) or greatly eased. These restrictions were put in place as part of the 1996 welfare reform law, and, in many cases, they can be (and are) waived by states.

Finally, the Administration has proposed (1) new rules that would disqualify food stamp recipients who exchange food purchased with their benefits for cash and bar from food stamps those who have been disqualified from the Food Distribution Program on Indian Reservations (the FDPIR) and (2) making permanent a rule disregarding combat pay when considering the eligibility of (and benefit amounts for) military households.

Assets. Current policy excludes most, but not all, retirement savings from consideration as assets when testing for food stamp eligibility. While the 2002 farm bill allowed states to expand the list of excluded retirement savings (e.g., to include Individual Retirement Accounts) if they did so in their TANF program, very few states have. In a similar vein, current food stamp policy disregards savings for education as assets only if a determination is made that they are “inaccessible.” The Administration and others have supported disregarding *all* retirement savings and plans and Internal Revenue Service-approved education savings to avoid penalizing those who save for retirement or education but are temporarily in need. The Food Stamp program’s dollar asset limits have not been significantly changed in over 25 years. Program advocates argue that they should be raised (or possibly abolished) to encourage saving and simplify administration. In addition to the Administration’s farm bill package, a number of bills dealing with loosening asset rules have been introduced.

¹³ A fuller discussion can be found in a report — *Administration Proposal Would Cut Over 300,000 People Off Food Stamps* — from the Center on Budget and Policy Priorities, available at the Center’s website: [<http://www.cbpp.org>].

Use of Benefits. Under current law, food stamp benefits can be used for virtually any food purchase; they cannot be used for alcohol, tobacco, hot prepared food, or dietary supplements. Food choice has been a recurring theme in food stamp policy debates. Critics argue that nutrition-related limits should be placed on the types of food that can be bought with food stamps. On the other hand, some contend that incentives to purchase healthy foods should be built into the Food Stamp program and that support for nutrition education should be increased and expanded to cover a broader range of initiatives. Separately, some have proposed to allow food stamps to be used for dietary supplements, as in the Senate version of the 2002 farm bill.

Benefit Levels. A major contention of critics of the current structure of the Food Stamp program is that the value of food stamp benefits has been significantly “eroded” since the 1996 welfare reform law; that is, benefits are significantly smaller than they would have been without the changes made in 1996.¹⁴ Although basic (maximum) food stamp benefits are indexed annually, they point out that rising non-food living costs are heavily affecting recipients’ budgets (limiting their ability to supplement their food stamp benefits as the program expects) and that the program’s major method for taking these costs into account when calculating benefits (the “standard deduction”) has been effectively frozen since 1996. They also note that the 1996 law imposed an across-the-board 3% benefit cut. Program advocates, and a number of bills, aim to address this by increasing and indexing the standard deduction, raising maximum benefits by 3%, or both. Opponents of this type of action are concerned about the substantial costs involved and argue that the Food Stamp program should not be expected to be a general purpose income support program responding to all of the needs of the low-income population.

Separately, the Administration and several bills propose to remove the current dollar limits on the degree to which dependent care expenses are considered when calculating benefits, thus increasing assistance for those with very high dependent care expenses related to work.

Finally, as in earlier farm bill debates, there are proposals to increase and index the Food Stamp program’s minimum benefit level (\$10 a month for 1- and 2- person households). It has not been changed since originally set in the late 1970s and is seen as so low that it discourages participation, especially among the elderly. However, this relatively costly change would most help those in the program with the highest incomes.

State Administration. States (most notably Florida, Indiana, and Texas) have taken, or are taking, major steps to revamp the way they administer food stamps, Medicaid, and the TANF program.¹⁵ Although current food stamp law requires that final eligibility and benefit decisions be made by government employees and that contracts for computer-related services with federal matching money be federally

¹⁴ A fuller discussion can be found in a report — *Families’ Food Stamp Benefits Purchase Less Food Each Year* — from the Center on Budget and Policy Priorities, available at the Center’s website: [<http://www.cbpp.org>].

¹⁵ Florida’s project is effectively fully implemented; Indiana is in the process of implementing its initiative; Texas has, for the time-being, put a stop to its project.

approved, these state initiatives can involve “privatizing” (contracting out or outsourcing) many “back-office” and other, more important administrative tasks and “modernizing and streamlining” administration through efforts like performing program intake by computer application or using private-sector employees, resulting in cost savings from fewer state staff and offices and, it is hoped, better client service. There are no federal minimum standards for these types of initiatives (e.g., with respect to client service, pilot testing, what roles private company employees can play, how extensive displacement of government employees can be). Many of those watching the current initiatives (and several bills) argue that standards should be set legislatively to give the FNS the ability to more effectively oversee the progress in this area and that limits should be placed on states’ ability to delegate administrative responsibilities to non-state employees and entities. They point out that modernization and streamlining steps can potentially leave some vulnerable groups without real access to food stamp help, needlessly complicate the application and benefit process, blur lines of accountability, result in incorrect information for, or treatment of, applicants and recipients, and end many state jobs. However, a number of states are concerned that legislatively set privatization standards/limits will severely restrict innovation in administering food stamps and other public assistance programs and reduce or eliminate cost savings that might result. On the other hand, the Administration is concerned about widespread benefit overpayments that can occur in a changeover to new administrative systems and would like to hold states (not recipients) responsible in cases of “widespread systemic errors.”

The Food Stamp program’s quality control system for overseeing state administration also is under some scrutiny. The Administration would like to make two important changes: (1) impose financial penalties on states with high rates of error in denying food stamp benefits and (2) end an option for states to “invest” amounts owed as financial penalties for high rates of error in overissuing or underissuing benefits in administrative improvements as an alternative to paying part of their fiscal sanction to the federal government. Others would increase bonus payments to states meeting high performance standards.

As the result of experiences related to Hurricane Katrina, there also have been proposals to allow or require the federal government to increase its share of food stamp administrative costs (above the normal 50%) in the case of major disasters.

Program Access. The participation rate among food stamp eligibles has increased since 2002 (when a number of changes were put in place to encourage this). However, with the most recently reported rate at 65% (2005), program advocates argue that further steps need to be taken. In their view, procedural rules governing how applicants and recipients are treated (e.g., reporting requirements), as well as those relating to eligibility for applicants participating in other public assistance programs (like TANF), could be further loosened to *ease access to food stamp benefits* to eligible households. Added federal administrative cost-sharing for access-oriented state administrative changes (e.g., longer office hours) and grants for access-improving efforts could be legislated. In addition, advocates are concerned about any access restrictions that might result from the initiatives to privatize, modernize, or streamline administration noted above.

In addition to issues surrounding applicants' access to food stamps, proposals from the Administration would change rules governing *food retailers' participation* in the Food Stamp program, such as revising rules governing fines imposed on retailers' violating food stamp rules.

Administration Initiatives.¹⁶ The USDA has advanced a number of recommendations for changes in the Food Stamp program as part of the 2007 farm bill; they have not been introduced as a legislative package.

- **Eligibility.** The Administration proposes to restrict categorical (automatic) eligibility for food stamps to households who receive cash TANF benefits; those receiving only TANF-funded services would not be automatically eligible (on the premise that cash benefit recipients are subject to stricter eligibility tests).¹⁷ This revision accounts for the bulk of savings attributed to its proposals for nutrition program changes. The Administration is especially concerned that states can, in effect, "game" the categorical eligibility option and make households with financial resources well above normal food stamp limits eligible for food stamps by simply providing minimal services financed with TANF funds. On the other hand, critics point out, as noted earlier, that the services being provided often are key to supporting households' work efforts (e.g., child care), that there would be added administrative costs to carry out full eligibility determinations for those who chose to apply through regular procedures, and that some households losing their categorical food stamp eligibility would, as a result, lose their food-stamp-participation-based automatic eligibility for free school meals for their children. The Administration also proposes to place into permanent food stamp law a rule disregarding combat-related military pay as income when determining eligibility (and benefits). This has been done through provisions of appropriations laws since the FY2005 Department of Agriculture appropriations act. However, some observers contend that better use of the Defense Department's special family assistance supplemental allowance program for military families might be a better way to deal with these families' needs. Finally, the Administration has proposed new rules that would disqualify food stamp recipients who exchange food purchased with their benefits for cash and those who have been barred from the Food Distribution Program on Indian Reservations (FDPIR).

¹⁶ A more extensive discussion of the Administration's proposals is available in CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*, coordinated by Jasper Womach.

¹⁷ The Administration's proposal also would apply a "cash-only" categorical eligibility rule to recipients of Supplemental Security Income (SSI) benefits. However, it is unlikely that a "cash-only" rule would have any effect on SSI recipients because virtually all, if not all, SSI recipients get cash payments (or are authorized to receive them).

- **Assets.** The Administration proposes to disregard all retirement savings and plans and Internal Revenue Service (IRS)-approved postsecondary education savings and plans as assets when judging food stamp eligibility. This proposal accounts for most of the cost of its nutrition program proposals. Its purposes are to reinforce federal policy encouraging savings for these ends and avoid penalizing those in temporary need who have put aside money for retirement or education. However, some critics argue that asset eligibility rules should be loosened even further than recommended by the Administration, for example, by raising or indexing the dollar limit on allowable assets or by standardizing the application of more liberal rules on how to count the value of households' vehicles.
- **Benefit Levels.** In order to support recipients' work and education efforts, the Administration recommends removing limits on benefit increases that adjust for households' dependent care expenses. At present, work and education-related dependent care costs above \$200 a month for each child under age 2 and \$175 a month for all other dependents are *not* taken into account; these "caps" would be eliminated (at an estimated benefit cost of \$20 million over 5 years and \$42 million over 10 years). However, some critics argue that food stamps should not be viewed as a "child care" program, while others maintain that there is a need to go further in recognizing the effect high non-food living expenses have in eroding the value of food stamps.
- **State Administration.** The Administration has advanced four revisions to rules governing state administration of food stamps. It would assess states a quality control financial penalty if the state has a "negative action" error rate above the national average for two consecutive years; negative action error rates measure the extent to which states improperly deny, suspend, or terminate food stamp applicants and recipients.¹⁸ Secondly, it proposes to eliminate an option permitting states to invest in administrative improvements as an alternative to paying part of any quality control fiscal sanction. In addition, in the case of "widespread systemic errors" (e.g., computer system failures and flaws) in a state's administration of the program, the Administration proposes to (1) prohibit states from pursuing claims against recipients for over-issued benefits and (2) require states to pay the federal government for the cost of over-issuances.
- **Retailers Participation in the Program.** With regard to retailers' participation in the Food Stamp program, the Administration argues that it needs more flexibility to respond to the seriousness of a retailer's violation of program rules and would like more authority

¹⁸ At present, states are only penalized for high rates of error in overpaying or underpaying benefits.

to impose fines in lieu of disqualification for minor violations and new authority to fine retailers in addition to disqualification for major violations. It also has advanced a proposal to allow the Department of Agriculture to seize retailers' food stamp receipts (where expedited action is warranted) in "certain egregious trafficking cases."

- **Other proposals.** The Administration's farm bill package would rename the Food Stamp program as the Food and Nutrition program, in recognition of the changes in how food stamp benefits are delivered (i.e., through electronic benefit transfer systems) and the program's role in improving nutrition.¹⁹ It also would establish a pilot project under which states would be allowed to pay (with 50% federal matching) for state support for some work-related expenses incurred by working food stamp recipients. And it proposes to add specific language to the Food Stamp Act referring to nutrition education as an approved activity for federal funding.²⁰

Programs in Lieu of Food Stamps

Four programs, three authorized under the Food Stamp Act, operate in lieu of food stamp assistance.

- **Puerto Rico** receives an inflation-indexed annual block grant (\$1.5 billion in FY2006, serving about 1 million persons per month) to operate a nutrition assistance program that works much like the regular Food Stamp program, including delivery of benefits through EBT cards.²¹ The major feature distinguishing Puerto Rico's program from the regular Food Stamp program (other than more restrictive financial eligibility tests and lower maximum benefit levels) is that just 75% of a household's benefit must be used for food purchases, as opposed to 100% in the regular Food Stamp program. Puerto Rico was converted to its nutrition assistance block grant in 1982; as a quid pro quo, it was given total flexibility in how its program is designed.
- Since 1994, **American Samoa** has received an annual nutrition assistance grant (\$6.1 million in FY2006); it has designed a program that serves low-income elderly and disabled persons (some 3,000 persons in FY2005). This grant was established under the USDA's discretionary authority to extend USDA programs to American

¹⁹ It would also "de-obligate" the few food stamp coupons still in circulation, making them no longer usable (redeemable). Another proposal to rename the Food Stamp program would change its title to the Secure Nutrition Access program.

²⁰ Nutrition education activities are already eligible for federal funding as a state administrative expense.

²¹ Authorized under Section 19 of the Food Stamp Act; 7 U.S.C. 2028.

Samoa and other territories, but is now funded under the same section of the Food Stamp Act as Puerto Rico's block grant and indexed like Puerto Rico's.

- Since 1982, the Commonwealth of the *Northern Mariana Islands* has been provided an annual grant (negotiated with the USDA, with an estimated \$8.4 million available for FY2006) to operate a food-stamp-like program with 30% of benefits earmarked for locally produced products. This grant is authorized under P.L. 96-597 (a law governing relations with the Commonwealth) and, as such, has not, in the past, been part of a farm bill.
- *Indian tribal organizations* may choose to operate the Food Distribution Program on Indian Reservations (FDPIR), instead of having the state offer regular food stamp benefits; the full cost of benefits and most administrative expenses are covered by the federal government.²² This option operates on over 250 Indian reservations in 22 states. The program offers nutritionally balanced monthly food packages of USDA-provided commodities to those meeting eligibility rules close to those used for food stamps; households may not get both food stamp and FDPIR benefits. In FY2005, it served about 100,000 persons per month at a cost of about \$80 million (30% for administrative and distribution costs). The FDPIR distributes both commodities bought specifically for it ("entitlement" commodities) and "bonus" commodities acquired by the USDA for farm support reasons; in FY2005, \$55 million worth of entitlement commodities were distributed, supplemented by \$2 million in bonus food items. The monthly value of the food packages averaged \$41 a person.

Issues and Proposals. The 2002 farm bill extended through FY2007 the three programs now authorized under the Food Stamp Act: grants to Puerto Rico and American Samoa and the FDPIR.²³ It also slightly increased and indexed the nutrition assistance grants for Puerto Rico and American Samoa, and specifically authorized American Samoa's grant as part of the Food Stamp Act. Legislative issues related to these programs are focused on Puerto Rico's nutrition assistance grant and the FDPIR.

Puerto Rico advocates argue that funding for assistance in Puerto Rico lags behind need. Bills in the House and Senate would increase Puerto Rico's nutrition assistance grant (and then index it for both food cost inflation and population growth), require a study of the feasibility and effects of treating Puerto Rico as a state under the regular Food Stamp program, or both. Opponents are concerned over the costs associated with expansion of the grant and the prospect of having (potentially) over half the Commonwealth's population receiving aid. There are no

²² Authorized under Section 4(b) of the Food Stamp Act; 7 U.S.C. 2013(b).

²³ No extension was necessary for the Northern Marianas grant because it operates under a separate permanent authorization.

Administration proposals (other than extending existing law) with regard to Puerto Rico.

Significant questions have been raised over the level of federal support for FDPIR costs for administration and distribution of commodities on Indian reservations and the degree to which funding for the FDPIR limits the types and quality of the foods provided. The Administration has proposed a slight increase in the amount provided for FDPIR administrative and distribution costs in order to speed implementation of a new formula for allocating federal aid that is more directly tied to participation while easing the negative effects for tribal organizations that would lose money under the new allocation method. Others have called for a major increase in funding for FDPIR administrative and distribution expenses. In addition, some consideration is being given to boosting support for federal spending on the commodities provided through the FDPIR, and program advocates would like to see a thorough review of the adequacy and quality of FDPIR food packages and attention given to purchase of tribally produced foods.

The Emergency Food Assistance Program (TEFAP)²⁴

TEFAP was begun in 1981-1982 as a temporary expedient designed, at least initially, to dispose of huge stocks of government-held food commodities. It also occurred in the aftermath of noticeable reductions in the coverage of and benefits provided by food assistance programs like food stamps and school meal programs legislated in 1981-1982, and in the midst of an economic recession and concern over “hunger” and homelessness among the needy. In 1983, the Emergency Food Assistance Act gave the program official status and authorized funding for administrative and distribution costs.

In the early years (through FY1988), the only significant federal expenditures involved were appropriations for administrative and distribution costs. The commodities were so-called “bonus” commodities, those acquired for farm-support reasons and held in excess of what was needed to fulfill other federal commitments (e.g., to school meal programs). The establishment of TEFAP helped reduce federal commodity stocks (and storage costs associated with them), provided an alternative source of food assistance for the needy, and was instrumental in supporting and expanding a network of emergency food aid providers that also drew food and other resources from many non-governmental sources.

In 1988, after the Administration indicated plans to phase out the program because of the lack of bonus commodity inventories, Congress began the practice of *mandating* funding for TEFAP commodities, thereby creating a minimum “entitlement” to a certain level of commodity assistance. This entitlement component was ensconced in permanent law by the 1996 welfare reform act (P.L. 104-193), which guaranteed the program \$100 million a year. Additional bonus commodities continued to be made available — differing each year according to USDA

²⁴ Authorized under (1) Section 27 of the Food Stamp Act (7 U.S.C. 2036) and (2) the Emergency Food Assistance Act (7 U.S.C. 7501-7516).

acquisitions. This guarantee was increased to \$140 million a year in the 2002 farm bill.

Under TEFAP, the federal government provides food commodities to states along with grants for administrative and distribution costs. This assistance supplements other sources of food aid for needy persons and often is provided in concert with food bank and homeless shelter projects. Eligibility decisions for TEFAP assistance are made by states. They may direct their TEFAP commodities directly to (state-defined) needy households and meals served to (state-defined) needy persons at congregate meal sites. Local TEFAP administering agencies also are chosen by states. National emergency provider and food bank networks (like Second Harvest) are also heavily involved.

In addition to state allocations of the \$140 million in entitlement commodities, each state receives a share of the \$50 million a year appropriated as discretionary money to fund expenses associated with administration and distribution (storage, transportation) of the commodities, and states may divert some of the \$140 million to administration and distribution costs.²⁵ Moreover, state entitlements to TEFAP commodities are supplemented with bonus commodities (about \$150 million in FY2005) that the USDA has acquired in its agriculture support programs.

Issues and Proposals. The 2002 farm bill extended TEFAP authorities through FY2007 and increased the level of entitlement commodities from \$100 million to \$140 million a year. Since the 2002 farm bill, bonus commodity donations from USDA stocks to TEFAP have dropped dramatically — from over \$240 million in FY2003 to about \$150 million in FY2005, with estimates of less than \$100 million for FY2006 and perhaps FY2007 and FY2008. Because USDA commodities provide an important underpinning to emergency food assistance providers' activities and they have come to rely on them, there are several proposals for the 2007 farm bill to substantially increase the level of entitlement commodity assistance above the current \$140 million a year.

In contrast, the Administration asks for two relatively minor changes in the rules governing TEFAP operations.²⁶ It would make all TEFAP state plans effectively permanent (no requirement to re-submit plans once every four years) and mandate that states only submit revisions that are warranted by changes in state operations or rules. And it would require that states open competition for contracts with TEFAP distributing organizations at least once every three years.

²⁵ In FY2005, \$20 million was diverted.

²⁶ It should be noted that increased purchases of fruits and vegetables (proposed separately by the Administration and discussed later in this report) could have the effect of increasing commodity support for TEFAP.

Commodity Supplemental Food Program (CSFP)²⁷

The CSFP was originally established in the late 1960s, under the authority of a series of appropriations laws, to provide aid to low-income women (pregnant and postpartum), infants, and children, who at that time had no other food assistance program to turn to for aid specific to their needs. Since then, the WIC program has largely taken over this role. However, the CSFP continues to operate and now serves mostly elderly low-income individuals who either need extra help beyond food stamp benefits or are reluctant to apply for food stamps. Projects supported by the CSFP typically provide a range of other services to their communities.

The CSFP provides supplemental foods to low-income elderly persons and low-income pregnant, postpartum, and breastfeeding women, infants, and children through over 140 projects in 32 states, the District of Columbia, and on two Indian reservations. Eligibility is limited to those with income below 130% of the federal poverty income guidelines (e.g., about \$13,000 a year for 1 person). The foods are purchased by the USDA and distributed to grantees, and food packages received and distributed by CSFP projects are designed with the specific nutritional needs of the elderly and women, infants, and children in mind. CSFP grantees also receive significant funding for administrative costs. The program is a discretionary program depending on annual appropriations decisions, and commodities and administrative funding generally are apportioned by the number of persons served in the prior year; if new money is appropriated or allocated “slots” are not used, new projects can be added. The commodities provided by the USDA are of two types: (1) “entitlement” commodities bought with annually appropriated funds and included in the food packages and (2) “bonus” commodities donated from USDA stocks and provided in addition to, or as part of, food packages.

In FY2005, the CSFP served over 500,000 persons a month, 90% of whom were elderly. Some \$82 million in entitlement commodities and \$38 million worth of bonus commodities were distributed; food packages were valued at between \$18 and \$21 per person per month. Administrative cost support was \$29 million.

Issues and Proposals. The 2002 farm bill extended the authorization for the CSFP through FY2007 and increased the proportion of appropriations earmarked for administrative costs. In recent appropriations requests, the Administration has proposed terminating the CSFP, as duplicative of other programs (the WIC program and food stamps). However, neither House nor Senate Agriculture appropriations measures have adopted this position. CSFP advocates have, for a number of years, called for a change in rules that would boost the income eligibility limit from 130% of the federal poverty guidelines to 185%, and bills to do so are before Congress for consideration in the farm bill.

²⁷ Authorized under Sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973; 7 U.S.C. 612c note.

Community Food Projects

In the 1996 farm bill, Congress established, as Section 25 of the Food Stamp Act (7 U.S.C. 2034), a program of assistance for community food projects, intended to promote innovative local self-help initiatives to meet nutrition and farm needs.

Community food projects are funded at a total of \$5 million a year — a sum set aside from each year's Food Stamp Act appropriation. The program consists of competitive grants administered through the USDA's Cooperative State Research, Education, and Extension Service (CSREES), and requiring a 50% match.

Project grants provide one-time infusions of federal dollars for local projects designed to increase the food self-reliance of communities; promote comprehensive responses to local food, farm, and nutrition issues; develop innovative linkages among the public, for-profit, and nonprofit food sectors; encourage long-term planning and multi-agency approaches; or improve the availability of locally or regionally produced foods to low-income people. In addition, one grant is mandated — to a non-governmental entity that coordinates and disseminates recommendations garnered from the various local projects.

Issues and Proposals. With little debate, the 2002 farm bill extended funding for community food projects through FY2007. Several measures before the 110th Congress would substantially increase funding for Community Food Projects, raise the federal share of projects' costs, expand the projects' scope, and raise the time limit on project grants.

Farmers' Market Programs

Two farmer's market programs receive federal funding, and money for a farmers' market promotion program is authorized.

The nutrition title of the 2002 farm bill provided statutory authority and mandatory funding (at \$15 million a year through FY2007) for a new Senior Farmers' Market Nutrition program (SFMNP), under which low-income seniors receive vouchers that they may redeem at farmers' markets and roadside stands for fresh produce. The SFMNP was set up to give low-income elderly the same help that women, infants, and children (WIC recipients) receive through WIC farmers' market vouchers. Separately, the WIC farmers' market nutrition program provides vouchers for WIC recipients, with the level of support set by annual appropriations (typically about \$20 million a year). The 2002 farm bill also authorized a farmers' market promotion program.

Issues and Proposals. Several legislative proposals would increase mandatory funding for the SFMNP and, for its WIC counterpart, increase funding and make it mandatory. In both cases, new funding levels would be set at \$20 million a year, rising to \$75 million a year. Some of the same bills would provide mandatory funding for the farmers' market promotion program: \$25 million a year, with \$5 million set aside to support the use of food stamp electronic benefit transfer systems

in farmers' markets. In addition, several initiatives would support farmers' market promotion programs.

The Administration proposes to (1) require that the value of SFMNP vouchers be disregarded in judging eligibility and benefits for federal and state means-tested aid and (2) prohibit states from participating in the SFMNP if state or local sales taxes are charged on the food purchased with SFMNP vouchers (as is already the case for the WIC farmers' market nutrition program).

Finally, food stamp benefits can be used in approved farmers' markets, and several proposals for grants to help increase the number of participating farmers' markets (through technical assistance, infrastructure improvement, and training) have been advanced. These are primarily aimed at facilitating the use of food stamp electronic benefit transfer cards at farmers' markets.

Fruits and Vegetables

The nutrition title of the 2002 farm bill addressed, for the first time, the availability of fresh fruit and vegetables in schools — because of growing concerns over childhood obesity and the quality and types of foods offered through school meal programs. It established a pilot project under which a small number of schools in a limited number of states and Indian reservations receive funding to offer free fresh fruit and vegetables to students.²⁸ The project was expanded, given mandatory annual funding, made permanent through the 2004 child nutrition reauthorization law (P.L. 108-265), and further expanded and given added money in P.L. 109-97. In FY2006, about 400 schools in 14 states and 3 Indian reservations received support for this project, supported by funding totaling \$15 million; this funding was used for activities covering both FY2006 and FY2007.

Separate from its nutrition title, the 2002 farm bill (in Section 10603) required that a minimum of \$200 million a year in Section 32 funds be used to purchase "specialty crops" (like fruits and vegetables) and that \$50 million a year of this amount be used for fresh fruit and vegetables acquired for school meal programs through the Defense Department procurement system, known as the DoD Fresh program.

Issues and Proposals.²⁹ Given concerns over obesity and the quality of government-provided commodities and school meals, there are many initiatives relating to fruits and vegetables. The fresh fruit and vegetable program set up by the 2002 farm bill has proved popular; for example, both the House and Senate appropriations bills for FY2007 included a significant expansion in funding and the number of states covered. And the Administration's farm bill package, as well as a number of bills now before Congress, would greatly expand the federal commitment

²⁸ In Section 4402 of the 2002 farm bill.

²⁹ A more extensive discussion of the Administration's proposals for fruit and vegetable purchase policies is available in CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*, coordinated by Jasper Womach.

to making more fruits and vegetables available through federally supported nutrition programs.³⁰

A number of bills would boost funding for the existing fresh Fruit and Vegetable program to some \$300 million a year so that it could operate in all states (although not all schools). Some of the same bills would up the minimum required spending (from Section 32 funds) to at least \$400 million a year and increase the set-aside for the DoD Fresh program; most of these purchases would go to schools. The Administration proposes to provide new money, \$50 million a year, for the purchase of fruits and vegetables specifically for the School Lunch program (above acquisitions under any other authority). It also would increase purchases of fruits and vegetables using Section 32 money by an escalating amount starting at \$200 million a year and totaling \$2.75 billion over 10 years.

Other initiatives include new funding for a fruit and vegetable promotion program, pilot projects offering financial incentives for food stamp recipients to purchase fruits and vegetables, grants to facilitate the procurement and transportation of highly perishable healthy foods for low-income persons, a proposal to require the Agriculture Department to establish its own program for acquiring fruits and vegetables for schools and allowing schools to divert a significant portion of their federal commodity “allowance” to purchase fruits and vegetables through the Department’s program, and grants to community-based organizations and other local agencies to promote greater consumption of fresh fruits, vegetables, and other healthy foods in low-income communities.

Other Domestic Food Assistance Issues and Proposals

A number of issues and proposals may be taken up in the 2007 farm bill or may be considered in another legislative vehicle. Most are related to concerns expressed in the farm bill initiatives discussed earlier in this report. In addition, one bill relating to nutrition support has been enacted (P.L. 110-19); this law makes clear that nutrition programs for the elderly operated under the authority of the *Older Americans Act* (home-delivered meals and congregate meal projects) may use their Older Americans Act funding to obtain food commodities for meals they serve through the Department of Agriculture.

The Administration has proposed a *pilot obesity initiative* that calls for competitive grants (\$20 million a year over five years) to develop and test ways of addressing obesity in the low-income population, with evaluations of the results.³¹ According to the Department of Agriculture, ideas that might be tested include point-

³⁰ In addition, the House version of the FY2008 Agriculture Department appropriations bill (HR. 3161) would provide an extra \$21million for the free fresh fruit and vegetable program, and the Senate version (S. 1859) would allow all states and Indian reservations now participating to continue through FY2008.

³¹ A similar initiative is included in the House-passed 2007 farm bill (H.R. 2419).

of-sale incentives for the purchase of fruits and vegetables by food stamp recipients, grants to connect food stamp shoppers with farmers' markets, and integrated communication and education programs to promote healthy diets and physical activity.

Several bills propose to encourage the purchase of locally produced foods by the Agriculture Department, the Defense Department, and nutrition program providers (e.g., schools). They would effectively override current rules that limit the extent to which the Departments, schools, and other providers can specify a **geographic (e.g. local) preference** when procuring food for donation or meals. Others would provide grants to support the work of food banks and similar nonprofit emergency feeding organizations related to obtaining, handling, storing, and distributing locally produced food.³²

A number of proposals include grants to community-based organizations for activities bolstering **food security** in their communities, as well as grants to national and regional groups to provide training and technical assistance.

Child nutrition program initiatives include the following:

- Mandatory funding for a currently authorized pilot project for raising the income limit for **free school meals** to 185% of the federal poverty income guidelines;
- Authorizing a **school breakfast program** in which all meals are served free, without regard to family income, in place of the current breakfast program;
- Expanding the provision of federal child nutrition subsidies for dinners served in **after-school programs** to all states.³³
- Making simplified **summer food service program** rules nationally applicable.³⁴
- Changing "**competitive foods**" requirements by (1) mandating that the current limited definition of "foods of minimal nutritional value" be revised and expanded and (2) using this new definition to effectively bar selling these foods (sold in "competition" with school meal programs) on school campuses at any time during the school day; and
- Establishing and funding a competitive grant program for schools to create **healthy school nutrition environments** and assessing the effect of these environments on the health and well-being of their students.

³² An override of rules against geographic preference is included in the House-passed 2007 farm bill (H.R. 2419).

³³ The House version of the FY2008 Agriculture Department appropriations bill (H.R. 3161) would expand the use of this provision to one state (West Virginia).

³⁴ These rules are intended to encourage expansion of the summer program by freeing program sponsors from a requirement that they provide detailed documentation of their expenses. The House version of the FY2008 Agriculture Department appropriations bill (H.R. 3161) would make these rules nationally applicable.

- Expanding the *summer food service program* by increasing the number of areas in which free summer meals may be offered and providing start-up grants for new summer program sponsors.
- Making nationally applicable rules (now used in a pilot project in Pennsylvania) that ease participation by *summer program sponsors in rural areas*.

Proposed Legislation

As discussed earlier, the Administration has announced its nutrition program (and other) proposals for the 2007 farm bill and included a few of them in its FY2008 appropriations request for food stamps. These have not been formally put forward in legislative form; however as noted below, several bills include food stamp amendments close to some of the Administration's proposals.

To date, the following federal nutrition-assistance-related bills have been introduced. And, the House has approved its version of the 2007 farm bill, H.R. 2419 (discussed under *Congressional Action* at the end of this report). The House and Senate FY2008 Agriculture Department appropriations measures also include some provisions affecting the free fresh fruit and vegetable program, the summer food service program, and after-school programs. The House FY2008 Agriculture appropriations bill (H.R. 3161) provides an extra \$21 million to expand the free fresh fruit and vegetable program, and the Senate version (S. 1859) allows all states and Indian reservations now participating in the program to continue through FY2008. The House version also makes simplified summer food service program rules (freeing summer program sponsors from certain documentation requirements and encouraging program expansion) nationally applicable and extends federal meal subsidies for dinners served in after-school programs to one additional state (West Virginia) beyond the existing seven states.

It is also important to note that some of the proposals listed below (i.e., those specifically targeted on child nutrition and WIC programs) will probably not be acted on this year, at least as part of the farm bill, because child nutrition and WIC legislation is next scheduled for a major review in 2009.

H.R. 45, Healthy Foods for Healthy Living Act

Authorizes grants to community-based organizations and other local agencies to promote greater consumption of fresh fruits, vegetables, and other healthy foods in low-income communities. Also adds services related to obesity prevention and treatment under Medicare and Medicaid.

H.R. 206, Anti-Hunger Empowerment Act of 2007

Raises federal cost sharing for state administrative expenses related to new activities to increase access to food stamps, requires annual progress reports on implementing steps to improve access, and authorizes a pilot project providing "Beyond the Soup Kitchen" grants to community-based groups for activities

bolstering food security and technical assistance grants to community-based nonprofit feeding and anti-hunger groups.³⁵

H.R. 208

Expands the existing free fresh fruit and vegetable program in schools to include schools in New York state and selected Head Start programs in participating states.

H.R. 1344

- Increases and indexes required administrative funding for the Food Distribution Program on Indian Reservations (FDPIR).
- Requires and funds periodic surveys of the types of foods purchased by schools with federal cash assistance for school meals.
- Provides mandatory funding for a currently *authorized* pilot project for raising the income limit for free school meals to 185% of the federal poverty income guidelines.

H.R. 1551 and S. 919, Healthy Farms, Fuels, and Foods Act of 2007

Title III — Healthy Food Choices

- Raises the required amount for Community Food Projects (from \$5 million to \$60.5 million a year, increases federal matching, and expands the purposes of project grants).
- Expands the free Fresh Fruit and Vegetable Program in schools to include at least 100 schools in every state, increase required funding to \$300 million a year, and allow states to reserve money for administrative expenses (the program currently operates in a limited number of schools in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Provides mandatory funding for the WIC Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Provides mandatory funding for the farmers' market promotion program — \$25 million a year (with \$5 million set aside to support the use of food stamp electronic benefit transfer systems in farmers' markets).
- Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g.,

³⁵ H.R. 206 also would terminate a provision of food stamp law that reduces federal spending on food stamp administrative expenses by shifting certain costs to states.

for locally produced food) when procuring food for the meals they serve.

- Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations — funded at \$100 million a year.
- Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh Program from \$50 million to \$150 million a year.
- Defines “nutrition education” for purposes of funding under the Food Stamp Act (more broadly than under current rules) and makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.
- Authorizes a pilot project (at \$10 million a year) under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.

H.R. 1600, EAT Healthy America Act

Title V — Nutrition

- Expands the free Fresh Fruit and Vegetable program in schools to include at least 100 schools in every state, increases required funding to \$300 million a year, and allows the Agriculture Department and states to reserve money for administrative expenses (the program currently operates in a limited number of schools in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations — funded at \$50-\$100 million a year.
- Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh program, in steps, from \$50 million in FY2008 to \$125 million in FY2012.
- Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.

- Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.
- Defines "nutrition education" for purposes of funding under the Food Stamp Act (more broadly than under current rules) and makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.
- Includes a sense of Congress provision stating that food stamp benefits should *not* be available to purchase nutrition supplements or anything other than food.
- Authorizes a pilot project (at \$10 million a year) under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.
- Requires decennial evaluations of WIC program food packages in light of the most recent Dietary Guidelines for Americans.
- Provides mandatory funding for the WIC Farmers' Market Nutrition program: \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program: \$20 million in FY2008, rising to \$75 million in FY2012.

H.R. 2129, Feeding America's Families Act of 2007

Food Stamps

- Increases food stamp benefits for all eligible households over time by (1) raising basic (maximum) food stamp benefits to 103% of the inflation-adjusted cost of the Agriculture Department's "Thrifty Food Plan" (currently, benefits are set at 100% of the inflation-adjusted cost of this plan) and (2) increasing and inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).
- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).
- Increases the food stamp minimum monthly benefit.
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration's proposal), and (3) requiring the disregard of savings for education (as in the Administration's proposal).
- Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.

- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.
- Requires states to “opt in” to rules limiting food stamp participation by convicted felons (as opposed to current provisions barring their receipt of food stamps unless a state “opts out”).
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Limits state food stamp agencies’ ability to establish requirements as to how and when households receive their food stamp benefits.
- Limits state food stamp agencies’ ability to delegate administrative responsibilities to non-state employees or entities and specifies the Agriculture Department’s authority to limit contracting out these responsibilities.
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program from \$5 million to \$45 million a year.
- Provides new funding (not to exceed \$80 million a year) for state agency initiatives to improve program access, efficiency, or integrity and requires funding (\$9 million a year) for research or demonstration projects (primarily for studying ways to increase program access, reduce state agency and household administrative burdens, and improve program integrity).
- Increases required bonus payments to states achieving exemplary administrative performance from \$48 million to \$68 million a year.
- Increases federal matching payments for states’ food stamp administrative costs in cases of natural disasters from the normal 50% to 90%.
- Provides mandatory funding (\$5 million a year) for grants to expand the number of farmers’ markets that accept food stamp benefits (e.g., providing equipment and training).
- Reauthorizes expiring Food Stamp Act provisions and appropriations authorities through FY2012.

Other Provisions

- Indexes the \$5 million a year provided for Community Food Projects funded under the Food Stamp Act.
- Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008 — indexed in future years.
- Reauthorizes appropriations for the Commodity Supplemental Food Program (CSFP) through FY2012.

- Provides funding (\$5 million in FY2008, indexed in future years) for grants to support the work of food banks and similar nonprofit emergency feeding organizations in reducing hunger or food insecurity in their communities through improved infrastructure and obtaining, handling, storing, and distributing locally produced food.
- Provides funding (\$5 million in FY2008, indexed in future years) to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.
- Provides funding (\$4 million in FY2008, indexed in future years) for matching grants to organizations (like public food service providers, nonprofit organizations, and emergency feeding organizations) demonstrating that they have collaborated (or will collaborate) with local partner organizations in order to reduce hunger in communities that are underserved by existing programs or have high rates of food insecurity, hunger, poverty, or unemployment.
- Revamps provisions governing the Bill Emerson and Mickey Leland Hunger Fellowship program, particularly by providing mandatory funding (\$3 million in FY2008, indexed in future years).

H.R. 2144, Farm, Nutrition, and Community Investment Act of 2007

Title IV — Healthy Diets

- Expands the free Fresh Fruit and Vegetable Program in schools to include at least 100 schools in every state, increase required funding to \$300 million a year, and allow states to reserve money for administrative expenses (the program currently operates in a limited number of schools in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh program, in steps, from \$50 million in FY2008 to \$125 million in FY2012.
- Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.
- Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.
- Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).

- Provides mandatory funding for the WIC Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Provides mandatory funding for pilot program to expand disabled individuals' access to farmers' markets.
- Provides mandatory funding for the farmers' market promotion program of \$25 million a year (with \$5 million set aside to support the use of food stamp electronic benefit transfer systems in farmers' markets).

Title VI — Food Stamp Program and Other Nutrition Programs

- Bars any reductions in basic (maximum) food stamp benefit levels.
- Increases food stamp benefits for eligible households over time by increasing and inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).
- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets and (2) requiring the disregard of all retirement savings (as in the Administration's proposal).
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.
- Increases the food stamp minimum monthly benefit.
- Limits states' ability to add eligibility requirements for food stamps (like biometric identification requirements).
- Limits states' ability to deny food stamp applications based on lack of verification.
- Substantially limits states' ability to delegate administrative responsibilities to non-state employees or entities.
- Makes all legally resident noncitizens eligible for food stamps (if they meet other eligibility requirements).
- Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008 — indexed in future years.

- Raises the required amount for Community Food Projects (from \$5 million to \$30 million a year), increases federal matching, and expands the purposes of project grants.

H.R. 2364, Local Food and Farm Support Act

- Provides mandatory funding for the WIC Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Raises the required amount for Community Food Projects (from \$5 million to \$60.5 million a year, increases federal matching, and expands the purposes of project grants.
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.
- Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.
- Establishes a demonstration project within the Food Stamp program under which recipients would receive financial incentives for increased purchases of fruits and vegetables.
- Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.

H.R. 2392, Family and Workplace Balancing Act of 2007

- In place of the current School Breakfast program, authorizes a school breakfast program in which free breakfasts are served to all children (without regard to family income) in schools making application for the free breakfast program.
- Requires the Department of Agriculture to establish a competitive grant program for local educational agencies to create healthy school nutrition environments and assess the effect of these environments on the health and well-being of their students. Provides mandatory funding of \$10 million, rising to \$35 million a year.
- Allows regulations that govern the service of any food in schools participating in federally subsidized school meal programs in competition with regular meal services. These regulations would apply to all school grounds during the school day, would not supersede state and local rules on competitive foods that conform to

the nutritional goals of the regulations, require that all proceeds from any sale of competitive foods be used for the benefit of schools or student organizations, take into account differing needs of elementary, middle, and high schools, and implement required recommendations from the National Academy of Sciences' Institute of Medicine.

- Expands the provision of federal child nutrition subsidies for dinners served in after-school programs to all states.

H.R. 2401, Nutrition and Opportunities for the Underserved and Rural Incentives to Secure the Heartland (NOURISH) Act of 2007

Title VI — Healthy Food Choices

- Raises the required amount for Community Food Projects (from \$5 million to \$30 million a year), increases federal matching, and expands the purposes of project grants.
- Expands the free Fresh Fruit and Vegetable program in schools to include at least 100 schools in every state, increases required funding to \$300 million a year, and allows the Department of Agriculture and states to reserve money for administrative expenses (the program currently operates in a limited number of schools in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Provides mandatory funding for the WIC Farmers' Market Nutrition program of \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program: \$20 million in FY2008, rising to \$75 million in FY2012.
- Provides mandatory funding for the farmers' market promotion program of \$25 million a year (with \$5 million set aside to support the use of food stamp electronic benefit transfer systems in farmers' markets).
- Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.
- Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations, funded at \$100 million a year.
- Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh program, in steps, from \$50 million in FY2008 to \$125 million in FY2012.

- Makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.

Title IX — Nutrition

- Renames the Food Stamp program as the Secure Nutrition Access program.
- Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).
- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).
- Increases, in steps, the food stamp minimum monthly benefit.
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).
- Substantially loosens the provisions of law limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.
- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Allows state agencies the option to allow “telephonic signatures” (recorded verbal consent) in applying for food stamps.
- Limits state food stamp agencies’ ability to establish requirements as to how and when households receive their food stamp benefits.
- Limits state food stamp agencies’ ability to delegate administrative responsibilities to non-state employees or entities and specifies the Agriculture Department’s authority to limit contracting out these responsibilities.

- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program from \$5 million to \$15 million a year.
- Requires funding (\$9 million a year) research or demonstration projects (primarily for studying ways to increase program access, reduce state agency and household administrative burdens, and improve program integrity).
- Increases required bonus payments to states achieving exemplary administrative performance from \$48 to \$68 million a year.
- Increases federal match payments for states' food stamp administrative costs in cases of natural disasters from the normal 50% to 90%.
- Increases Puerto Rico's nutrition assistance grant and then indexes it for both food costs and population growth; requires a study of the feasibility and effects of treating Puerto Rico as a state under the Food Stamp program.
- Provides mandatory funding (\$5 million a year) for grants to expand the number of farmers' markets that accept food stamp benefits (e.g., providing equipment and training).
- Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008, indexed in future years.
- Reauthorizes expiring Food Stamp Act provisions and appropriations authorities, as well as appropriations for the Commodity Supplemental Food Program (CSFP) through FY2012.

H.R. 2419, Farm, Nutrition, and Bioenergy Act of 2007

As approved by the House on July 27, 2007, includes substantial amendments affecting nutrition programs (Title IV). See the 2007 Farm Bill section of the discussion of *Congressional Action* at the end of this report.

H.R. 2667, Disabled Farmers' Market Nutrition Pilot Program of 2007

Provides mandatory funding for pilot program to expand disabled individuals' access to farmers' markets.

H.R. 2720, Food and Agriculture Risk Management for the 21st Century Act of 2007 (FARM21 Act of 2007)

Title IIB — Healthy Foods

- Substantially increases funding for the program providing free fresh fruits and vegetables in schools and expands coverage of the program to all states.
- Specifies annual appropriations authorizations for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Provides mandatory funding for the farmers' market promotion program — \$25 million a year (with \$5 million set aside to support

the use of food stamp electronic benefit transfer systems in farmers' markets).

- Establishes (and provides mandatory funding for) a fruit and vegetable promotion program of matching grant assistance to trade organizations — funded at \$20 million a year.

Title IIF — Nutrition

- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).
- Increases food stamp benefits for eligible households by increasing and inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).
- Increases the food stamp minimum monthly benefit.
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by requiring the disregard of all retirement savings (as in the Administration's proposal).
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program.
- Provides limited new funding for state initiatives to improve Food Stamp program access, efficiency, and integrity.
- Increases federal matching payments for states' food stamp administrative costs in cases of natural disasters from the normal 50% to 90%.
- Increases funding for Community Food Projects.
- Provides funding for grants to expand the use of food stamp benefits through farmers' markets.
- Substantially increases mandatory funding for TEFAP commodities.
- Authorizes funding for a competitive grant program for emergency feeding organizations — to make infrastructure improvements and assist them in obtaining locally produced food.
- Authorizes funding to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.

H.R. 3030, Summer Food Service Improvement Act of 2007

- Makes simplified summer food service program rules nationally applicable (see S. 790/H.R. 1740).

- Expands the summer food service program by increasing the number of areas in which free summer meals may be offered.
- Provides funding for start-up grants for new summer program sponsors.

S. 100, Healthy Students Act of 2007³⁶

- Requires development of new nutritional standards for child nutrition programs and provides added funding to cover compliance with these standards in the Summer Food Service program.
- Authorizes a pilot project of grants to schools and nonprofit organizations to promote healthy nutrition alternatives through provision of organic foods, promotion of “healthy food education,” operation of “farm-to-cafeteria” projects, and provision of professional development for teachers.

S. 541, Rural Opportunities Act of 2007

Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.

S. 591, Food Stamp Personal Savings and Investment Act of 2007

Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).

S. 770, Food Stamp Vitamin and Mineral Improvement Act of 2007

Allows food stamp benefits to be used to purchase nutritional supplements.

S. 771/ H.R. 1363, Child Nutrition Promotion and School Lunch Protection Act of 2007

- Requires new regulations revising and expanding the definition of “food of minimal nutritional value” to be applied in schools participating in federally subsidized school meal programs.
- The new definition would effectively bar selling these foods outside school meal programs on school campuses at any time during the school day.
- The revised definition would take into account (1) the contributions of nutrients, ingredients, and foods to children’s diets, (2) evidence concerning the relationship between consumption of specific

³⁶ This bill also includes related provisions that are outside the typical purview of child nutrition laws. They authorize a pilot program of grants to schools to increase the length of school days for physical activity and other initiatives.

nutrients, ingredients, and foods in preventing and promoting the development of overweight, obesity, and chronic illnesses, (3) recommendations made by scientific organizations, and (4) special exemptions for school-sponsored fundraisers.

S. 790/H.R. 1740

Makes simplified summer food service program rules nationally applicable. These rules are intended to encourage expansion of the summer program by freeing summer program sponsors from a requirement that they provide detailed documentation of their expenses.

S. 1031, School Food Fresh Act of 2007

- Requires the establishment of a multi-agency USDA task force to evaluate, monitor, and provide coordination and direction for the Department's programs acquiring and distributing commodities to recipient agencies like schools, Indian reservations, and emergency feeding organizations. The task force is to review and make recommendations as to the specifications used for procuring commodities, their effective distribution, the best use of federal funds, and updates of the Dietary Guidelines for Americans.
- Authorizes competitive grants for evaluating commodity specifications.
- In place of the current set-aside of \$50 million a year in funding for the DoD Fresh program for purchasing fresh fruits and vegetables for schools, effectively requires the Department of Agriculture to establish its own program for acquiring fruits and vegetables for schools (funded at the same level) and allows schools to divert up to 30% of their commodity "allowance" to purchase fruits and vegetables through the Department's program.
- Requires the Department of Agriculture to purchase commodities for distribution to schools and other outlets that are in the "least-processed state."

S. 1090, Senior Nutrition Act of 2007

Increases the income eligibility limit for elderly persons in the Commodity Supplemental Food Program (CSFP) from 130% to 185% of the federal poverty income guidelines.

S. 1160, Specialty Crop Competition Act of 2007

Title VI — Nutrition

- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to the amount spent in FY2001 plus \$200 million a year and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh program, in steps, from \$50 million in FY2008 to \$125 million in FY2012.

- Expands the free Fresh Fruit and Vegetable program to all states and an additional 12 Indian reservations, directs an increase in the number of participating schools in each state and on each Indian reservation (above the current 25 schools per state or reservation), increases mandatory funding, in stages, to \$100 million in FY2010 and FY2011, and allows the Department of Agriculture and states to reserve money for administrative expenses.
- Defines “nutrition education” for purposes of funding under the Food Stamp Act (more broadly than under current rules) and makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.
- Authorizes a pilot project (at \$10 million a year) under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.
- Requires the Agriculture, Health and Human Services, and Education Departments to coordinate in establishing a Nutritional Education Program Review Committee. The Committee would submit a report describing methods of (1) evaluating the effectiveness of federal efforts to inform schools and other interested parties about federally-funded nutrition education programs, (2) improving these programs, and (3) making federal nutrition education funds more widely available.
- Includes a sense of the Senate provision stating that the Agriculture Department has an important role in educating families about nutrition and healthy lifestyles and that all federal nutrition programs should follow the latest nutritional science and be sensitive to the diverse cultures of the people they serve.

S. 1172, Hunger-Free Communities Act of 2007³⁷

- Requires a study (with periodic updates) of matters relating to the problem of hunger in the United States and recommendations for removing obstacles to achieving a substantial reduction in domestic hunger. Domestic hunger goals are set at (1) a reduction of hunger to at or below 2% by 2010 and (2) a reduction in food insecurity to at or below 6% by 2010.
- Authorizes a program of matching grants to organizations (like public food service program providers, nonprofit organizations, and emergency feeding organizations) demonstrating that they have collaborated (or will collaborate) with local partner organizations in order to assess and reduce hunger in communities that are underserved by existing programs or have high rates of food insecurity, hunger, poverty, or unemployment.
- Authorizes a program of matching grants to emergency feeding organizations to support their infrastructure expansion activities and obtaining locally produced foods and wild game.

³⁷ A similar measure was approved by the Senate on December 8, 2006.

- Authorizes a program of matching grants to national or regional nonprofit organizations to provide training and technical assistance to help achieve domestic hunger reduction goals.
- Appropriations are authorized at \$50 million a year.

S. 1422/H.R. 2720, Farm Risk Management Act for the 21st Century

Title IV — Nutrition Programs

- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).
- Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) requiring the disregard of all retirement savings (as in the Administration’s proposal) and (2) requiring the disregard of savings for education (as in the Administration’s proposal).
- Increases federal matching payments for states’ food stamp administrative costs in cases of natural disasters — from the normal 50% to 90%.
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Increases, in steps, the food stamp minimum monthly benefit.
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program from \$5 million to \$15 million a year (indexed).
- Provides funding (up to \$10 million a year in increased federal administrative matching money) for state initiatives to improve program access, efficiency, or integrity.
- Provides funding (up to \$5 million a year) for projects to expand the number of farmers’ markets that accept food stamps (through equipment, training, and technical assistance).
- Increases, in steps, funding for commodities provided by TEFAP — to \$245 million in FY2011 — and indexes the amount for later years.
- Authorizes a program of competitive grants to emergency feeding organizations to support their infrastructure expansion activities and obtaining locally produced foods.
- Makes simplified summer food service program rules nationally applicable. These rules are intended to encourage expansion of the summer program by freeing summer program sponsors from a

requirement that they provide detailed documentation of their expenses.

- Provides additional mandatory funding for expansion of the free Fresh Fruit and Vegetable program in schools — increased in steps to \$15 million in FY2014.
- Specifies an appropriations authorization for grants to encourage schools' access to locally produced food (e.g., “farm-to-cafeteria” projects) — \$5 million a year rising to \$10 million in FY2011.
- Authorizes funding (\$5 million in FY2008, indexed in future years) to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.
- Reauthorizes expiring provisions and appropriations authorities through FY2014.

S. 1424, Farm, Nutrition, and Community Investment Act of 2007

Title IV — Nutrition Programs

- Bars any reduction in basic (maximum) food stamp benefits based on the Agriculture Department's “Thrifty Food Plan.”
- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).
- Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets and (2) requiring the disregard of all retirement savings (as in the Administration's proposal).
- Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).
- Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.
- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens' sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors' financial resources.

- Increases the food stamp minimum monthly benefit.
- Limits state food stamp agencies' ability to delegate administrative responsibilities to non-state employees or entities and requires that no food stamp application be denied for lack of verification unless the state agency determines that the applicant household has refused to comply with a request made by a state agency employee (e.g., not a contractor).
- Raises the required amount for Community Food Projects (from \$5 million to \$30 million a year, indexed), increases federal matching, and expands the purposes of project grants.
- Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008 — indexed in future years.
- Requires a study of the feasibility and effects of treating Puerto Rico as a state under the Food Stamp program.

Title VIII — Healthy Diets

- Expands the free Fresh Fruit and Vegetable program in schools to include at least 100 schools in every state, increases required funding to \$300 million a year, and allows the Agriculture Department and states to reserve money for administrative expenses (the program currently operates in a limited number of schools in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DoD Fresh program, in steps, from \$50 million in FY2008 to \$125 million in FY2012.
- Requires a study of school preferences as to the commodities supplied to them by the Department of Agriculture, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.
- Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.
- Provides mandatory funding for the WIC Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Increases mandatory funding for the Senior Farmers' Market Nutrition program — \$20 million in FY2008, rising to \$75 million in FY2012.
- Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.

S. 1432, Food Outreach and Opportunity Development for a Healthy America Act of 2007

Title I — Food Stamp Program

- Raises the required amount for Community Food Projects (from \$5 million to \$30 million a year).
- Defines “nutrition education” for purposes of funding under the Food Stamp Act (more broadly than under current rules) and sets aside at least \$100 million a year for nutrition education.

Title II — National School Lunch Program

- Expands the free Fresh Fruit and Vegetable program in schools to include at least 100 schools in every state, increases required funding to \$300 million a year, and allows the Agriculture Department and states to reserve money for administrative expenses (the program currently operates in 14 states and on 3 Indian reservations, at a cost of \$15 million).
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools’ access to locally produced food (e.g., “farm-to-cafeteria” projects).
- Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.

Title IV — Miscellaneous

- Provides mandatory funding for the farmers’ market promotion program at \$25 million a year and expands the types of activities that may be supported.
- Provides mandatory funding for the Senior Farmers’ Market Nutrition program at \$20 million in FY2008, rising to \$75 million in FY2012.

S. 1529, Food Stamp Fairness and Benefit Restoration Act of 2007

Food Stamps

- Increases food stamp benefits by inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.
- Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).
- Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets, (2) requiring the disregard of all retirement

savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).

- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.
- Significantly loosens the provisions of law limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.

The Emergency Food Assistance Program (TEFAP)

- Increases required funding for commodities provided under TEFAP from \$140 million to \$180 million a year.

S. 1575, Food Employment Empowerment and Development Program Act of 2007 (the FEED Act of 2007)

Authorizes grants (\$20 million a year) to public agencies and private nonprofit organizations for the purposes of (1) recovering donated food from food service businesses (e.g., restaurants) and farms, (2) distributing meals or recovered food to entities feeding vulnerable populations, (3) training unemployed or underemployed adults in food service careers, and (4) carrying out “welfare-to-work” programs in combination with the production of school and after-school meal programs.

S. 1755/H.R. 2968, Summer Food Service Rural Expansion Act

Makes nationally applicable rules (now used in a pilot project in Pennsylvania) that ease participation by summer program sponsors in rural areas.

Congressional Action

Older Americans Act Nutrition Programs

On April 23, 2007, P.L. 110-19 was enacted. This law makes clear that nutrition programs for the elderly operated under the authority of the Older Americans Act (home-delivered meals and congregate meal projects) may use their Older Americans Act funding to obtain food commodities for meals they serve through the Agriculture Department.

2007 Farm Bill

House Bill Provisions. On June 15, 2007, the House Agriculture Committee's Subcommittee on Departmental Operations Oversight, Nutrition, and Forestry forwarded its recommendations for the nutrition title of the 2007 farm bill to the full committee. On July 19, 2007, the House Agriculture Committee approved its version of the 2007 farm bill (H.R. 2419; H.Rept. 110-256), accepting the subcommittee's proposals with minor amendments. On July 27, 2007, the House adopted H.R. 2419, with amendments. The Senate Committee on Agriculture, Nutrition, and Forestry has not yet taken any action on the 2007 farm bill.

The House bill's nutrition title (Title IV) incorporates the following changes. Most of the amendments in the House bill do not affect nutrition program costs. However, a number of important provisions do, and the required new funding (from tax law changes) is provided. The Congressional Budget Office estimate of the cost of the provisions of the nutrition title projects that they will add some \$4.2 billion in federal spending over the next five years and \$11.5 billion over the next 10 years (in both budget authority and outlays). Six provisions of Title IV account for 98% of its cost in the first five years: increasing food stamp benefits by raising the "standard deduction" (52%), boosting food stamp benefits by eliminating limits on income disregards ties to dependent care expenses (6%), raising minimum benefits (6%), disregarding retirement savings/plans and education savings as countable assets when judging eligibility (13%), increasing mandatory spending on TEFAP commodities (14%), and expanding support for the fresh fruit and vegetable program in schools (7%).

Food Stamps

General Provisions

- Renames the Food Stamp program as the *Secure Supplemental Nutrition Assistance program*.
- Makes coupons issued under the Food Stamp program — prior to the changeover to electronic benefit transfer (EBT) cards as the method of issuing benefits — no longer redeemable.
- Renews all existing Food Stamp program authorities (e.g., the authorization for appropriations) through FY2012.

Benefit Levels and Eligibility³⁸

- Increases benefits (and, to a limited degree, liberalizes income eligibility standards) for most households by raising and indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating household benefits (and income eligibility). The monthly standard deduction is initially increased by 8% — from \$134 to \$145 a month — for a benefit increase of about \$3 a month for most households. This change accounts for just over half of the new spending brought on by the provisions of the nutrition title.
- Increases benefits (and, to a limited degree, liberalizes income eligibility standards) for households with dependent or child care expenses by removing the dollar limits on the degree to which these expenses are taken into account (i.e., disregarded when calculating household income) when establishing a household’s benefits.³⁹ This change accounts for about 6% of the new spending expected under the provisions of the nutrition title.
- Increases minimum benefits for recipient households near the income eligibility limits by calculating minimum benefits as 10% of the (indexed) maximum benefit for a one-person household. The minimum benefit is now \$10 a month for one- and two-person households, and the change would initially lift it to an estimated \$16 a month. This change represents some 6% of the new spending in the nutrition title.
- Places into permanent law a rule (now in annual appropriations laws) that disregards combat-related pay for families with military members when calculating benefits (and, to a limited degree, income eligibility).⁴⁰
- Adopts the Administration’s proposal to bar eligibility to those disqualified from the FDPIR.

³⁸ **Note:** Income disregard provisions primarily affect benefit calculations. However, they can affect a household’s income eligibility. Most households are subject to both a “gross” income test (their total income, before disregards, must be below 130% of the federal poverty income guidelines) and a “net” income test (their income, after disregards, must be below the poverty guidelines themselves). In the large majority of situations, meeting the gross income test is the more important requirement. But boosting or establishing an income disregard also decreases a household’s net income and makes their income eligibility more likely.

³⁹ Current limits are \$200 a month for children under age 2 and \$175 a month for all other dependents. This proposal was put forward by the Administration, among others.

⁴⁰ This proposal was put forward by the Administration, among others.

Asset Eligibility Standards

- Increases the degree to which liquid assets are disregarded when judging eligibility by indexing the dollar limits on assets an eligible household may hold.⁴¹
- Adds to the list of assets that are to be disregarded (1) all retirement savings/plans and (2) tax-recognized education savings.⁴² These changes account for about 13% of the new spending in the nutrition title.

Program Administration and Nutrition Education

- Substantially limits states' authority to "privatize" program administration (to delegate food stamp administrative responsibilities to non-government employees or entities) by restricting most communications with households and participation in determinations relating to compliance with substantive or procedural program requirements (or most other determinations) to government "merit system" employees. Denies federal matching funds where these limits are not observed.
- Adopts the Administration's proposals with regard to "widespread systemic errors" in states' administration of food stamps — allows the Agriculture Department to effectively waive requirements to collect overissued benefits from recipients in the case of a major systemic administrative failure and to require states to repay overissued benefits in such cases.
- Adopts the Administration's proposals with regard to retailer penalties — gives more authority to impose fines in lieu of disqualification for minor violations and new authority to fine retailers in addition to disqualification for major violations; allows the Agriculture Department to seize retailers' food stamp receipts in "certain egregious trafficking cases."
- Liberalizes benefit "accrual" rules limiting how long recipients can leave their electronic benefit accounts inactive before their benefits are recovered.
- Places into law specific rules governing the use of "telephonic signatures" for food stamp applications.
- Puts into law existing policy allowing approval of faith-based organizations operating residential substance abuse treatment programs as eligible to receive food stamp benefits on behalf of their residents.
- Places into law provisions comparable to existing policies supporting nutrition education for the food-stamp-eligible population. Calls on the Agriculture Department to encourage and support the most effective interventions (including public health approaches as well

⁴¹ Asset limits are now set at \$2,000, or \$3,000 for households with an elderly or disabled member.

⁴² This proposal was put forward by the Administration, among others.

as traditional education). States that food stamp program nutrition education activities should be coordinated with other federally funded food assistance and should leverage public/private partnerships.

Other Programs and Provisions

General Provisions

- Extends all expiring authorities (e.g., appropriations authorizations, mandatory spending directives, Puerto Rico's indexed nutrition assistance grant) through FY2012.

The Emergency Food Assistance Program (TEFAP)

- Increases mandatory funding for TEFAP commodities from \$140 million to \$250 million in FY2008, indexed for food price inflation in later years. This change accounts for about 14% of the new spending in the nutrition title.
- Boosts the authorized appropriations level for funding of TEFAP distribution costs from \$60 million to \$100 million a year.

Fruits and Vegetables

- Increases mandatory funding for the program offering fresh fruits and vegetables in schools, from up to \$15 million in mandatory and discretionary money available in FY2006 and FY2007, to \$70 million a year. This increase represents 7% of the new spending in the nutrition title.
- Expands availability of the school fresh fruit and vegetable program to all states (from the current 14 states). At least 35 elementary and secondary schools in each state would participate, and additional schools would participate in accordance with the state's proportion of the student population.
- Allows the Agriculture Department to reserve up to 1% of the school fresh fruit and vegetable program funding for administrative costs, and allows states to reserve up to 5% for administrative expenses.
- Increases the set aside of mandatory funding to purchase fresh fruits and vegetables for child nutrition providers (e.g., schools) through the DoD Fresh Program, from \$50 million a year to \$75 million a year (beginning with FY2010).

Commodity Supplemental Food Program (CSFP)

- Increases income eligibility standards for elderly applicants to the CSFP (from 130% to 185% of the federal poverty income guidelines).

Community Food Projects

- Authorizes funding for community food projects at \$30 million a year, up from the existing set-aside of \$5 million a year.
- Expands the purposes for which community food project grants can be used to include initiatives related to (1) transportation and processing of local foods; (2) retail access to healthy food in underserved markets; (3) integration of urban- and metro-area food production into food projects; and (4) technical assistance for youth, socially disadvantaged individuals, and groups with limited resources.
- Increases the limit on the federal share of project grants from 50% to 75%.
- Raises the limit on the number of years for which grants may be awarded from three to five years.
- Increases the set-aside for a special grant for “innovative programs” from \$200,000 to \$500,000.

Food Distribution Program on Indian Reservations

- Authorizes funding (\$5 million a year) for a fund to purchase traditional and locally grown food for the FDPIR, at least 50% of which must be produced by Native American farmers, ranchers, and producers.
- Requires a report reviewing the procedures for determining FDPIR food packages and the adequacy of the food packages and describing any plans to revise the packages to conform with the most recent Dietary Guidelines for Americans.

Senior Farmers' Market Nutrition Program (SFMNP)

- Authorizes additional appropriations to expand the SFMNP — \$20 million for FY2008 rising, in stages, to \$75 million for FY2012.
- Adopts the Administration's proposals to disregard SFMNP benefits under welfare and sales tax laws.

Geographic Preference and Buy American Rules

- Generally overrides current rules that limit the extent to which schools and the DoD Fresh program can specify a geographic preference (e.g., for locally produced food items) when procuring food for meals served by child nutrition providers.
- Encourages the Agriculture Department to undertake training, guidance, and enforcement to implement existing Buy American requirements for child nutrition programs.

Puerto Rico

- Directs a comprehensive study of extending the regular Food Stamp program to Puerto Rico (in lieu of its nutrition assistance block grant).

Obesity Initiative

- Authorizes appropriations (\$10 million a year) for a competitive grant initiative to address obesity among low-income Americans, similar to that advanced by the Administration.

Bill Emerson and Mickey Leland Hunger Fellowship Program

- Revamps current provisions of law governing the Emerson-Leland Hunger Fellowship program.⁴³
- Authorizes \$3 million a year for the program.

Nutrition Monitoring

- Requires continuation of joint national nutrition monitoring activities — established under the 1990 Nutrition Monitoring and Related Research Act — by the Departments of Agriculture and Health and Human Services.

Sense of Congress: Juvenile Obesity

- Provides that it is the sense of Congress that food items in school meal programs should be selected so as to reduce the incidence of juvenile obesity and maximize nutritional value.

House Bill Issues. The provisions of the House bill's nutrition title are controversial in several respects — primarily their cost and how they are paid for, what they do *not* include, the policy the bill sets forth with regard to state “privatization” of program administration, and the bill's override of rules against “geographic preference.” With the exception of the privatization section (4015) and the geographic preference provision (section 4304), the nutrition title policies themselves have engendered little opposition.

In terms of new spending, the nutrition title is, with the conservation title, one of the two costliest titles in the House farm bill (\$4.2 billion over five years, \$11.5 billion over 10 years); it represents almost half the new net budget authority created in the bill for the first five years. This cost is largely financed with changes in tax law. Without revenues from the tax law revisions, the spending items in the nutrition title would not have been possible (under “pay-as-you-go” principles), and, during House floor consideration, the tax law changes were challenged.

⁴³ Current provisions have not been implemented. Instead, the Hunger Fellowship program continues to receive annual appropriations (\$2.5 million in FY2006 and proposed for FY2008) from Congress, without any specific legislative guidance as to their use.

The House bill does not include a major cost-saving proposal made by the Administration — limiting categorical eligibility for food stamps — and the Administration continues to support it as a needed policy change. The discussions of food stamp *Issues and Proposals* and *Administrative Initiatives* earlier in this report deal with the debate over this recommended revision. Others are concerned that further limits on noncitizen participation were not included, that more support for fruit and vegetable initiatives is not part of the bill, and that the issue of food choices made with food stamp purchases was not directly addressed. Although recognizing budget constraints, advocates are disappointed that more expansive changes put forward in numerous bills were not included (e.g., loosened limits on participation by legally resident noncitizens and able-bodied adults without dependents, various initiatives to ease access to food stamp benefits, increased support for the FDPIR).

The House bill places very substantial new restrictions on states wishing to privatize major parts of their administration of food stamps. The discussion of state administration in the food stamp *Issues and Proposals* section earlier in this report lays out the controversy over this issue.

Finally, the House bill overrides current policies limiting the degree to which procurement for child nutrition programs can include a geographic (e.g., local) preference. Supporters point to the opportunity to link farmers and school meal providers in offering nutritious foods (like fruits and vegetables). However, this proposal is strongly opposed by the Administration on the grounds that it will increase costs, allow states to enact state preference laws, and put pressure on local procurement officials to buy locally or in-state when that might not be the best policy choice.