

FOOD STAMP ACT OF 1977

[As Amended Through P.L. 106–580, Dec. 29, 2000]

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Public Law 88-525

AN ACT

To strengthen the agricultural economy; to help to achieve a fuller and more effective use of food abundances; to provide for improved levels of nutrition among low-income households through a cooperative Federal-State program of food assistance to be operated through normal channels of trade; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [7 U.S.C. 2011 note] That this Act may be cited as the “Food Stamp Act of 1977”.

DECLARATION OF POLICY

SEC. 2. [7 U.S.C. 2011] It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation’s population by raising levels of nutrition among low-income households. Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of the Nation’s agricultural abundance and will strengthen the Nation’s agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

DEFINITIONS

SEC. 3. [7 U.S.C. 2012] As used in this Act, the term:

(a) “Allotment” means the total value of coupons a household is authorized to receive during each month.

(b) “Authorization card” means the document issued by the State agency to an eligible household which shows the allotment the household is entitled to be issued.

(c) “Certification period” means the period for which households shall be eligible to receive authorization cards. The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.

(d) “Coupon” means any coupon, stamp, type of certificate, authorization card, cash or check issued in lieu of a coupon, or access device, including an electronic benefit transfer card or personal identification number, issued pursuant to the provisions of this Act.

(e) “Coupon issuer” means any office of the State agency or any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated functional responsibility in connection with, the issuance of coupons to households.

(f) “Drug addiction or alcoholic treatment and rehabilitation program” means any such program conducted by a private nonprofit

organization or institution, or a publicly operated community mental health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.) to provide treatment that can lead to the rehabilitation of drug addicts or alcoholics.

(g) "Food" means (1) any food or food product for home consumption except alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption other than those authorized pursuant to clauses (3), (4), (5), (7), (8), and (9) of this subsection, (2) seeds and plants for use in gardens to produce food for the personal consumption of the eligible household, (3) in the case of those persons who are sixty years of age or over or who receive supplemental security income benefits or disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)], and their spouses, meals prepared by and served in senior citizens' centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishments (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly, (4) in the case of persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriate State agency to perform such services at concessional prices, (5) in the case of narcotics addicts or alcoholics, and their children, served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs, (6) in the case of certain eligible households living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equipment for purposes of transportation, clothing, or shelter, and not firearms, ammunition, and explosives) if the Secretary determines that such households are located in an area of the State where it is extremely difficult to reach stores selling food and that such households depend to a substantial extent upon hunting and fishing for subsistence, (7) in the case of disabled or blind recipients of benefits under title I, II, X, XIV, or XVI of the Social Security Act, or are³⁻¹ individuals described in paragraphs (2) through (7) of subsection (r), who are residents in a public or private nonprofit group living arrangement that serves no more than sixteen residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section [(42 U.S.C. 1382e(e))], meals prepared and served under such arrangement, (8) in the case of women and children temporarily residing in public or private nonprofit shelters for battered women and children, meals prepared and served, by such shelters, and (9) in the case of households that do not reside in permanent dwellings and households that have no fixed mailing addresses, meals prepared for and served by a public or private nonprofit establishment (approved by an appropriate State or local agency) that feeds such individuals and by private es-

³⁻¹ So in original. Probably, "or are" should be "and".

tablishments that contract with the appropriate agency of the State to offer meals for such individuals at concessional prices.

(h) "Food stamp program" means the program operated pursuant to the provisions of this Act.

(i) "Household" means (1) an individual who lives alone or who, while living with others, customarily purchases food and prepares meals for home consumption separate and apart from the others, or (2) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption. Spouses who live together, parents and their children 21 years of age or younger who live together, and children (excluding foster children) under 18 years of age who live with and are under the parental control of a person other than their parent together with the person exercising parental control³⁻² shall be treated as a group of individuals who customarily purchase and prepare meals together for home consumption even if they do not do so. Notwithstanding the preceding sentences, an individual who lives with others, who is sixty years of age or older, and who is unable to purchase food and prepare meals because such individual suffers, as certified by a licensed physician, from a disability which would be considered a permanent disability under section 221(i) of the Social Security Act (42 U.S.C. 421(i)) or from a severe, permanent, and disabling physical or mental infirmity which is not symptomatic of a disease shall be considered, together with any of the others who is the spouse of such individual, an individual household, without regard to the purchase of food and preparation of meals, if the income (as determined under section 5(d)) of the others, excluding the spouse, does not exceed the poverty line, as described in section 5(c)(1), by more than 65 per centum. In no event shall any individual or group of individuals constitute a household if they reside in an institution or boarding house, or else live with others and pay compensation to the others for meals. For the purposes of this subsection, residents of federally subsidized housing for the elderly, disabled or blind recipients of benefits under title I, II, X, XIV, or XVI of the Social Security Act, or are³⁻³ individuals described in paragraphs (2) through (7) of subsection (r), who are residents in a public or private nonprofit group living arrangement that serves no more than sixteen residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section [(42 U.S.C. 1382e(e))], temporary residents of public or private nonprofit shelters for battered women and children, residents of public or private nonprofit shelters for individuals who do not reside in permanent dwellings or have no fixed mailing addresses, who are otherwise eligible for coupons, and narcotics addicts or alcoholics, together with their children, who live under the supervision of a private nonprofit institution, or a publicly operated community mental health center, for the purpose of regular participation in a drug or alcoholic treatment

³⁻²Effective September 1, 1994, section 13931(1)(B) of the Mickey Leland Childhood Hunger Relief Act, Public Law 103-66, 107 Stat. 676, amended the first sentence of section 3(i) by striking ", or (3) a parent of minor children and that parent's children" and all that follows through "parents and children, or siblings, who live together" and inserting ". Spouses who live" and all that follows through "exercising parental control" as flush to the left margin matter. The amendment was executed as a run-on amendment to effectuate the probable intent of Congress.

³⁻³So in original. Probably, "or are" should be "and".

program shall not be considered residents of institutions and shall be considered individual households.

(j) "Reservation" means the geographically defined area or areas over which a tribal organization (as that term is defined in subsection (p)) exercises governmental jurisdiction.

(k)³⁻⁴ "Retail food store" means—

(1) an establishment or house-to-house trade route that sells food for home preparation and consumption and—

(A) offers for sale, on a continuous basis, a variety of foods in each of the 4 categories of staple foods specified in subsection (u)(1), including perishable foods in at least 2 of the categories; or

(B) has over 50 percent of the total sales of the establishment or route in staple foods, as determined by visual inspection, sales records, purchase records, counting of stockkeeping units, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry;

(2) an establishment, organization, program, or group living arrangement referred to in subsections (g)(3), (4), (5), (7), (8), and (9) of this section;

(3) a store purveying the hunting and fishing equipment described in subsection (g)(6) of this section; and

(4) any private nonprofit cooperative food purchasing venture, including those in which the members pay for food purchased prior to the receipt of such food.

(l) "Secretary" means the Secretary of Agriculture.

(m) "State" means the fifty States, the District of Columbia, Guam, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

(n) "State agency" means (1) the agency of State government, including the local offices thereof, which has the responsibility for the administration of the federally aided public assistance programs within such State, and in those States where such assistance programs are operated on a decentralized basis, the term shall include the counterpart local agencies administering such programs, and (2) the tribal organization of an Indian tribe determined by the Secretary to be capable of effectively administering a food distribution program under section 4(b) of this Act or a food stamp program under section 11(d) of this Act.

(o) "Thrifty food plan" means the diet required to feed a family of four persons consisting of a man and a woman twenty through fifty, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall—

³⁻⁴ Section 205 of the Food Stamp Program Improvements Act of 1994 (Public Law 103-225; 7 U.S.C. 2012 note) provides that an establishment or house-to-house trade route that is otherwise authorized to accept and redeem coupons under this Act on the day before the date of enactment of the Food Stamp Program Improvements Act of 1994 shall be considered to meet the definition of "retail food store" in section 3(k) until the earlier of—

(1) the periodic reauthorization of the establishment or route, ; or

(2) such time as the eligibility of the establishment or route for continued participation in the food stamp program is evaluated for any reason.

(1) make household-size adjustments (based on the unrounded cost of such diet) taking into account economies of scale;

(2) make cost adjustments in the thrifty food plan for Hawaii and the urban and rural parts of Alaska to reflect the cost of food in Hawaii and urban and rural Alaska;

(3) make cost adjustments in the separate thrifty food plans for Guam, and the Virgin Islands of the United States to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia; and

(4) on October 1, 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1996.

(p) "Tribal organization" means the recognized governing body of an Indian tribe (including the tribally recognized intertribal organization of such tribes), as the term "Indian tribe" is defined in the Indian Self-Determination Act (25 U.S.C. 450b(b)), as well as any Indian tribe, band, or community holding a treaty with a State government.

(q) "Allowable medical expenses" means expenditures for (1) medical and dental care, (2) hospitalization or nursing care (including hospitalization or nursing care of an individual who was a household member immediately prior to entering a hospital or nursing home), (3) prescription drugs when prescribed by a licensed practitioner authorized under State law and over-the-counter medication (including insulin) when approved by a licensed practitioner or other qualified health professional, (4) health and hospitalization insurance policies (excluding the costs of health and accident or income maintenance policies), (5) medicare premiums related to coverage under title XVIII of the Social Security Act [(42 U.S.C. 1395 et seq.)], (6) dentures, hearing aids, and prosthetics (including the costs of securing and maintaining a seeing eye dog), (7) eye glasses prescribed by a physician skilled in eye disease or by an optometrist, (8) reasonable costs of transportation necessary to secure medical treatment or services, and (9) maintaining an attendant, homemaker, home health aide, housekeeper, or child care services due to age, infirmity, or illness.

(r)³⁻⁵ "Elderly or disabled member" means a member of a household who—

(1) is sixty years of age or older;

(2)(A) receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or Federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note), or

(B) receives Federally or State administered supplemental assistance of the type described in section 1616(a) of the Social Security Act (42 U.S.C. 1382e(a)), interim assistance pending receipt of supplemental security income, disability-related med-

³⁻⁵ Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) provides an exception to the prohibition on food stamp benefits for certain aliens if an alien was lawfully residing in the United States on August 22, 1996, and is receiving benefits or assistance for blindness or disability (within the meaning of this subsection).

ical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or disability-based State general assistance benefits, if the Secretary determines that such benefits are conditioned on meeting disability or blindness criteria at least as stringent as those used under title XVI of the Social Security Act;

(3) receives disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.) or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i));

(4) is a veteran who—

(A) has a service-connected or non-service-connected disability which is rated as total under title 38, United States Code; or

(B) is considered in need of regular aid and attendance or permanently housebound under such title;

(5) is a surviving spouse of a veteran and—

(A) is considered in need of regular aid and attendance or permanently housebound under title 38, United States Code; or

(B) is entitled to compensation for a service-connected death or pension benefits for a non-service-connected death under title 38, United States Code, and has a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i));

(6) is a child of a veteran and—

(A) is considered permanently incapable of self-support under section 414 of title 38, United States Code; or

(B) is entitled to compensation for a service-connected death or pension benefits for a non-service-connected death under title 38, United States Code, and has a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i)); or

(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act [(42 U.S.C. 301 et seq.)], and if an application for disability benefits had been filed.

(s) "Homeless individual" means—

(1) an individual who lacks a fixed and regular nighttime residence; or

(2) an individual who has a primary nighttime residence that is—

(A) a supervised publicly or privately operated shelter (including a welfare hotel or congregate shelter) designed to provide temporary living accommodations;

(B) an institution that provides a temporary residence for individuals intended to be institutionalized;

(C) a temporary accommodation for not more than 90 days in the residence of another individual; or

(D) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

(t) "Access device" means any card, plate, code, account number, or other means of access that can be used, alone or in conjunction with another access device, to obtain payments, allotments, benefits, money, goods, or other things of value, or that can be used to initiate a transfer of funds under this Act.

(u)(1) Except as provided in paragraph (2), "staple foods" means foods (as defined in subsection (g)) in the following categories:

- (A) Meat, poultry, or fish.
- (B) Bread or cereals.
- (C) Vegetables or fruits.
- (D) Dairy products.

(2) "Staple foods" do not include accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices.

ESTABLISHMENT OF THE FOOD STAMP PROGRAM

SEC. 4. [7 U.S.C. 2013] (a) Subject to the availability of funds appropriated under section 18 of this Act, the Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided an opportunity to obtain a more nutritious diet through the issuance to them of an allotment, except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

(b)⁴⁻¹ Distribution of commodities, with or without the food stamp program, shall be made whenever a request for concurrent

⁴⁻¹ Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) permits the Secretary of Agriculture, during fiscal year 1991 through 2002, to purchase and distribute agricultural commodities to Indians on request pursuant to section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)).

Section 205(a) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7509(a)) provides that section 4(b) of the Food Stamp Act of 1977 does not apply with respect to the distribution of commodities under the Emergency Food Assistance Act of 1983.

Section 1114(d) of the Agriculture and Food Act of 1981 (7 U.S.C. 4004a) provides that section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) does not apply with respect to distribution of surplus commodities under section 211 of the Agricultural Act of 1980 (7 U.S.C. 4004).

The last sentence of section 1336 of the Food Stamp and Commodity Distribution Amendments of 1981 (95 Stat. 1293) provides that no household shall be eligible to participate simultaneously in the food stamp program and the food distribution program established for certain Oklahoma Indian households under such section.

Section 3(a)(2)(B) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) provides that certain commodity specification provisions shall apply to the program established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)).

Section 3(b)(1)(A)(iii)(II) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) requires the Secretary of Agriculture to implement a system to provide recipient agencies with options with respect to package sizes and forms of commodities, taking into account the duty of the Secretary to make direct purchases of agricultural commodities and other foods under the program established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)).

or separate food program operations, respectively, is made by a tribal organization. In the event of distribution on all or part of an Indian reservation, the appropriate agency of the State government in the area involved shall be responsible for such distribution, except that, if the Secretary determines that the tribal organization is capable of effectively and efficiently administering such distribution, then such tribal organizations shall administer such distribution: *Provided*, That the Secretary shall not approve any plan for such distribution which permits any household on any Indian reservation to participate simultaneously in the food stamp program and the distribution of federally donated foods. The Secretary is authorized to pay such amounts for administrative costs of such distribution on Indian reservations as the Secretary finds necessary for effective administration of such distribution by a State agency or tribal organization.

(c) The Secretary shall issue such regulations consistent with this Act as the Secretary deems necessary or appropriate for the effective and efficient administration of the food stamp program and shall promulgate all such regulations in accordance with the procedures set forth in section 553 of title 5 of the United States Code. In addition, prior to issuing any regulation, the Secretary shall provide the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the regulation with a detailed statement justifying it.

ELIGIBLE HOUSEHOLDS

SEC. 5. [7 U.S.C. 2014] (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet.⁵⁻¹ Notwithstanding any other provi-

Section 3(e)(1)(D)(iii)(II) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) requires the Secretary of Agriculture to provide by regulation for delivery schedules for the distribution of commodities and products that are consistent with the needs of eligible recipient agencies, taking into account the duty of the Secretary to make direct purchases of agricultural commodities and other foods under the program established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)).

Section 742(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1615(b)) provides that nothing in the Act shall prohibit or require a State to provide to an individual who is not a citizen or a qualified alien, inter alia, benefits under the food distribution program on Indian reservations established under section 4(b) of this Act.

⁵⁻¹Section 9(b)(2)(C)(ii)(I) of the National School Lunch Act (42 U.S.C. 1758(b)(2)(C)(ii)(I)) provides that any school food authority may certify any child as eligible for free or reduced price lunches or breakfasts, without further application, by directly communicating with the appropriate State or local agency to obtain documentation of such child's status as a member of, inter alia, a household that is receiving food stamps under the Food Stamp Act of 1977.

Section 9(b)(6) of the National School Lunch Act (42 U.S.C. 1758(b)(6)) provides that a child shall be considered automatically eligible for a free lunch and breakfast under such Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), respectively, without further application or eligibility determination, if the child is a member of a household receiving assistance under the food stamp program.

Section 9(d)(2)(B) of the National School Lunch Act (42 U.S.C. 1758(d)(2)(B)) provides that no member of a household may be provided a free or reduced-price lunch under such Act unless documentation of participation in the food stamp program has been submitted to the appropriate local school food authority.

Section 17(d)(2)(A)(ii)(I) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(I)) provides that certain individuals at nutritional risk shall be eligible for the special supplemental food program for women, infants, and children (WIC) only if the individuals receive food stamps under the Food Stamp Act of 1977 or meet other criteria.

sions of this Act except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)], or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act [(42 U.S.C. 301 et seq.)], shall be eligible to participate in the food stamp program. Except for sections 6, 16(e)(1), and the third sentence of section 3(i), households in which each member receives benefits under a State or local general assistance program that complies with standards established by the Secretary for ensuring that the program is based on income criteria comparable to or more restrictive than those under subsection (c)(2), and not limited to one-time emergency payments that cannot be provided for more than one consecutive month, shall be eligible to participate in the food stamp program. Assistance under this program shall be furnished to all eligible households who make application for such participation.

(b) **ELIGIBILITY STANDARDS.**—Except as otherwise provided in this Act, the Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, and the Virgin Islands of the United States established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

(c) The income standards of eligibility shall be adjusted each October 1 and shall provide that a household shall be ineligible to participate in the food stamp program if—

(1) the household's income (after the exclusions and deductions provided for in subsections (d) and (e)) exceeds the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the forty-eight contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively; and

(2) in the case of a household that does not include an elderly or disabled member, the household's income (after the exclusions provided for in subsection (d) but before the deductions provided for in subsection (e)) exceeds such poverty line by more than 30 per centum.

In no event shall the standards of eligibility for the Virgin Islands of the United States or Guam exceed those in the forty-eight contiguous States.

(d)^{5-1A} Household income for purposes of the food stamp program shall include all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household (notwithstanding its conversion in whole or in part to direct payments to households pursuant to any demonstration project carried out or authorized under Federal law in-

^{5-1A} Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) provides that funds received by eligible individuals from projects carried out under the program established in title V of that Act shall not be considered to be income of such individuals for any income determination under the Food Stamp Act of 1977.

cluding demonstration projects created by the waiver of provisions of Federal law), except as provided in subsection (k), (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter, subject to modification by the Secretary in light of subsection (f), (3) all educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (A) awarded to a household member enrolled at a recognized institution of post-secondary education, at a school for the handicapped, in a vocational education program, or in a program that provides for completion of a secondary school diploma or obtaining the equivalent thereof, (B) to the extent that they do not exceed the amount used for or made available as an allowance determined by such school, institution, program, or other grantor, for tuition and mandatory fees (including the rental or purchase of any equipment, materials, and supplies related to the pursuit of the course of study involved), books, supplies, transportation, and other miscellaneous personal expenses (other than living expenses), of the student incidental to attending such school, institution, or program, and (C) to the extent loans include any origination fees and insurance premiums, (4) all loans other than educational loans on which repayment is deferred, (5) reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household and any allowance a State agency provides no more frequently than annually to families with children on the occasion of those children's entering or returning to school or child care for the purpose of obtaining school clothes (except that no such allowance shall be excluded if the State agency reduces monthly assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in the month for which the allowance is provided): *Provided*, That no portion of benefits provided under title IV-A of the Social Security Act [(42 U.S.C. 601 et seq.)], to the extent it is attributable to an adjustment for work-related or child care expenses (except for payments or reimbursements for such expenses made under an employment, education, or training program initiated under such title after the date of enactment of the Hunger Prevention Act of 1988 [September 19, 1988]), and no portion of any educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like that are provided for living expenses, shall be considered such reimbursement, (6) moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (7) income earned by a child who is a member of the household, who is an elementary or secondary school student, and who is 17 years of age or younger, (8) moneys received in the form of nonrecurring lump-sum payments, including, but not limited to, income tax refunds,⁵⁻² rebates, or credits, cash donations based on need that are received from one or more private nonprofit charitable organizations, but not in excess of \$300 in the aggregate in a quarter, retroactive lump-sum social security or railroad retire-

⁵⁻²Section 6103(l)(7) of the Internal Revenue Code of 1986 requires the Commissioner of Social Security and the Secretary of the Treasury, upon request, to disclose certain return information to any Federal, State, or local agency administering the food stamp program.

Section 205(c)(2)(C)(iii)(II) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)(II)) and section 6109(f)(2)(A) of the Internal Revenue Code of 1986 authorize the Secretary to share certain information for the purpose of effective administration and enforcement of this Act.

ment pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (9) the cost of producing self-employed income, but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer, (10) any income that any other Federal law specifically excludes from consideration as income for purposes of determining eligibility for the food stamp program except as otherwise provided in subsection (k) of this section,⁵⁻³ (11)(A) any payments or allowances made for the purpose of providing energy assistance under any Federal law (other than part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)), or (B) a 1-time payment or allowance made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,⁵⁻⁴ (12) through September 30 of any fiscal year, any increase in income attributable to a cost-of-living adjustment made on or after July 1 of such fiscal year under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq.), section 3(a)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)(1)), or section 3112 of title 38, United States Code, if the household was certified as eligible to participate in the food stamp program or received an allotment in the month immediately preceding the first month in which the adjustment was effective, (13) any payment made to the household under section 3507 of the Internal Revenue Code of 1986 (relating to advance payment of earned income credit), (14) any payment made to the household under section 6(d)(4)(I) for work related expenses or for dependent care, and (15) any amounts necessary for the fulfillment of a plan for achieving self-support of a household member as provided under subparagraph (A)(iii) or (B)(iv) of section 1612(b)(4) of the Social Security Act (42 U.S.C. 1382a(b)(4)).

(e) DEDUCTIONS FROM INCOME.—

(1) STANDARD DEDUCTION.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of \$134, \$229, \$189, \$269, and \$118, respectively.

⁵⁻³The second sentence of section 17(c)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)(1)) requires that the special supplemental food program be supplementary to the food stamp program.

Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) provides that funds received by eligible individuals from projects carried out under title V of such Act shall not be considered income of such individuals for purposes of any income determination under the Food Stamp Act of 1977.

Section 29(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(b)) requires that any benefits received under such Act be disregarded in determining the eligibility of any household to participate in the food stamp program.

Section 10405(a)(2)(E) of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239) provides that payments made from the Agent Orange Settlement Fund or a similar fund shall not be considered income or resources in determining eligibility for the amount of benefits under the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977).

⁵⁻⁴Section 2605(b)(2)(A)(iii) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(iii)) requires the chief executive officer of each participating State to certify that the State agrees to make payments only with respect to, among others, households in which one or more individuals are receiving food stamps.

Section 2605(f)(1) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) requires that any home energy assistance payments or allowances not be considered income or resources for purposes of the food stamp program.

(2) EARNED INCOME DEDUCTION.—

(A) DEFINITION OF EARNED INCOME.—In this paragraph, the term “earned income” does not include—

- (i) income excluded by subsection (d); or
- (ii) any portion of income earned under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned income shall be allowed a deduction of 20 percent of all earned income to compensate for taxes, other mandatory deductions from salary, and work expenses.

(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

(3) DEPENDENT CARE DEDUCTION.—

(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be \$200 per month for each dependent child under 2 years of age and \$175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

- (i) expenses paid on behalf of the household by a third party;
- (ii) amounts made available and excluded, for the expenses referred to in subparagraph (A), under subsection (d)(3); and
- (iii) expenses that are paid under section 6(d)(4).

(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

(5) HOMELESS SHELTER ALLOWANCE.—Under rules prescribed by the Secretary, a State agency may develop a standard homeless shelter allowance, which shall not exceed \$143 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the households. The State agency may make a household with extremely low shelter costs ineligible for the allowance.

(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds \$35 per month.

(B) METHOD OF CLAIMING DEDUCTION.—

(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information on, or verification of, actual expenses on a monthly basis.

(ii) METHOD.—The method described in clause (i) shall—

(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

(7) EXCESS SHELTER EXPENSE DEDUCTION.—⁵⁻⁵

(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

(B) MAXIMUM AMOUNT OF DEDUCTION.—In the case of a household that does not contain an elderly or disabled individual, in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, the excess shelter expense deduction shall not exceed—

⁵⁻⁵ Section 2605(f)(2) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) provides that for purposes of determining any excess shelter expense deduction under section 5(e) of the Food Stamp Act of 1977 (A) the full amount of energy assistance payments or allowances shall be deemed to be expended by such household for heating or cooling expenses, without regard to whether such payments or allowances are provided directly to, or indirectly for the benefit of, such household; and (B) no distinction may be made among households on the basis of whether such payments or allowances are provided directly to, or indirectly for the benefit of, any of such households.

Section 1924(d)(4)(B) of the Social Security Act (42 U.S.C. 1396r-5(d)(4)(B)) includes a standard utility allowance (used by a State under section 5(e) of the Food Stamp Act of 1977) within the definition of “express shelter allowance” for purposes of establishing a minimum monthly maintenance needs allowance.

(i) for the period beginning on the date of enactment of this subparagraph [August 22, 1996] and ending on December 31, 1996, \$247, \$429, \$353, \$300, and \$182 per month, respectively;

(ii) for the period beginning on January 1, 1997, and ending on September 30, 1998, \$250, \$434, \$357, \$304, and \$184 per month, respectively;

(iii) for fiscal years 1999 and 2000, ~~\$275, \$478, \$393, \$334,~~ and \$203 per month, respectively; and

(iv) for fiscal year 2001 and each subsequent fiscal year, \$300, \$521, \$429, \$364, and \$221 per month, respectively.

(iii)⁵⁻⁶ for fiscal year 1999, \$275, \$478, \$393, \$334, and \$203 per month, respectively;

(iv) for fiscal year 2000, \$280, \$483, \$398, \$339, and \$208 per month, respectively;

(v) for fiscal year 2001, \$340, \$543, \$458, \$399, and \$268 per month, respectively; and

(vi) for fiscal year 2002 and each subsequent fiscal year, the applicable amount during the preceding fiscal year, as adjusted to reflect changes for the 12-month period ending the preceding November 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(C) STANDARD UTILITY ALLOWANCE.—

(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

(I) does not incur a heating or cooling expense, as the case may be;

(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

(iii) MANDATORY ALLOWANCE.—

⁵⁻⁶ Effective March 1, 2001, sec. 846(a) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (P.L. 106-387; 114 Stat. XXXX, XXXX; Oct. 28, 2000) amends this subparagraph by striking clauses (iii) and (iv) and inserting clauses (iii) through (vi). Sec. 846(b) of that Act provides that the amendment made by that section shall take effect on March 1, 2001, and shall not apply with respect to certification periods beginning before March 1, 2001.

(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of clause (ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.

(f)(1)(A) Household income for those households that, by contract for other than an hourly or piecework basis or by self-employ-

ment, derive their annual income in a period of time shorter than one year shall be calculated by averaging such income over a twelve-month period. Notwithstanding the preceding sentence, household income resulting from the self-employment of a member in a farming operation, who derives income from such farming operation and who has irregular expenses to produce such income, may, at the option of the household, be calculated by averaging such income and expenses over a 12-month period. Notwithstanding the first sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business earnings, the State agency shall calculate the self-employment income based on anticipated earnings.

(B) Household income for those households that receive non-excluded income of the type described in subsection (d)(3) of this section shall be calculated by averaging such income over the period for which it is received.

(2)(A) Except as provided in subparagraphs (B), (C), and (D), households shall have their incomes calculated on a prospective basis, as provided in paragraph (3)(A), or, at the option of the State agency, on a retrospective basis, as provided in paragraph (3)(B).

(B) In the case of the first month, or at the option of the State, the first and second months, during a continuous period in which a household is certified, the State agency shall determine eligibility and the amount of benefits on the basis of the household's income and other relevant circumstances in such first or second month.

(C) Households specified in clauses (i), (ii), and (iii) of section 6(c)(1)(A) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).

(D) Except as provided in subparagraph (B), households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B).

(3)(A) Calculation of household income on a prospective basis is the calculation of income on the basis of the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined. Such calculation shall be made in accordance with regulations prescribed by the Secretary which shall provide for taking into account both the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined and the income received by the household during the preceding thirty days.

(B) Calculation of household income on a retrospective basis is the calculation of income for the period for which eligibility or benefits are being determined on the basis of income received in a previous period. Such calculation shall be made in accordance with regulations prescribed by the Secretary which may provide for the determination of eligibility on a prospective basis in some or all cases in which benefits are calculated under this paragraph. Such regulations shall provide for supplementing the initial allotments of newly applying households in those cases in which the determination of income under this paragraph causes serious hardship.

(4) In promulgating regulations under this subsection, the Secretary shall consult with the Secretary of Health and Human Services in order to assure that, to the extent feasible and consistent with the purposes of this Act and the Social Security Act [(42

U.S.C. 301 et seq.)], the income of households receiving benefits under this Act and title IV–A of the Social Security Act [(42 U.S.C. 601 et seq.)] is calculated on a comparable basis under the two Acts. The Secretary is authorized, upon the request of a State agency, to waive any of the provisions of this subsection (except the provisions of paragraph (2)(A)) to the extent necessary to permit the State agency to calculate income for purposes of this Act on the same basis that income is calculated under title IV–A of the Social Security Act [(42 U.S.C. 601 et seq.)] in that State.

(g)(1) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed \$2,000, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed \$3,000.

(2) INCLUDED ASSETS.—

(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

(i) any boat, snowmobile, or airplane used for recreational purposes;

(ii) any vacation home;

(iii) any mobile home used primarily for vacation purposes;

(iv) subject to ~~subparagraph (C)~~ *subparagraphs (C) and (D)*,⁵⁻⁷ any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds \$4,600 through September 30, 1996, and \$4,650 beginning October 1, 1996; and *to the extent that the fair market value of the vehicle exceeds \$4,650; and*⁵⁻⁸

(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be included in financial resources under this paragraph if the vehicle is—

(i) used to produce earned income;

⁵⁻⁷ Effective July 1, 2001, sec. 847(a)(1)(A) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (P.L. 106-387; 114 Stat. XXXX, XXXX; Oct. 28, 2000) amends this clause by striking “subparagraph (C)” and inserting “subparagraphs (C) and (D)”. Sec. 847(b) of that Act provides that the amendment made by that section shall take effect on July 1, 2001, and shall not apply with respect to certification periods beginning before July 1, 2001.

⁵⁻⁸ Effective July 1, 2001, sec. 847(a)(1)(B) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (P.L. 106-387; 114 Stat. XXXX, XXXX; Oct. 28, 2000) amends this clause by striking “to the extent that” and all that follows through the end of the clause and inserting “to the extent that the fair market value of the vehicle exceeds \$4,650; and”. For effective date, see note 5-7.

(ii) necessary for the transportation of a physically disabled household member; or

(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.

(D)⁵⁻⁹ *ALTERNATIVE VEHICLE ALLOWANCE.*—*If the vehicle allowance standards that a State agency uses to determine eligibility for assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) would result in a lower attribution of resources to certain households than under subparagraph (B)(iv), in lieu of applying subparagraph (B)(iv), the State agency may elect to apply the State vehicle allowance standards to all households that would incur a lower attribution of resources under the State vehicle allowance standards.*

(3) The Secretary shall exclude from financial resources the value of a burial plot for each member of a household and nonliquid resources necessary to allow the household to carry out a plan for self-sufficiency approved by the State agency that constitutes adequate participation in an employment and training program under section 6(d). The Secretary shall also exclude from financial resources any earned income tax credits received by any member of the household for a period of 12 months from receipt if such member was participating in the food stamp program at the time the credits were received and participated in such program continuously during the 12-month period.⁵⁻¹⁰

(4) In the case of farm property (including land, equipment, and supplies) that is essential to the self-employment of a household member in a farming operation, the Secretary shall exclude from financial resources the value of such property until the expiration of the 1-year period beginning on the date such member ceases to be self-employed in farming.

(5) The Secretary shall promulgate rules by which State agencies shall develop standards for identifying kinds of resources that, as a practical matter, the household is unlikely to be able to sell for any significant return because the household's interest is relatively slight or because the cost of selling the household's interest would be relatively great. Resources so identified shall be excluded as inaccessible resources. A resource shall be so identified if its sale or other disposition is unlikely to produce any significant amount of funds for the support of the household. The Secretary shall not require the State agency to require verification of the value of a resource to be excluded under this paragraph unless the State agency determines that the information provided by the household is questionable.

(h)(1) The Secretary shall, after consultation with the official empowered to exercise the authority provided for by sections 402 and 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), establish temporary emer-

⁵⁻⁹ *Effective July 1, 2001, sec. 847(a)(2) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (P.L. 106-387; 114 Stat. XXXX, XXXX; Oct. 28, 2000) adds subpara. (D). For effective date, see note 5-7.*

⁵⁻¹⁰ *Effective September 1, 1994, section 13913 of the Mickey Leland Childhood Hunger Relief Act, Public Law 103-66, 107 Stat. 673, amended section 5(g)(3) by adding this sentence. Section 13913 of such Act added the new sentence as a flush left margin sentence, but the amendment was added as a run-on sentence to effectuate the probable intent of Congress.*

agency standards of eligibility for the duration of the emergency for households who are victims of a disaster which disrupts commercial channels of food distribution, if such households are in need of temporary food assistance and if commercial channels of food distribution have again become available to meet the temporary food needs of such households. Such standards as are prescribed for individual emergencies may be promulgated without regard to section 4(c) of this Act or the procedures set forth in section 553 of title 5 of the United States Code.

(2) The Secretary shall—

(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

(B) if the Secretary, in the Secretary's discretion, determines that it is cost-effective to send members of the Task Force to the disaster area, the Secretary shall send them to such area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.

(3)(A) The Secretary shall provide, by regulation, for emergency allotments to eligible households to replace food destroyed in a disaster. The regulations shall provide for replacement of the value of food actually lost up to a limit approved by the Secretary not greater than the applicable maximum monthly allotment for the household size.

(B) The Secretary shall adjust reporting and other application requirements to be consistent with what is practicable under actual conditions in the affected area. In making this adjustment, the Secretary shall consider the availability of the State agency's offices and personnel and any damage to or disruption of transportation and communication facilities.

(i)(1) For purposes of determining eligibility for and the amount of benefits under this Act for an individual who is an alien as described in section 6(f)(2)(B) of this Act, the income and resources of any person who as a sponsor of such individual's entry into the United States executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse if such spouse is living with the sponsor, shall be deemed to be the income and resources of such individual for a period of three years after the individual's entry into the United States. Any such income deemed to be income of such individual shall be treated as unearned income of such individual.

(2)(A) The amount of income of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the unearned income of an alien for any year shall be determined as follows:

(i) the total yearly rate of earned and unearned income of such sponsor, and such sponsor's spouse if such spouse is living with the sponsor, shall be determined for such year under rules prescribed by the Secretary;

(ii) the amount determined under clause (i) of this subparagraph shall be reduced by an amount equal to the income eligibility standard as determined under section 5(c) of this Act for a household equal in size to the sponsor, the sponsor's spouse if living with the sponsor, and any persons dependent upon or receiving support from the sponsor or the sponsor's spouse if the spouse is living with the sponsor; and

(iii) the monthly income attributed to such alien shall be one-twelfth of the amount calculated under clause (ii) of this subparagraph.

(B) The amount of resources of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the resources of an alien for any year shall be determined as follows:

(i) the total amount of the resources of such sponsor and such sponsor's spouse if such spouse is living with the sponsor shall be determined under rules prescribed by the Secretary;

(ii) the amount determined under clause (i) of this subparagraph shall be reduced by \$1,500; and

(iii) the resources determined under clause (ii) of this subparagraph shall be deemed to be resources of such alien in addition to any resources of such alien.

(C)(i) Any individual who is an alien shall, during the period of three years after entry into the United States, in order to be an eligible individual or eligible spouse for purposes of this Act, be required to provide to the State agency such information and documentation with respect to the alien's sponsor and sponsor's spouse as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide such information and documentation which such alien or the sponsor provided in support of such alien's immigration application as the State agency may request.

(ii) The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to such persons and required in order to make any determination under this section will be provided by such persons to the Secretary, and whereby such persons shall inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

(D) Any sponsor of an alien, and such alien, shall be jointly and severably liable for an amount equal to any overpayment made to such alien during the period of three years after such alien's entry into the United States, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause for such failure existed. Any such overpayment which is not repaid shall be recovered in accordance with the provisions of section 13(b)(2)⁵⁻¹¹ of this Act.

(E) The provisions of this subsection shall not apply with respect to any alien who is a member of the sponsor's household, as defined in section 3(i) of this Act.

(j) Notwithstanding subsections (a) through (i), a State agency shall consider a household member who receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.), aid to the aged, blind, or disabled under title I, II, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.), or who receives benefits under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.) to have satisfied the resource limitations prescribed under subsection (g).

(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a

⁵⁻¹¹ So in original. Probably, "section 13(b)(2)" should be "section 13(b)".

household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

(A) a regular benefit payable to the household for living expenses under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

(B) a benefit payable to the household for housing expenses under—

(i) a State or local general assistance program; or

(ii) another basic assistance program comparable to general assistance (as determined by the Secretary).

(2) Paragraph (1) shall not apply to—

(A) medical assistance;

(B) child care assistance;

(C) a payment or allowance described in subsection (d)(11);

(D) assistance provided by a State or local housing authority;

(E) emergency assistance for migrant or seasonal farm-worker households during the period such households are in the job stream;

(F) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary; or

(G) assistance provided to a third party on behalf of a household under a State or local general assistance program, or another local basic assistance program comparable to general assistance (as determined by the Secretary), if, under State law, no assistance under the program may be provided directly to the household in the form of a cash payment.

(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like that are provided to a third party on behalf of a household for living expenses shall be treated as money payable directly to the household.

(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(H))⁵⁻¹² to provide energy assistance to a household shall be considered money payable directly to the household.

(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.

(1) Notwithstanding section 181(a)(2) of the Workforce Investment Act of 1998 [(29 U.S.C. 2931(a)(2))], earnings to individuals participating in on-the-job training under title I of the Workforce Investment Act of 1998 [(29 U.S.C. 2801 et seq.)]⁵⁻¹³ shall be con-

⁵⁻¹² So in original. Probably, “paragraph (2)(H)” should be “paragraph (2)(G)”.

⁵⁻¹³ Effective July 1, 1999, section 405(f)(2)(A) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999, P.L. 105-277, 112 Stat. 2681-429, Oct. 21, 1998, amended this subsection by striking “Notwithstanding section 142(b) of the Job Training Partnership Act or section 181(a)(2) of the Workforce Investment Act of 1998, earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or 264(c)(1)(A) of the Job Training Partnership Act or in on-the-job training under title I of the Workforce Investment Act of 1998” and inserting “Notwithstanding section 181(a)(2) of the Workforce Investment Act of 1998,

sidered earned income for purposes of the food stamp program, except for dependents less than 19 years of age.

(m)⁵⁻¹⁴ SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection [August 22, 1996], the Secretary shall establish a procedure by which a State may submit a method, designed to not increase Federal costs, for the approval of the Secretary, that the Secretary determines will produce a reasonable estimate of income excluded under subsection (d)(9) in lieu of calculating the actual cost of producing self-employment income.

(2) INCLUSIVE OF ALL TYPES OF INCOME OR LIMITED TYPES OF INCOME.—The method submitted by a State under paragraph (1) may allow a State to estimate income for all types of self-employment income or may be limited to 1 or more types of self-employment income.

(3) DIFFERENCES FOR DIFFERENT TYPES OF INCOME.—The method submitted by a State under paragraph (1) may differ for different types of self-employment income.

ELIGIBILITY DISQUALIFICATIONS

SEC. 6. [7 U.S.C. 2015] (a) In addition to meeting the standards of eligibility prescribed in section 5 of this Act, households and individuals who are members of eligible households must also meet and comply with the specific requirements of this section to be eligible for participation in the food stamp program.

(b)(1)⁶⁻¹ Any person who has been found by any State or Federal court or administrative agency to have intentionally (A) made a false or misleading statement, or misrepresented, concealed or withheld facts, or (B) committed any act that constitutes a violation of this Act, the regulations issued thereunder, or any State statute, for the purpose of using, presenting, transferring, acquiring, receiving, or possessing coupons or authorization cards shall, immediately upon the rendering of such determination, become ineligible for further participation in the program—

(i) for a period of 1 year upon the first occasion of any such determination;

(ii) for a period of 2 years upon—

(I) the second occasion of any such determination; or

(II) the first occasion of a finding by a Federal, State, or local court of the trading of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)) for coupons; and

(iii) permanently upon—

earnings to individuals participating in on-the-job training under title I of the Workforce Investment Act of 1998”.

⁵⁻¹⁴ Effective August 22, 1996, section 812 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) added subsec. (m) (relating to simplified calculation of income for the self-employed). Effective July 1, 1997, section 109(a)(4) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) struck subsec. (m). The first subsec. (m) was struck to effectuate the probable intent of Congress.

⁶⁻¹ Section 115 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (21 U.S.C. 862a) provides that an individual convicted (under Federal or State law) of any offense which is classified as a felony by the law of the jurisdiction involved and which has as an element the possession, use, or distribution of a controlled substance shall not be eligible for, inter alia, benefits under the food stamp program or any State program carried out under the Food Stamp Act of 1977.

- (I) the third occasion of any such determination;
- (II) the second occasion of a finding by a Federal, State, or local court of the trading of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)) for coupons;
- (III) the first occasion of a finding by a Federal, State, or local court of the trading of firearms, ammunition, or explosives for coupons; or
- (IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of \$500 or more.

During the period of such ineligibility, no household shall receive increased benefits under this Act as the result of a member of such household having been disqualified under this subsection.

(2) Each State agency shall proceed against an individual alleged to have engaged in such activity either by way of administrative hearings, after notice and an opportunity for a hearing at the State level, or by referring such matters to appropriate authorities for civil or criminal action in a court of law.

(3) Such periods of ineligibility as are provided for in paragraph (1) of this subsection shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the ineligibility is based is subsequently reversed by a court of appropriate jurisdiction, but in no event shall the period of ineligibility be subject to review.

(4) The Secretary shall prescribe such regulations as the Secretary may deem appropriate to ensure that information concerning any such determination with respect to a specific individual is forwarded to the Office of the Secretary by any appropriate State or Federal entity for the use of the Secretary in administering the provisions of this section. No State shall withhold such information from the Secretary or the Secretary's designee for any reason whatsoever.

(c) No household shall be eligible to participate in the food stamp program if it refuses to cooperate in providing information to the State agency that is necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility.

(1)(A) A State agency may require certain categories of households to file periodic reports of income and household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may not require periodic reporting by—

- (i) migrant or seasonal farmworker households;
- (ii) households in which all members are homeless individuals; or
- (iii) households that have no earned income and in which all adult members are elderly or disabled.

(B) Each household that is not required to file such periodic reports on a monthly basis shall be required to report or cause to be reported to the State agency changes in income or household circumstances that the Secretary considers necessary to assure accurate eligibility and benefit determinations.

(C) A State agency may require periodic reporting on a monthly basis by households residing on a reservation only if—

(i) the State agency reinstates benefits, without requiring a new application, for any household residing on a reservation that submits a report not later than 1 month after the end of the month in which benefits would otherwise be provided;

(ii) the State agency does not delay, reduce, suspend, or terminate the allotment of a household that submits a report not later than 1 month after the end of the month in which the report is due;

(iii) on the date of enactment of this subparagraph, the State agency requires households residing on a reservation to file periodic reports on a monthly basis; and

(iv) the certification period for households residing on a reservation that are required to file periodic reports on a monthly basis is 2 years, unless the State demonstrates just cause to the Secretary for a shorter certification period.

(2) Any household required to file a periodic report under paragraph (1) of this subsection shall, (A) if it is eligible to participate and has filed a timely and complete report, receive its allotment, based on the reported information for a given month, within thirty days of the end of that month unless the Secretary determines that a longer period of time is necessary, (B) have available special procedures that permit the filing of the required information in the event all adult members of the household are mentally or physically handicapped or lacking in reading or writing skills to such a degree as to be unable to fill out the required forms, (C) have a reasonable period of time after the close of the month in which to file their reports on State agency designed forms, (D) be afforded prompt notice of failure to file any report timely or completely, and given a reasonable opportunity to cure that failure (with any applicable time requirements extended accordingly) and to exercise its rights under section 11(e)(10) of this Act, and (E) be provided each month (or other applicable period) with an appropriate, simple form for making the required reports of the household together with clear instructions explaining how to complete the form and the rights and responsibilities of the household under any periodic reporting system.

(3) Reports required to be filed under paragraph (1) of this subsection shall be considered complete if they contain the information relevant to eligibility and benefit determinations that is specified by the State agency. All report forms, including those related to periodic reports of circumstances, shall contain a description, in understandable terms in prominent and bold face lettering, of the appropriate civil and criminal provisions dealing with violations of this Act including the prescribed penalties. Reports required to be filed monthly under paragraph (1) shall be the sole reporting requirement for subject matter included in such reports. In promulgating regulations implementing these reporting requirements, the Secretary shall consult with the Commissioner of Social Security and the Secretary of Health and Human Services, and, wherever feasible, households that receive assistance under title IV-A of the Social Security Act [(42 U.S.C. 601 et seq.)]and that are required to file comparable reports under that Act shall be provided the

opportunity to file reports at the same time for purposes of both Acts.

(4) Except as provided in paragraph (1)(C), any household that fails to submit periodic reports required by paragraph (1) shall not receive an allotment for the payment period to which the unsubmitted report applies until such report is submitted.

(5) The Secretary is authorized, upon the request of a State agency, to waive any provisions of this subsection (except the provisions of the first sentence of paragraph (1) which relate to households which are not required to file periodic reports) to the extent necessary to permit the State agency to establish periodic reporting requirements for purposes of this Act which are similar to the periodic reporting requirements established under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in that State.

(d) CONDITIONS OF PARTICIPATION.—

(1) WORK REQUIREMENTS.—

(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

(ii) refuses without good cause to participate in an employment and training program established under paragraph (4), to the extent required by the State agency;

(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

(I) the applicable Federal or State minimum wage; or

(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

(v) voluntarily and without good cause—

(I) quits a job; or

(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

(vi) fails to comply with section 20.

(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

- (i) the duration of the ineligibility of the individual determined under subparagraph (C); or
- (ii) 180 days.

(C) DURATION OF INELIGIBILITY.—

(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

(I) the date the individual becomes eligible under subparagraph (A);

(II) the date that is 1 month after the date the individual became ineligible; or

(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

(I) the date the individual becomes eligible under subparagraph (A);

(II) the date that is 3 months after the date the individual became ineligible; or

(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

(I) the date the individual becomes eligible under subparagraph (A);

(II) the date that is 6 months after the date the individual became ineligible;

(III) a date determined by the State agency; or

(IV) at the option of the State agency, permanently.

(D) ADMINISTRATION.—

(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

(iii) DETERMINATION BY STATE AGENCY.—

(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

(aa) the meaning of any term used in subparagraph (A);

(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

(cc) whether an individual is in compliance with a requirement under subparagraph (A).

(II) NOT LESS RESTRICTIVE.—A State agency may not use a meaning, procedure, or determination under subclause (I) that is less restrictive on individuals receiving benefits under this Act than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

(v) SELECTING A HEAD OF HOUSEHOLD.—

(I) IN GENERAL.—For purposes of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.

(2) A person who otherwise would be required to comply with the requirements of paragraph (1) of this subsection shall be exempt from such requirements if he or she is (A) currently subject to and complying with a work registration requirement under title IV of the Social Security Act, as amended (42 U.S.C. 602), or the Federal-State unemployment compensation system, in which case, failure by such person to comply with any work requirement to which such person is subject shall be the same as failure to comply with that requirement of paragraph (1); (B) a parent or other member of a household with responsibility for the care of a dependent child under age six or of an incapacitated person; (C) a bona fide student enrolled at least half time in any recognized school, train-

ing program, or institution of higher education (except that any such person enrolled in an institution of higher education shall be ineligible to participate in the food stamp program unless he or she meets the requirements of subsection (e) of this section); (D) a regular participant in a drug addiction or alcoholic treatment and rehabilitation program; (E) employed a minimum of thirty hours per week or receiving weekly earnings which equal the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), multiplied by thirty hours; or (F) a person between the ages of sixteen and eighteen who is not a head of a household or who is attending school, or enrolled in an employment training program, on at least a half-time basis. A State that requested a waiver to lower the age specified in subparagraph (B) and had the waiver denied by the Secretary as of August 1, 1996, may, for a period of not more than 3 years, lower the age of a dependent child that qualifies a parent or other member of a household for an exemption under subparagraph (B) to between 1 and 6 years of age.

(3) Notwithstanding any other provision of law, a household shall not participate in the food stamp program at any time that any member of such household, not exempt from the work registration requirements of paragraph (1) of this subsection, is on strike as defined in section 501(2) of the Labor Management Relations Act, 1947, [(29 U.S.C. 142(2))] because of a labor dispute (other than a lockout) as defined in section 2(9) of the National Labor Relations Act [(29 U.S.C. 152(9))]: *Provided*, That a household shall not lose its eligibility to participate in the food stamp program as a result of one of its members going on strike if the household was eligible for food stamps immediately prior to such strike, however, such household shall not receive an increased allotment as the result of a decrease in the income of the striking member or members of the household: *Provided further*, That such ineligibility shall not apply to any household that does not contain a member on strike, if any of its members refuses to accept employment at a plant or site because of a strike or lockout.

(4)⁶⁻² EMPLOYMENT AND TRAINING.—

(A) IN GENERAL.—

(i) IMPLEMENTATION.—Each State agency shall implement an employment and training program designed by the State agency and approved by the Secretary for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, work, or experience that will increase their ability to obtain regular employment.

(ii) STATEWIDE WORKFORCE DEVELOPMENT SYSTEM.—Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development

⁶⁻²Section 112(b)(8)(A)(iii) of the Workforce Investment Act of 1998 (29 U.S.C. 2822(b)(8)(A)(iii)) requires a State plan to include a description of the procedures that will be taken by the State to assure coordination of and avoid duplication among the programs authorized under, inter alia, this paragraph.

Section 121(b)(2)(B)(ii) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(b)(2)(B)(ii)) permit an entity that carries out a program authorized under this paragraph to make certain services available through a one-stop delivery system, if the local board and chief elected official involved approve such participation.

Section 501(b)(2)(E) of the Workforce Investment Act of 1998 (20 U.S.C. 9271(b)(2)(E)) permit a State to develop and submit to the appropriate Secretaries a State unified plan for 2 or more of specified activities or programs, including programs authorized under this subsection.

system, unless the component is not available locally through such a system.

(B) For purposes of this Act, an "employment and training program" means a program that contains one or more of the following components, except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:

(i) Job search programs.

(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

(iii) Workfare programs operated under section 20.

(iv) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed or trained under such programs to move promptly into regular public or private employment. An employment or training experience program established under this clause shall—

(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program; and

(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

(v) Educational programs or activities to improve basic skills and literacy, or otherwise improve employability, including educational programs determined by the State agency to expand the job search abilities or employability of those subject to the program under this paragraph.

(vi) Programs designed to increase the self-sufficiency of recipients through self-employment, including programs that provide instruction for self-employment ventures.

(vii) As approved by the Secretary or the State under regulations issued by the Secretary, other employment, educational and training programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

(C) The State agency may provide that participation in an employment and training program may supplement or supplant other employment-related requirements imposed on those subject to the program.

(D)(i) Each State agency may exempt from any requirement for participation in any program under this paragraph categories of household members.

(ii) Each State agency may exempt from any requirement for participation individual household members not included in any category designated as exempt under clause (i).

(iii) Any exemption of a category or individual under this subparagraph shall be periodically evaluated to determine whether the exemption continues to be valid.

(E) Each State agency shall establish requirements for participation by individuals not exempt under subparagraph (D) in one or more employment and training programs under this paragraph, including the extent to which any individual is required to participate. Such requirements may vary among participants.

(F)(i) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938 [(29 U.S.C. 201 et seq.)].

(ii) The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

(G) The State agency may operate any program component under this paragraph in which individuals elect to participate.

(H) Federal funds made available to a State agency for purposes of the component authorized under subparagraph (B)(v) shall not be used to supplant non-Federal funds used for existing services and activities that promote the purposes of this component.

(I)(i) The State agency shall provide payments or reimbursements to participants in programs carried out under this paragraph, including individuals participating under subparagraph (G), for—

(I) the actual costs of transportation and other actual costs (other than dependent care costs), that are reasonably necessary and directly related to participation in the program, except that the State agency may limit such reimbursement to each participant to \$25 per month; and

(II) the actual costs of such dependent care expenses that are determined by the State agency to be necessary for the participation of an individual in the program (other than an individual who is the caretaker relative of a dependent in a family receiving benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in a local area where an employment, training, or education program under title IV of such Act is in operation), except that no such payment or reimbursement shall exceed the applicable local market rate. Individuals subject to the program under this paragraph may not be required to participate if dependent costs exceed the limit established by the State agency under this subclause or other actual costs exceed any limit established under subclause (I).

(ii) In lieu of providing reimbursements or payments for dependent care expenses under clause (i), a State agency may, at its option, arrange for dependent care through providers by the use of purchase of service contracts or vouchers or by providing vouchers to the household.

(iii) The value of any dependent care services provided for or arranged under clause (ii), or any amount received as a payment or reimbursement under clause (i), shall—

(I) not be treated as income for the purposes of any other Federal or federally assisted program that bases eligibility for, or the amount of benefits on, need; and

(II) not be claimed as an employment-related expense for the purposes of the credit provided under section 21 of the Internal Revenue Code of 1986.

(J) The Secretary shall promulgate guidelines that (i) enable State agencies, to the maximum extent practicable, to design and operate an employment and training program that is compatible and consistent with similar programs operated within the State, and (ii) ensure, to the maximum extent practicable, that employment and training programs are provided for Indians on reservations.

(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including funds used to carry out subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).

(L) The Secretary shall ensure that State agencies comply with the requirements of this paragraph and section 11(e)(22).⁶⁻³

(M) The facilities of⁶⁻⁴ the State public employment offices and other State agencies and providers carrying out activities under title I of the Workforce Investment Act of 1998 [(29 U.S.C. 2801 et seq.)] may be used to find employment and training opportunities for household members under the programs under this paragraph.

(e) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household if the individual is enrolled at least half-time in an institution of higher education, unless the individual—

- (1) is under age 18 or is age 50 or older;
- (2) is not physically or mentally fit;
- (3) is assigned to or placed in an institution of higher education through or in compliance with the requirements of—

(A) a program under title I of the Workforce Investment Act of 1998 [(29 U.S.C. 2801 et seq.)];⁶⁻⁵

(B) an employment and training program under this section;

(C) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

⁶⁻³ So in original. Probably, “section 11(e)(22)” should be “section 11(e)(21)”.

⁶⁻⁴ Effective July 1, 1999, section 405(f)(2)(B)(i) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999, P.L. 105-277, 112 Stat. 2681-429, Oct. 21, 1998, amended this subparagraph by striking “the State public employment offices and agencies operating programs under the Job Training Partnership Act or of”.

⁶⁻⁵ Effective July 1, 1999, section 405(f)(2)(B)(ii) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999, P.L. 105-277, 112 Stat. 2681-429, Oct. 21, 1998, amended subparagraph (A) in its entirety.

- (D) another program for the purpose of employment and training operated by a State or local government, as determined to be appropriate by the Secretary;
- (4) is employed a minimum of 20 hours per week or participating in a State or federally financed work study program during the regular school year;
- (5) is—
- (A) a parent with responsibility for the care of a dependent child under age 6; or
- (B) a parent with responsibility for the care of a dependent child above the age of 5 and under the age of 12 for whom adequate child care is not available to enable the individual to attend class and satisfy the requirements of paragraph (4);
- (6) is receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);
- (7) is so enrolled as a result of participation in the work incentive program under title IV of the Social Security Act or its successor programs; or
- (8) is enrolled full-time in an institution of higher education, as determined by the institution, and is a single parent with responsibility for the care of a dependent child under age 12.

(f)⁶⁻⁶ No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household unless he or she is (1) a resident of the United States and (2) either (A) a citizen or (B) an alien lawfully admitted for permanent residence as an immigrant as defined by sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)), excluding, among others, alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country; or (C) an alien who entered the United States prior to June 30, 1948, or such subsequent date as is enacted by law, has continuously maintained his or her residence in the United States since then, and is not ineligible for citizenship, but who is deemed to be lawfully admitted for permanent residence as a result of an exercise of discretion by the Attorney General pursuant to section 249 of the Immigration and Nationality Act (8 U.S.C. 1259); or (D) an alien who has qualified for conditional entry pursuant to sections 207 and 208 of the Immigration and Nationality Act (8 U.S.C. 1157 and 1158); or (E) an

⁶⁻⁶Section 213A of the Immigration and Nationality Act (8 U.S.C. 1138a) requires reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support.

Section 402(a)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)) provides that certain aliens are not eligible for, inter alia, the food stamp program. Section 402(a)(2) of that Act provides certain exceptions to the prohibition for, inter alia, aliens with respect to the food stamp program.

Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)(D)) provides a 5-year limited eligibility of qualified aliens for Federal means-tested public benefits.

Section 436 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1646) provides that an alien who under the provisions of title IV of that Act is ineligible for benefits under the food stamp program shall not be eligible for such benefits because the alien receives benefits under the supplemental security income program.

alien who is lawfully present in the United States as a result of an exercise of discretion by the Attorney General for emergent reasons or reasons deemed strictly in the public interest pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)); or (F) an alien within the United States as to whom the Attorney General has withheld deportation pursuant to section 243 of the Immigration and Nationality Act (8 U.S.C. 1253(h)). No aliens other than the ones specifically described in clauses (B) through (F) of this subsection shall be eligible to participate in the food stamp program as a member of any household.⁶⁻⁷ The income (less, at State option, a pro rata share) and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection shall be considered in determining the eligibility and the value of the allotment of the household of which such individual is a member.

(g) No individual who receives supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)], State supplementary payments described in section 1616 of such Act [(42 U.S.C. 1382e)], or payments of the type referred to in section 212(a) of Public Law 93-66, as amended [(42 U.S.C. 1382 note)], shall be considered to be a member of a household for any month, if, for such month, such individual resides in a State which provides State supplementary payments (1) of the type described in section 1616(a) of the Social Security Act [(42 U.S.C. 1382e(a))] and section 212(a) of Public Law 93-66 [(42 U.S.C. 1382 note)], and (2) the level of which has been found by the Commissioner of Social Security to have been specifically increased so as to include the bonus value of food stamps.

(h) No household that knowingly transfers assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for a period of up to one year from the date of discovery of the transfer.

(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.

⁶⁻⁷Section 245A(h)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1255(h)(1)(A)(iii)) makes certain aliens granted lawful temporary resident status temporarily ineligible for assistance under the food stamp program.

(j) **DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.**—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.

(k) **DISQUALIFICATION OF FLEEING FELONS.**—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

(2) violating a condition of probation or parole imposed under a Federal or State law.

(l) ⁶⁻⁸ **CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.**—

(1) **IN GENERAL.**—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as “the individual”) who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

(A) in establishing the paternity of the child (if the child is born out of wedlock); and

(B) in obtaining support for—

(i) the child; or

(ii) the individual and the child.

(2) **GOOD CAUSE FOR NONCOOPERATION.**—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

⁶⁻⁸ Section 454(4)(A)(i)(IV) of the Social Security Act (42 U.S.C. 654(4)(A)(i)(IV)) requires a State to provide services relating to the establishment of paternity or child support obligations with respect to each child for whom cooperation is required pursuant to section 6(1)(1) of this Act. Section 454(29) of the Social Security Act provides administrative provisions to enforce the requirement.

Section 454(6)(B) of the Social Security Act (42 U.S.C. 654(6)(B)) provides that the general requirement that individuals or States pay an application fee for services related to child and spousal support does not apply, inter alia, to an individual who is required by the State to cooperate with the State agency administering the program under part D of title IV of that Act pursuant to subsection (l) or (m) of section 6 of the Food Stamp Act of 1977.

(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

(m) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as “the individual”) shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

(A) in establishing the paternity of the child (if the child is born out of wedlock); and

(B) in providing support for the child.

(2) REFUSAL TO COOPERATE.—

(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.

(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

(1) IN GENERAL.—At the option of a State agency, no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

(A) a court is allowing the individual to delay payment;

or

(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.

(o)⁶⁻⁹ WORK REQUIREMENT.—

⁶⁻⁹Section 112(b)(8)(A)(iv) of the Workforce Investment Act of 1998 (29 U.S.C. 2822(b)(8)(A)(iv)) requires a State plan to include a description of the procedures that will be taken by the State to assure coordination of and avoid duplication among the work programs authorized under this subsection.

Section 121(b)(2)(B)(iii) of the Workforce Investment Act of 1998 (29 U.S.C. 2841(b)(2)(B)(iii)) permit an entity that carries out a program authorized under this subsection to make certain services available through a one-stop delivery system, if the local board and chief elected official involved approve such participation.

Section 501(b)(2)(F) of the Workforce Investment Act of 1998 (20 U.S.C. 9271(b)(2)(F)) permit a State to develop and submit to the appropriate Secretaries a State unified plan for 2 or more of specified activities or programs, including programs authorized under this subsection.

(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term “work program” means—

(A) a program under the ⁶⁻¹⁰ title I of the Workforce Investment Act of 1998 [(29 U.S.C. 2801 et seq.)];

(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); and

(C) a program of employment and training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

(2) WORK REQUIREMENT.—Subject to the other provisions of this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 36-month period, ⁶⁻¹¹ the individual received food stamp benefits for not less than 3 months (consecutive or otherwise) during which the individual did not—

(A) work 20 hours or more per week, averaged monthly;

(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency;

(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State; or

(D) receive benefits pursuant to paragraph (3), (4), (5), or (6).

(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

(A) under 18 or over 50 years of age;

(B) medically certified as physically or mentally unfit for employment;

(C) a parent or other member of a household with responsibility for a dependent child;

(D) otherwise exempt under subsection (d)(2); or

(E) a pregnant woman.

(4) WAIVER.—

(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

(i) has an unemployment rate of over 10 percent;

or

(ii) does not have a sufficient number of jobs to provide employment for the individuals.

⁶⁻¹⁰ Effective July 1, 1999, section 405(f)(2)(B)(iii) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999, P.L. 105-277, 112 Stat. 2681-429, Oct. 21, 1998, amended this subparagraph by striking “Job Training Partnership Act or”.

⁶⁻¹¹ Section 824(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193; 7 U.S.C. 2015 note) provides that the term “preceding 36-month period” in this subsection, does not include, with respect to a State, any period before the earlier of—

(1) the date the State notifies recipients of food stamp benefits of the application of this subsection; or

(2) the date that is 3 months after the date of enactment of the Act [August 22, 1996].

(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(5) SUBSEQUENT ELIGIBILITY.—

(A) REGAINING ELIGIBILITY.—An individual denied eligibility under paragraph (2) shall regain eligibility to participate in the food stamp program if, during a 30-day period, the individual—

(i) works 80 or more hours;

(ii) participates in and complies with the requirements of a work program for 80 or more hours, as determined by a State agency; or

(iii) participates in and complies with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

(B) MAINTAINING ELIGIBILITY.—An individual who regains eligibility under subparagraph (A) shall remain eligible as long as the individual meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

(C) LOSS OF EMPLOYMENT.—

(i) IN GENERAL.—An individual who regained eligibility under subparagraph (A) and who no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2) shall remain eligible for a consecutive 3-month period, beginning on the date the individual first notifies the State agency that the individual no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

(ii) LIMITATION.—An individual shall not receive any benefits pursuant to clause (i) for more than a single 3-month period in any 36-month period.

(6) 15-PERCENT EXEMPTION.—

(A) DEFINITIONS.—In this paragraph:

(i) CASELOAD.—The term “caseload” means the average monthly number of individuals receiving food stamps during the 12-month period ending the preceding June 30.

(ii) COVERED INDIVIDUAL.—The term “covered individual” means a food stamp recipient, or an individual denied eligibility for food stamp benefits solely due to paragraph (2), who—

(I) is not eligible for an exception under paragraph (3);

(II) does not reside in an area covered by a waiver granted under paragraph (4);

(III) is not complying with subparagraph (A), (B), or (C) of paragraph (2);

(IV) is not receiving food stamp benefits during the 3 months of eligibility provided under paragraph (2); and

(V) is not receiving food stamp benefits under paragraph (5).

(B) GENERAL RULE.—Subject to subparagraphs (C) through (G), a State agency may provide an exemption from the requirements of paragraph (2) for covered individuals.

(C) FISCAL YEAR 1998.—Subject to subparagraphs (E) and (G), for fiscal year 1998, a State agency may provide a number of exemptions such that the average monthly number of the exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State in fiscal year 1998, as estimated by the Secretary, based on the survey conducted to carry out section 16(c) for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

(D) SUBSEQUENT FISCAL YEARS.—Subject to subparagraphs (E) through (G), for fiscal year 1999 and each subsequent fiscal year, a State agency may provide a number of exemptions such that the average monthly number of the exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State, as estimated by the Secretary under subparagraph (C), adjusted by the Secretary to reflect changes in the State's caseload and the Secretary's estimate of changes in the proportion of food stamp recipients covered by waivers granted under paragraph (4).

(E) CASELOAD ADJUSTMENTS.—The Secretary shall adjust the number of individuals estimated for a State under subparagraph (C) or (D) during a fiscal year if the number of food stamp recipients in the State varies from the State's caseload by more than 10 percent, as determined by the Secretary.

(F) EXEMPTION ADJUSTMENTS.—During fiscal year 1999 and each subsequent fiscal year, the Secretary shall increase or decrease the number of individuals who may be granted an exemption by a State agency under this paragraph to the extent that the average monthly number of exemptions in effect in the State for the preceding fiscal year under this paragraph is lesser or greater than the average monthly number of exemptions estimated for the State agency for such preceding fiscal year under this paragraph.

(G) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph.

(7) OTHER PROGRAM RULES.—Nothing in this subsection shall make an individual eligible for benefits under this Act if the individual is not otherwise eligible for benefits under the other provisions of this Act.

ISSUANCE AND USE OF COUPONS

SEC. 7. [7 U.S.C. 2016] (a) Coupons shall be printed under such arrangements and in such denominations as may be determined by the Secretary to be necessary, and (except as provided in subsection (j)) shall be issued only to households which have been duly certified as eligible to participate in the food stamp program.

(b) Coupons issued to eligible households shall be used by them only to purchase food in retail food stores which have been approved for participation in the food stamp program at prices prevailing in such stores: *Provided*, That nothing in this Act shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores: *Provided further*, That eligible households using coupons to purchase food may receive cash in change therefor so long as the cash received does not equal or exceed the value of the lowest coupon denomination issued.

(c) Coupons issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose and define their denomination. The name of any public official shall not appear on such coupons.

(d) The Secretary shall develop an appropriate procedure for determining and monitoring the level of coupon inventories in the hands of coupon issuers for the purpose of providing that such inventories are at proper levels (taking into consideration the historical and projected volume of coupon distribution by such issuers). Such procedures shall provide that coupon inventories in the hands of such issuers are not in excess of the reasonable needs of such issuers taking into consideration the ease with which such coupon inventories may be resupplied. The Secretary shall require each coupon issuer at intervals prescribed by the Secretary, but not less often than monthly, to send to the Secretary or the Secretary's designee, which may include the State agency, a written report of the issuer's operations during such period. In addition to other information deemed by the Secretary to be appropriate, the Secretary shall require that the report contain an oath, or affirmation, signed by the coupon issuer, or in the case of a corporation or other entity not a natural person, by an appropriate official of the coupon issuer, certifying that the information contained in the report is true and correct to the best of such person's knowledge and belief.

(e) The Secretary shall prescribe appropriate procedures for the delivery of coupons to coupon issuers and for the subsequent controls to be placed over such coupons by coupon issuers in order to ensure adequate accountability.

(f) Notwithstanding any other provision of this Act, the State agency shall be strictly liable to the Secretary for any financial losses involved in the acceptance, storage and issuance of coupons, including any losses involving failure of a coupon issuer to comply with the requirements specified in section 11(e)(20),⁷⁻¹ except that in the case of losses resulting from the issuance and replacement of authorizations for coupons and allotments which are sent through the mail, the State agency shall be liable to the Secretary to the extent prescribed in the regulations promulgated by the Secretary.

(g)(1) If the Secretary determines, in consultation with the Inspector General of the Department of Agriculture, that it would improve the integrity of the food stamp program, the Secretary shall require a State agency—

(A) to issue or deliver coupons using alternative methods, including an automatic data processing and information retrieval system; or

⁷⁻¹ So in original. Probably, "section 11(e)(20)" should be "section 11(e)(19)".

(B) to issue, in lieu of coupons, reusable documents to be used as part of an automatic data processing and information retrieval system and to be presented by, and returned to, recipients at retail food stores for the purpose of purchasing food.

(2) The cost of documents or systems that may be required pursuant to this subsection may not be imposed upon a retail food store participating in the food stamp program.

(h)(1) The State agency may establish a procedure for staggering the issuance of coupons to eligible households throughout the month. Upon the request of the tribal organization that exercises governmental jurisdiction over the reservation, the State agency shall stagger the issuance of benefits for eligible households located on reservations for at least 15 days of a month.

(2) Any procedure established under paragraph (1) shall not reduce the allotment of any household and shall ensure that no household experiences an interval between issuances of more than 40 days. The procedure may include issuing a household's benefits in more than one issuance.

(i)⁷⁻² ELECTRONIC BENEFIT TRANSFERS.—

(1) IN GENERAL.—

(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) or 26 are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

(B) TIMELY IMPLEMENTATION.—Each State agency is encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

- (i) commercial electronic funds transfer technology;
- (ii) the need to permit interstate operation and law enforcement monitoring; and
- (iii) the need to permit monitoring and investigations by authorized law enforcement agencies.

(2) The Secretary shall issue final regulations that establish standards for the approval of such a system. The standards shall include—

(A) determining the cost-effectiveness of the system to ensure that its operational cost, including the pro rata cost of capital expenditures and other reasonable startup costs, does not exceed the operational cost of issuance systems in use prior to the implementation of the electronic benefit transfer system;

⁷⁻²Section 825(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193; 110 Stat. 2324) provides that it is the sense of Congress that a State that operates an electronic benefit transfer system under this Act should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

(B) defining the required level of recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

(C) the terms and conditions of participation by retail food stores, financial institutions, and other appropriate parties;

(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

(ii) effective not later than 2 years after the date of enactment of this clause [August 22, 1996], to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment;

(E) system transaction interchange, reliability, and processing speeds;

(F) financial accountability;

(G) the required testing of system operations prior to implementation;

(H) the analysis of the results of system implementation in a limited project area prior to expansion; and

(I) procurement standards.

(3) In the case of a system described in paragraph (1) in which participation is not optional for households, the Secretary shall not approve such a system unless—

(A) a sufficient number of eligible retail food stores, including those stores able to serve minority language populations, have agreed to participate in the system throughout the area in which it will operate to ensure that eligible households will not suffer a significant reduction in their choice of retail food stores or a significant increase in the cost of food or transportation to participating food stores; and

(B) any special equipment necessary to allow households to purchase food with the benefits issued under this Act is operational—

(i) in the case of a participating retail food store in which coupons are used to purchase 15 percent or more of the total dollar amount of food sold by the store (as determined by the Secretary), at all registers in the store; and

(ii) in the case of other participating stores, at a sufficient number of registers to provide service that is comparable to service provided individuals who are not members of food stamp households, as determined by the Secretary.

(4) Administrative costs incurred in connection with activities under this subsection shall be eligible for reimbursement in accordance with section 16, subject to the limitations in section 16(g).

(5) The Secretary shall periodically inform State agencies of the advantages of using electronic benefit systems to issue benefits in accordance with this subsection in lieu of issuing coupons to households.

(6) This subsection shall not diminish the authority of the Secretary to conduct projects to test automated or electronic benefit delivery systems under section 17(f).

(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based food stamp issuance system.

(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.

(10) APPLICABLE LAW.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

(11) APPLICATION OF ANTI-TYING RESTRICTIONS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

(A) DEFINITIONS.—In this paragraph:

(i) AFFILIATE.—The term “affiliate” has the meaning provided the term in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k)).

(ii) COMPANY.—The term “company” has the meaning provided the term in section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971), but shall not include a bank, a bank holding company, or any subsidiary of a bank holding company.

(iii) ELECTRONIC BENEFIT TRANSFER SERVICE.—The term “electronic benefit transfer service” means the processing of electronic transfers of household benefits, determined under section 8(a) or 26, if the benefits are—

(I) issued from and stored in a central databank;

(II) electronically accessed by household members at the point of sale; and

(III) provided by a Federal or State government.

(iv) POINT-OF-SALE SERVICE.—The term “point-of-sale service” means any product or service related to the electronic authorization and processing of payments for merchandise at a retail food store, including credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.

(B) RESTRICTIONS.—A company may not sell or provide electronic benefit transfer services, or fix or vary the con-

sideration for electronic benefit transfer services, on the condition or requirement that the customer—

(i) obtain some additional point-of-sale service from the company or an affiliate of the company; or

(ii) not obtain some additional point-of-sale service from a competitor of the company or competitor of any affiliate of the company.

(C) CONSULTATION WITH THE FEDERAL RESERVE BOARD.—Before promulgating regulations or interpretations of regulations to carry out this paragraph, the Secretary shall consult with the Board of Governors of the Federal Reserve System.

(j) STATE OPTION TO ISSUE BENEFITS TO CERTAIN INDIVIDUALS MADE INELIGIBLE BY WELFARE REFORM.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State agency may, with the approval of the Secretary, issue benefits under this Act to an individual who is ineligible to participate in the food stamp program solely as a result of section 6(o)(2) of this Act or section 402 or 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612 or 1613).

(2) STATE PAYMENTS TO SECRETARY.—

(A) IN GENERAL.—Not later than the date the State agency issues benefits to individuals under this subsection, the State agency shall pay the Secretary, in accordance with procedures established by the Secretary, an amount that is equal to—

(i) the value of the benefits; and

(ii) the costs of printing, shipping, and redeeming coupons, and other Federal costs, incurred in providing the benefits, as determined by the Secretary.

(B) CREDITING.—Notwithstanding section 3302(b) of title 31, United States Code, payments received under subparagraph (A) shall be credited to the food stamp program appropriation account or the account from which the costs were drawn, as appropriate, for the fiscal year in which the payment is received.

(3) REPORTING.—To be eligible to issue benefits under this subsection, a State agency shall comply with reporting requirements established by the Secretary to carry out this subsection.

(4) PLAN.—To be eligible to issue benefits under this subsection, a State agency shall—

(A) submit a plan to the Secretary that describes the conditions and procedures under which the benefits will be issued, including eligibility standards, benefit levels, and the methodology the State agency will use to determine amounts due the Secretary under paragraph (2); and

(B) obtain the approval of the Secretary for the plan.

(5) VIOLATIONS.—A sanction, disqualification, fine, or other penalty prescribed under Federal law (including sections 12 and 15) shall apply to a violation committed in connection with a coupon issued under this subsection.

(6) INELIGIBILITY FOR ADMINISTRATIVE REIMBURSEMENT.—Administrative and other costs incurred in issuing a benefit under this subsection shall not be eligible for Federal funding under this Act.

(7) EXCLUSION FROM ENHANCED PAYMENT ACCURACY SYSTEMS.—Section 16(c) shall not apply to benefits issued under this subsection.

(k)⁷⁻³ INTEROPERABILITY AND PORTABILITY OF ELECTRONIC BENEFIT TRANSFER TRANSACTIONS.—

(1) DEFINITIONS.—In this subsection:

(A) ELECTRONIC BENEFIT TRANSFER CARD.—The term “electronic benefit transfer card” means a card that provides benefits under this Act through an electronic benefit transfer service (as defined in subsection (i)(11)(A)).

(B) ELECTRONIC BENEFIT TRANSFER CONTRACT.—The term “electronic benefit transfer contract” means a contract that provides for the issuance, use, or redemption of coupons in the form of electronic benefit transfer cards.

(C) INTEROPERABILITY.—The term “interoperability” means a system that enables a coupon issued in the form of an electronic benefit transfer card to be redeemed in any State.

(D) INTERSTATE TRANSACTION.—The term “interstate transaction” means a transaction that is initiated in 1 State by the use of an electronic benefit transfer card that is issued in another State.

(E) PORTABILITY.—The term “portability” means a system that enables a coupon issued in the form of an electronic benefit transfer card to be used in any State by a household to purchase food at a retail food store or wholesale food concern approved under this Act.

(F) SETTLING.—The term “settling” means movement, and reporting such movement, of funds from an electronic benefit transfer card issuer that is located in 1 State to a retail food store, or wholesale food concern, that is located in another State, to accomplish an interstate transaction.

(G) SMART CARD.—The term “smart card” means an intelligent benefit card described in section 17(f).

(H) SWITCHING.—The term “switching” means the routing of an interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an electronic benefit transfer card in 1 State to the issuer of the card that is in another State.

(2) REQUIREMENT.—Not later than October 1, 2002, the Secretary shall ensure that systems that provide for the electronic issuance, use, and redemption of coupons in the form of electronic benefit transfer cards are interoperable, and food stamp benefits are portable, among all States.

(3) COST.—The cost of achieving the interoperability and portability required under paragraph (2) shall not be imposed on any food stamp retail store, or any wholesale food concern, approved to participate in the food stamp program.

⁷⁻³Section 2 of the Electronic Benefit Transfer Interoperability and Portability Act of 2000 (P.L. 106-171; Feb. 11, 2000) states the purposes of that Act relating to the food stamp program.

Section 4 of the Electronic Benefit Transfer Interoperability and Portability Act of 2000 (P.L. 106-171; Feb. 11, 2000) requires the Secretary, not later than 1 year after the date of enactment of that Act, to study and report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on alternatives for handling interstate electronic benefit transactions involving food stamp benefits provided under this Act, including the feasibility and desirability of a single hub for switching (as defined in paragraph (1) of this subsection).

(4) STANDARDS.—Not later than 210 days after the date of enactment of this subsection, the Secretary shall promulgate regulations that—

(A) adopt a uniform national standard of interoperability and portability required under paragraph (2) that is based on the standard of interoperability and portability used by a majority of State agencies; and

(B) require that any electronic benefit transfer contract that is entered into 30 days or more after the regulations are promulgated, by or on behalf of a State agency, provide for the interoperability and portability required under paragraph (2) in accordance with the national standard.

(5) EXEMPTIONS.—

(A) CONTRACTS.—The requirements of paragraph (2) shall not apply to the transfer of benefits under an electronic benefit transfer contract before the expiration of the term of the contract if the contract—

(i) is entered into before the date that is 30 days after the regulations are promulgated under paragraph (4); and

(ii) expires after October 1, 2002.

(B) WAIVER.—At the request of a State agency, the Secretary may provide 1 waiver to temporarily exempt, for a period ending on or before the date specified under clause (iii), the State agency from complying with the requirements of paragraph (2), if the State agency—

(i) establishes to the satisfaction of the Secretary that the State agency faces unusual technological barriers to achieving by October 1, 2002, the interoperability and portability required under paragraph (2);

(ii) demonstrates that the best interest of the food stamp program would be served by granting the waiver with respect to the electronic benefit transfer system used by the State agency to administer the food stamp program; and

(iii) specifies a date by which the State agency will achieve the interoperability and portability required under paragraph (2).

(C) SMART CARD SYSTEMS.—The Secretary shall allow a State agency that is using smart cards for the delivery of food stamp program benefits to comply with the requirements of paragraph (2) at such time after October 1, 2002, as the Secretary determines that a practicable technological method is available for interoperability with electronic benefit transfer cards.

(6) FUNDING.—

(A) IN GENERAL.—In accordance with regulations promulgated by the Secretary, the Secretary shall pay 100 percent of the costs incurred by a State agency under this Act for switching and settling interstate transactions—

(i) incurred after the date of enactment of this subsection and before October 1, 2002, if the State agency uses the standard of interoperability and portability adopted by a majority of State agencies; and

(ii) incurred after September 30, 2002, if the State agency uses the uniform national standard of inter-

operability and portability adopted under paragraph (4)(A).

(B) LIMITATION.—The total amount paid to State agencies for each fiscal year under subparagraph (A) shall not exceed \$500,000.

VALUE OF ALLOTMENT

SEC. 8. [7 U.S.C. 2017] (a) The value of the allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be equal to the cost to such households of the thrifty food plan reduced by an amount equal to 30 per centum of the household's income, as determined in accordance with section 5 (d) and (e) of this Act, rounded to the nearest lower whole dollar: *Provided*, That for households of one and two persons the minimum allotment shall be \$10 per month.

(b) The value of benefits that may be provided under this Act, whether through coupons, access devices, or otherwise⁸⁻¹ shall not be considered income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of benefits under this Act.⁸⁻²

(c)(1) The value of the allotment issued to any eligible household for the initial month or other initial period for which an allotment is issued shall have a value which bears the same ratio to the value of the allotment for a full month or other initial period for which the allotment is issued as the number of days (from the date of application) remaining in the month or other initial period for which the allotment is issued bears to the total number of days in the month or other initial period for which the allotment is issued, except that no allotment may be issued to a household for the initial month or period if the value of the allotment which such household would otherwise be eligible to receive under this subsection is less than \$10. Households shall receive full months' allotments for all months within a certification period, except as provided in the first sentence of this paragraph with respect to an initial month.

(2) As used in this subsection, the term "initial month" means (A) the first month for which an allotment is issued to a household, (B) the first month for which an allotment is issued to a household following any period in which such household was not participating in the food stamp program under this Act after the expiration of a certification period or after the termination of the certification of a household, during a certification period, when the household ceased to be eligible after notice and an opportunity for a hearing under section 11(e)(10), and (C) in the case of a migrant or seasonal farmworker household, the first month for which allotment is issued to a household that applies following any period of more than 30 days

⁸⁻¹ So in original (see section 909 of P.L. 102-237). Probably should be a comma after "otherwise".

⁸⁻² Section 212(a)(3)(B)(i) of the Act entitled "An Act to extend the Renegotiation Act of 1951 for one year, and for other purposes", approved July 9, 1973 (Public Law 93-66; 42 U.S.C. 1382 note), uses the bonus value of food stamps to determine the amount of mandatory minimum State supplementation of SSI.

Section 401(b) (1) and (3) of the Social Security Amendments of 1972 (Public Law 92-603; 42 U.S.C. 1382e note) uses the bonus value of food stamps to determine the limitation on the fiscal liability of States for payments made under an SSI agreement.

in which such household was not participating in the food stamp program after previous participation in such program.

(3) **OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.**—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.

(d)⁸⁻³ **REDUCTION OF PUBLIC ASSISTANCE BENEFITS.**—

(1) **IN GENERAL.**—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

(B) the State agency may reduce the allotment of the household by not more than 25 percent.

(2) **RULES AND PROCEDURES.**—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the food stamp program.

(e) **ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.**—

(1) **IN GENERAL.**—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

(B) the individual, if the individual leaves the center.

(2) **DIRECT PAYMENT.**—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.

APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 9.⁹⁻¹ **[7 U.S.C. 2018]** (a)(1) Regulations issued pursuant to this Act shall provide for the submission of applications for ap-

⁸⁻³ Section 911 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 608a) provides that if an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated (including the food stamp program) as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

⁹⁻¹ Section 17(n) of the Child Nutrition Act of 1966 (42 U.S.C. 1786) requires the Secretary to issue regulations providing criteria for the disqualification under section 17 of the Act of an approved vendor that is disqualified from accepting benefits under the food stamp program.

proval by retail food stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under the food stamp program and for the approval of those applicants whose participation will effectuate the purposes of the food stamp program. In determining the qualifications of applicants, there shall be considered among such other factors as may be appropriate, the following: (A) the nature and extent of the food business conducted by the applicant; (B) the volume of coupon business which may reasonably be expected to be conducted by the applicant food store or wholesale food concern; and (C) the business integrity and reputation of the applicant. Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval. No retail food store or wholesale food concern of a type determined by the Secretary, based on factors that include size, location, and type of items sold, shall be approved to be authorized or reauthorized for participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.

(2) The Secretary shall issue regulations providing for—

(A) the periodic reauthorization of retail food stores and wholesale food concerns; and

(B) periodic notice to participating retail food stores and wholesale food concerns of the definitions of “retail food store”, “staple foods”, “eligible foods”, and “perishable foods”.

(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.

(b)(1) No wholesale food concern may be authorized to accept and redeem coupons unless the Secretary determines that its participation is required for the effective and efficient operation of the food stamp program. No co-located wholesale-retail food concern may be authorized to accept and redeem coupons as a retail food store, unless (A) the concern does a substantial level of retail food business, or (B) the Secretary determines that failure to authorize such a food concern as a retail food store would cause hardship to food stamp households. In addition, no firm may be authorized to accept and redeem coupons as both a retail food store and as a wholesale food concern at the same time.

(2)(A) A buyer or transferee (other than a bona fide buyer or transferee) of a retail food store or wholesale food concern that has been disqualified under section 12(a) may not accept or redeem coupons until the Secretary receives full payment of any penalty imposed on such store or concern.

(B) A buyer or transferee may not, as a result of the sale or transfer of such store or concern, be required to furnish a bond under section 12(d).

(c) Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern to submit information, which may include relevant income and sales tax filing documents, which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval

under the provisions of this Act or the regulations issued pursuant to this Act. The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified. Regulations issued pursuant to this Act shall provide for safeguards which limit the use or disclosure of information obtained under the authority granted by this subsection to purposes directly connected with administration and enforcement of the provisions of this Act or the regulations issued pursuant to this Act, except that such information may be disclosed to any used by Federal law enforcement and investigative agencies and law enforcement and investigative agencies of a State government for the purposes of administering or enforcing this Act or any other Federal or State law and the regulations issued under this Act or such law, and State agencies that administer the special supplemental nutrition program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act. Any person who publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by Federal law (including a regulation) any information obtained under this subsection shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both. The regulations shall establish the criteria to be used by the Secretary to determine whether the information is needed. The regulations shall not prohibit the audit and examination of such information by the Comptroller General of the United States authorized by any other provision of law.

(d) Any retail food store or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in section 14 of this Act. A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.

(e) Approved retail food stores shall display a sign providing information on how persons may report abuses they have observed in the operation of the food stamp program.

(f) In those areas in which the Secretary, in consultation with the Inspector General of the Department of Agriculture, finds evidence that the operation of house-to-house trade routes damages the program's integrity, the Secretary shall limit the participation of house-to-house trade routes to those routes that are reasonably necessary to provide adequate access to households.

(g) In an area in which the Secretary, in consultation with the Inspector General of the Department of Agriculture, finds evidence that the participation of an establishment or shelter described in section 3(g)(9) damages the program's integrity, the Secretary shall limit the participation of such establishment or shelter in the food

stamp program, unless the establishment or shelter is the only establishment or shelter serving the area.⁹⁻²

REDEMPTION OF COUPONS

SEC. 10. [7 U.S.C. 2019] Regulations issued pursuant to this Act shall provide for the redemption of coupons accepted by retail food stores through approved wholesale food concerns or through financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation,¹⁰⁻¹ or which are insured under the Federal Credit Union Act [(12 U.S.C. 1751 et seq.)] and have retail food stores or wholesale food concerns in their field of membership, with the cooperation of the Treasury Department, except that retail food stores defined in section 3(k)(4) of this Act shall be authorized to redeem their members' food coupons prior to receipt by the members of the food so purchased, and publicly operated community mental health centers or private nonprofit organizations or institutions which serve meals to narcotics addicts or alcoholics in drug addiction or alcoholic treatment and rehabilitation programs, public and private nonprofit shelters that prepare and serve meals for battered women and children, public or private nonprofit group living arrangements that serve meals to disabled or blind residents, and public or private nonprofit establishments, or public or private nonprofit shelters that feed individuals who do not reside in permanent dwellings and individuals who have no fixed mailing addresses¹⁰⁻² shall not be authorized to redeem coupons through financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation¹⁰⁻³ or the Federal Credit Union Act. No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.

ADMINISTRATION

SEC. 11. [7 U.S.C. 2020] (a) The State agency of each participating State shall assume responsibility for the certification of applicant households and for the issuance of coupons and the control and accountability thereof. There shall be kept such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act. Such records shall be available for inspection and audit at any reasonable time and shall be preserved for such period of time, not less than three years, as may be specified in the regulations issued pursuant to this Act.

⁹⁻²Section 11002(d) of the Homeless Eligibility Clarification Act (P.L. 99-570) added subsection (g). Section 11002(f) of such Act (7 U.S.C. 2012 note) provides that the amendments made by section 11002(d) of such Act shall cease to be effective after September 30, 1990.

¹⁰⁻¹The Federal Savings and Loan Insurance Corporation was abolished by section 401(a)(1) of Public Law 101-73, 103 Stat. 354, August 9, 1989.

¹⁰⁻²Section 11002(e) of the Homeless Eligibility Clarification Act (P.L. 99-570) added “, and public or private nonprofit establishments, or public or private nonprofit shelters that feed individuals who do not reside in permanent dwellings and individuals who have no fixed mailing addresses” to this sentence. Section 11002(f) of such Act (7 U.S.C. 2012 note) provides that the amendments made by section 11002(e) of such Act shall cease to be effective after September 30, 1990.

¹⁰⁻³See note 10-1.

(b) When a State agency learns, through its own reviews under section 16 or other reviews, or through other sources, that it has improperly denied, terminated, or underissued benefits to an eligible household, the State agency shall promptly restore any improperly denied benefits to the extent required by sections 11(e)(11) and 14(b), and shall take other steps to prevent a recurrence of such errors where such error was caused by the application of State agency practices, rules or procedures inconsistent with the requirements of this Act or with regulations or policies of the Secretary issued under the authority of this Act.

(c) In the certification of applicant households for the food stamp program, there shall be no discrimination by reason of race, sex, religious creed, national origin, or political beliefs.

(d) The State agency (as defined in section 3(n)(1) of this Act) of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State in every political subdivision. The Secretary may not, as a part of the approval process for a plan of operation, require a State to submit for prior approval by the Secretary the State agency instructions to staff, interpretations of existing policy, State agency methods of administration, forms used by the State agency, or any materials, documents, memoranda, bulletins, or other matter, unless the State determines that the materials, documents, memoranda, bulletins, or other matter alter or amend the State plan of operation or conflict with the rights and levels of benefits to which a household is entitled. In the case of all or part of an Indian reservation, the State agency as defined in section 3(n)(1) of this Act shall be responsible for conducting such program on such reservation unless the Secretary determines that the State agency (as defined in section 3(n)(1) of this Act) is failing, subsequent to the enactment of this Act [Amendatory Act enacted on September 29, 1977.], properly to administer such program on such reservation in accordance with the purposes of this Act and further determines that the State agency as defined in section 3(n)(2) of this Act is capable of effectively and efficiently conducting such program, in light of the distance of the reservation from State agency-operated certification and issuance centers, the previous experience of such tribal organization in the operation of programs authorized under the Indian Self-Determination Act (25 U.S.C. 450) and similar Acts of Congress, the tribal organization's management and fiscal capabilities, and the adequacy of measures taken by the tribal organization to ensure that there shall be no discrimination in the operation of the program on the basis of race, color, sex, or national origin, in which event such State agency shall be responsible for conducting such program and submitting for approval a plan of operation specifying the manner in which such program will be conducted. The Secretary, upon the request of a tribal organization, shall provide the designees of such organization with appropriate training and technical assistance to enable them to qualify as expeditiously as possible as a State agency pursuant to section 3(n)(2) of this Act. A State agency, as defined in section 3(n)(1) of this Act, before it submits its plan of operation to the Secretary for the administration of the food stamp program on all or part of an Indian reservation, shall consult in good faith with the tribal organization about that portion of the State's plan of operation pertaining to the implemen-

tation of the program for members of the tribe, and shall implement the program in a manner that is responsive to the needs of the Indians on the reservation as determined by ongoing consultation with the tribal organization.

(e) The State plan of operation required under subsection (d) of this section shall provide, among such other provisions as may be required by regulation—

(1) that the State agency shall (A) at the option of the State agency, inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the food stamp program; and¹¹⁻¹ (B) use appropriate bilingual personnel and printed material in the administration of the program in those portions of political subdivisions in the State in which a substantial number of members of low-income households speak a language other than English;

(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English.

(B) In carrying out subparagraph (A), a State agency—

(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

(ii) shall develop an application containing the information necessary to comply with this Act;

(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

¹¹⁻¹ Section 18(c)(3)(A)(iv) of the National School Lunch Act (42 U.S.C. 1769(c)) provides that food and nutrition services provided under the demonstration program for the prevention of boarder babies required to be conducted by the Secretary under section 18(c) of such Act may include referrals to the food stamp program.

Section 202(a)(20)(A) of the Older Americans Act of 1965 (42 U.S.C. 3012(a)(20)(A)) requires the Administration on Aging to obtain from the Department of Agriculture information explaining the requirements for eligibility to receive benefits under the Food Stamp Act of 1977 and to distribute such information to State agencies, for redistribution to area agencies on aging, to carry out outreach activities and application assistance.

Section 202(a)(23) of the Older Americans Act of 1965 (42 U.S.C. 3012(a)(23)) requires the Administration on Aging to encourage, and provide technical assistance to, States and area agencies on aging to carry out outreach to inform older individuals with greatest economic need who may be eligible to receive, but are not receiving, inter alia, benefits under this Act, of the requirements for eligibility to receive such benefits.

Section 706(a)(3) of the Older Americans Act of 1965 (42 U.S.C. 3058e(a)(3)) requires each State to provide for the establishment of at least one demonstration project for outreach to older individuals with greatest economic need with respect to benefits available under this Act.

Section 741(a)(4)(D) of the Older Americans Act of 1965 (42 U.S.C. 3058k(a)(4)(D)) defines “public benefit”, as used in section 741 of the Older Americans Act of 1965 (relating to State outreach, counseling, and assistance program for insurance and public benefits), as a benefit under the program established under this Act.

Section 705(a)(2)(D) of the Older Americans Act Amendments of 1992 (Public Law 102-375; 42 U.S.C. 3058k note) provides that the purposes of such section is to provide outreach, counseling, and assistance in order to assist older individuals in obtaining benefits under public programs under which the individuals are entitled to benefits, including benefits under the program established under this Act.

(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

(I) the information contained in the application is true; and

(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement;

(3)¹¹⁻² that the State agency shall thereafter promptly determine the eligibility of each applicant household by way of verification of income other than that determined to be excluded by section 5(d) of this Act (in part through the use of the information, if any, obtained under section 16(e) of this Act), household size (in any case such size is questionable), and such other eligibility factors as the Secretary determines to be necessary to implement sections 5 and 6 of this Act, although the State agency may verify prior to certification, whether questionable or not, the size of any applicant household and such other eligibility factors as the State agency determines are necessary, so as to complete certification of and provide an allotment retroactive to the period of application to any eligible household not later than thirty days following its filing of an application, and that the State agency shall provide each applicant household, at the time of application, a clear written statement explaining what acts the household must perform to cooperate in obtaining verification and otherwise completing the application process;

(4) that the State agency shall insure that each participating household receive a notice of expiration of its certification prior to the start of the last month of its certification pe-

¹¹⁻² Section 1137 of the Social Security Act (42 U.S.C. 1320b-7) requires States to use an income and eligibility verification system in the administration of the food stamp program.

The third sentence of section 8(k) of the United States Housing Act of 1937 (42 U.S.C. 1437f(k)) permits the Secretary of Housing and Urban Development to obtain information concerning the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to assure that income data provided to public housing agencies or owners by families applying for or receiving assistance under such section is complete and accurate.

riod advising the household that it must submit a new application in order to renew its eligibility for a new certification period and, further, that each such household which seeks to be certified another time or more times thereafter by filing an application for such recertification no later than fifteen days prior to the day upon which its existing certification period expires shall, if found to be still eligible, receive its allotment no later than one month after the receipt of the last allotment issued to it pursuant to its prior certification, but if such household is found to be ineligible or to be eligible for a smaller allotment during the new certification period it shall not continue to participate and receive benefits on the basis authorized for the preceding certification period even if it makes a timely request for a fair hearing pursuant to paragraph (10) of this subsection: *Provided*, That the timeliness standards for submitting the notice of expiration and filing an application for recertification may be modified by the Secretary in light of sections 5(f)(2) and 6(c) of this Act if administratively necessary;

(5) the specific standards to be used in determining the eligibility of applicant households which shall be in accordance with sections 5 and 6 of this Act and shall include no additional requirements imposed by the State agency;

(6) that—

(A) the State agency shall undertake the certification of applicant households in accordance with the general procedures prescribed by the Secretary in the regulations issued pursuant to this Act; and

(B) the State agency personnel utilized in undertaking such certification shall be employed in accordance with the current standards for a Merit System of Personnel Administration or any standards later prescribed by the Office of Personnel Management pursuant to section 208 of the Intergovernmental Personnel Act of 1970 [(42 U.S.C. 4728)] modifying or superseding such standards relating to the establishment and maintenance of personnel standards on a merit basis;

(7) that an applicant household may be represented in the certification process and that an eligible household may be represented in coupon issuance or food purchase by a person other than a member of the household so long as that person has been clearly designated as the representative of that household for that purpose, by the head of the household or the spouse of the head, and, where the certification process is concerned, the representative is an adult who is sufficiently aware of relevant household circumstances, except that the Secretary may restrict the number of households which may be represented by an individual and otherwise establish criteria and verification standards for representation under this paragraph;

(8) safeguards which limit the use or disclosure of information obtained from applicant households to persons directly connected with the administration or enforcement of the provisions of this Act, regulations issued pursuant to this Act, Federal assistance programs, or federally assisted State programs, except that—

(A) the safeguards shall not prevent the use or disclosure of such information to the Comptroller General of the

United States for audit and examination authorized by any other provision of law;

(B) notwithstanding any other provision of law, all information obtained under this Act from an applicant household shall be made available, upon request, to local, State or Federal law enforcement officials for the purpose of investigating an alleged violation of this Act or any regulation issued under this Act;

(C) the safeguards shall not prevent the use by, or disclosure of such information, to agencies of the Federal Government (including the United States Postal Service) for purposes of collecting the amount of an overissuance of coupons, as determined under section 13(b) of this Act, from Federal pay (including salaries and pensions) as authorized pursuant to section 5514 of title 5 of the United States Code or a Federal income tax refund as authorized by section 3720A of title 31, United States Code;

(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

(i) the member—

(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

(ii) locating or apprehending the member is an official duty; and

(iii) the request is being made in the proper exercise of an official duty; and

(E) the safeguards shall not prevent compliance with paragraph (16) or (20)(B);

(9) that the State agency shall—

(A) provide coupons no later than 7 days after the date of application to any household which—

(i)(I) has gross income that is less than \$150 per month; or

(II) is a destitute migrant or a seasonal farmworker household in accordance with the regulations governing such households in effect July 1, 1982; and

(ii) has liquid resources that do not exceed \$100;

(B) provide coupons no later than 7 days after the date of application to any household that has a combined gross income and liquid resources that is less than the monthly rent, or mortgage, and utilities of the household; and

(C) to the extent practicable, verify the income and liquid resources of a household referred to in subparagraph (A) or (B) prior to issuance of coupons to the household;

(10) for the granting of a fair hearing and a prompt determination thereafter to any household aggrieved by the action of the State agency under any provision of its plan of operation as it affects the participation of such household in the food stamp program or by a claim against the household for an overissuance: *Provided*, That any household which timely requests such a fair hearing after receiving individual notice of agency action reducing or terminating its benefits within the household's certification period shall continue to participate and receive benefits on the basis authorized immediately prior to the notice of adverse action until such time as the fair hearing is completed and an adverse decision rendered or until such time as the household's certification period terminates, whichever occurs earlier, except that in any case in which the State agency receives from the household a written statement containing information that clearly requires a reduction or termination of the household's benefits, the State agency may act immediately to reduce or terminate the household's benefits and may provide notice of its action to the household as late as the date on which the action becomes effective. At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing;

(11) upon receipt of a request from a household, for the prompt restoration in the form of coupons to a household of any allotment or portion thereof which has been wrongfully denied or terminated, except that allotments shall not be restored for any period of time more than one year prior to the date the State agency receives a request for such restoration from a household or the State agency is notified or otherwise discovers that a loss to a household has occurred;

(12) for the submission of such reports and other information as from time to time may be required by the Secretary;

(13) for indicators of expected performance in the administration of the program;

(14) that the State agency shall specify a plan of operation for providing food stamps for households that are victims of a disaster; that such plan shall include, but not be limited to, procedures for informing the public about the disaster program and how to apply for its benefits, coordination with Federal and private disaster relief agencies and local government officials, application procedures to reduce hardship and inconvenience and deter fraud, and instruction of caseworkers in procedures for implementing and operating the disaster program;

(15) that the State agency shall require each household certified as eligible to participate by methods other than the out-of-office methods specified in the fourth sentence of paragraph (2) of this subsection in those project areas or parts of project areas in which the Secretary, in consultation with the Department's Inspector General, finds that it would be useful to protect the program's integrity and would be cost effective, to present a photographic identification card when using its au-

thorization card in order to receive its coupons. The State agency may permit a member of a household to comply with this paragraph by presenting a photographic identification card used to receive assistance under a welfare or public assistance program;

(16) notwithstanding paragraph (8) of this subsection, for the immediate reporting to the Immigration and Naturalization Service by the State agency of a determination by personnel responsible for the certification or recertification of households that any member of a household is ineligible to receive food stamps because that member is present in the United States in violation of the Immigration and Nationality Act [(8 U.S.C. 1101 et seq.)];

(17) at the option of the State agency, for the establishment and operation of an automatic data processing and information retrieval system that meets such conditions as the Secretary may prescribe and that is designed to provide efficient and effective administration of the food stamp program;

(18) at the option of the State agency, that information may be requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137 of the Social Security Act [(42 U.S.C. 1320b-7)] and that any additional information available from agencies administering State unemployment compensation laws under the provisions of section 303(d) of the Social Security Act [(42 U.S.C. 503(d)] may be requested and utilized by the State agency (described in section 3(n)(1) of this Act) to the extent permitted under the provisions of section 303(d) of the Social Security Act;

(19) that, in project areas or parts thereof where authorization cards are used, and eligible households are required to present photographic identification cards in order to receive their coupons, the State agency shall include, in any agreement or contract with a coupon issuer, a provision that (A) the issuer shall (i) require the presenter to furnish a photographic identification card at the time the authorization card is presented, and (ii) record on the authorization card the identification number shown on the photographic identification card; and (B) if the State agency determines that the authorization card has been stolen or otherwise was not received by a household certified as eligible, the issuer shall be liable to the State agency for the face value of any coupons issued in the transaction in which such card is used and the issuer fails to comply with the requirements of clause (A) of this paragraph;

(20) that the State agency shall establish a system and take action on a periodic basis—

(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) pursuant to section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.

(21) the plans of the State agency for carrying out employment and training programs under section 6(d)(4), including the nature and extent of such programs, the geographic areas and households to be covered under such program, and the basis, including any cost information, for exemptions of categories and individuals and for the choice of employment and training program components reflected in the plans;

(22) in a project area in which 5,000 or more households participate in the food stamp program, for the establishment and operation of a unit for the detection of fraud in the food stamp program, including the investigation, and assistance in the prosecution, of such fraud;

(23) at the option of the State, for procedures necessary to obtain payment of uncollected overissuance of coupons from unemployment compensation pursuant to section 13(c);

(24) the guidelines the State agency uses in carrying out section 6(i); and

(25) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

(A) the rules and procedures to be followed by the State agency to determine food stamp benefits;

(B) how the State agency will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

(C) a description of the method by which the State agency will carry out a quality control system under section 16(c).

(f) NUTRITION EDUCATION.—

(1) IN GENERAL.—To encourage the purchase, preparation, and consumption of nutritious foods, the Secretary is authorized to assign responsibility for the nutrition education of individuals eligible for food stamps, or the program for the distribution of commodities on reservations, to the Cooperative Extension Service, in cooperation with the Food and Nutrition Service. State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act and any program established under sections 1584 through 1588 of the Food Security Act of 1985 [99 Stat. 1596; 7 U.S.C. 3175a through 3175e]. At the request of personnel of such education program, State agencies, wherever practicable, shall

allow personnel and information materials of such education program to be placed in food stamp offices.

(2) GRANTS.—

(A) IN GENERAL.—The Secretary shall make available not more than \$600,000 for each of fiscal years 1998 through 2001 to pay the Federal share of grants made to eligible private nonprofit organizations and State agencies to carry out subparagraph (B).

(B) ELIGIBILITY.—A private nonprofit organization or State agency shall be eligible to receive a grant under subparagraph (A) if the organization or agency agrees—

(i) to use the funds to direct a collaborative effort to coordinate and integrate nutrition education into health, nutrition, social service, and food distribution programs for food stamp participants and other low-income households; and

(ii) to design the collaborative effort to reach large numbers of food stamp participants and other low-income households through a network of organizations, including schools, child care centers, farmers' markets, health clinics, and outpatient education services.

(C) PREFERENCE.—In deciding between 2 or more private nonprofit organizations or State agencies that are eligible to receive a grant under subparagraph (B), the Secretary shall give a preference to an organization or agency that conducted a collaborative effort described in subparagraph (B) and received funding for the collaborative effort from the Secretary before the date of enactment of this paragraph.

(D) FEDERAL SHARE.—

(i) IN GENERAL.—Subject to subparagraph (E), the Federal share of a grant under this paragraph shall be 50 percent.

(ii) NO IN-KIND CONTRIBUTIONS.—The non-Federal share of a grant under this paragraph shall be in cash.

(iii) PRIVATE FUNDS.—The non-Federal share of a grant under this paragraph may include amounts from private nongovernmental sources.

(E) LIMIT ON INDIVIDUAL GRANT.—The Federal share of a grant under subparagraph (A) may not exceed \$200,000 for a fiscal year.

(g) If the Secretary determines, upon information received by the Secretary, investigation initiated by the Secretary, or investigation that the Secretary shall initiate upon receiving sufficient information evidencing a pattern of lack of compliance by a State agency of a type specified in this subsection, that in the administration of the food stamp program there is a failure by a State agency without good cause to comply with any of the provisions of this Act, the regulations issued pursuant to this Act, the State plan of operation submitted pursuant to subsection (d) of this section, the State plan for automated data processing submitted pursuant to subsection (o)(2) of this section, or the requirements established pursuant to section 23 of this Act, the Secretary shall immediately inform such State agency of such failure and shall allow the State agency a specified period of time for the correction of such failure. If the State agency does not correct such failure within that specified pe-

riod, the Secretary may refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance forthwith by the State agency and, upon suit by the Attorney General in an appropriate district court of the United States having jurisdiction of the geographic area in which the State agency is located and a showing that noncompliance has occurred, appropriate injunctive relief shall issue, and, whether or not the Secretary refers such matter to the Attorney General, the Secretary shall proceed to withhold from the State such funds authorized under sections 16(a), 16(c), and 16(g) of this Act as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14 of this Act.

(h) If the Secretary determines that there has been negligence or fraud on the part of the State agency in the certification of applicant households, the State shall, upon request of the Secretary, deposit into the Treasury of the United States, a sum equal to the face value of any coupon or coupons issued as a result of such negligence or fraud.

(i) APPLICATION AND DENIAL PROCEDURES.—

(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law, households in which all members are applicants for or recipients of supplemental security income shall be informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office and be certified for eligibility utilizing information contained in files of the Social Security Administration.¹¹⁻³

(2) DENIAL AND TERMINATION.—Except in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.

(j)(1) Any individual who is an applicant for or recipient of supplemental security income or social security benefits (under regulations prescribed by the Secretary in conjunction with the Commissioner of Social Security) shall be informed of the availability of benefits under the food stamp program and informed of the availability of a simple application to participate in such program at the social security office.

(2) The Secretary and the Commissioner of Social Security shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

¹¹⁻³ Section 1631(n) of the Social Security Act (42 U.S.C. 1383(n)) requires the Secretary of Health and Human Services and the Secretary of Agriculture to develop a procedure under which an individual who applies for supplemental security income benefits shall also be permitted to apply at the same time for participation in the food stamp program.

(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

(C) the Commissioner of Social Security receives from the Secretary reimbursement for costs incurred to provide such services.

(k) Subject to the approval of the President, post offices in all or part of the State may issue, upon request by the State agency, food stamps to eligible households.

(l) Whenever the ratio of a State's average food stamp participation in any quarter of a fiscal year to the State's total population in that quarter (estimated on the basis of the latest available population estimates as provided by the Department of Commerce, Bureau of the Census, Series P-25, Current Population Reports (or its successor series)) exceeds 60 per centum, the Office of the Inspector General of the Department of Agriculture shall immediately schedule a financial audit review of a sample of project areas within that State. Any financial audit review subsequent to the first such review, required under the preceding sentence, shall be conducted at the option of the Office of the Inspector General.

(m) The Secretary shall provide for the use of fee agents in rural Alaska. As used in this subsection "fee agent" means a paid agent who, although not a State employee, is authorized by the State to make applications available to low-income households, assist in the completion of applications, conduct required interviews, secure required verification, forward completed applications and supporting documentation to the State agency, and provide other services as required by the State agency. Such services shall not include making final decisions on household eligibility or benefit levels.

(n) The Secretary shall require State agencies to conduct verification and implement other measures where necessary, but no less often than annually, to assure that an individual does not receive both coupons and benefits or payments referred to in section 6(g) or both coupons and assistance provided in lieu of coupons under section 17(b)(1).

(o)(1) The Secretary shall develop, after consultation with, and with the assistance of, an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act [(5 U.S.C. App. 2)], a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than February 1, 1987. The elements of the plan may include intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting. In developing the plan, the Secretary shall take into account automated data processing and information systems already in existence in States and shall provide for consistency with such systems.

(2) Not later than October 1, 1987, each State agency shall develop and submit to the Secretary for approval a plan for the use of an automated data processing and information retrieval system to administer the food stamp program in such State. The State plan shall take into consideration the model plan developed by the Secretary under paragraph (1) and shall provide time frames for completion of various phases of the State plan. If a State agency already has a sufficient automated data processing and information retrieval system, the State plan may, subject to the Secretary's approval, reflect the existing State system.

(3) Not later than April 1, 1988, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program, including State plans submitted under paragraph (2). Such report shall include an analysis of additional steps needed for States to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

(4) Based on the Secretary's findings in such report submitted under paragraph (3), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, except where such direction would displace State initiatives already under way, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.

(5)(A) Subject to subparagraph (B), in the case of a plan for an automated data processing and information retrieval system submitted by a State agency to the Secretary under paragraph (2), such State agency shall—

(i) commence implementation of its plan not later than October 1, 1988; and

(ii) meet the time frames set forth in the plan.

(B) The Secretary shall extend a deadline imposed under subparagraph (A) to the extent the Secretary deems appropriate based on the Secretary's finding of a good faith effort of a State agency to implement its plan in accordance with subparagraph (A).

(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7).

(q) DENIAL OF FOOD STAMPS FOR PRISONERS.—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from participating in the food stamp program as a member of any household.

(r)¹¹⁻⁴ DENIAL OF FOOD STAMPS FOR DECEASED INDIVIDUALS.—Each State agency shall—

¹¹⁻⁴ Effective June 1, 2000, subsection (r) added by section 1(a) of Public Law 105-379, 112 Stat. 3399, Nov. 12, 1998. Section 1(b) of Public Law 105-379, 112 Stat. 3399, Nov.

(1) enter into a cooperative arrangement with the Commissioner of Social Security, pursuant to the authority of the Commissioner under section 205(r)(3) of the Social Security Act (42 U.S.C. 405(r)(3)), to obtain information on individuals who are deceased; and

(2) use the information to verify and otherwise ensure that benefits are not issued to individuals who are deceased.

CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 12. [7 U.S.C. 2021] (a) Any approved retail food store or wholesale food concern may be disqualified for a specified period of time from further participation in the food stamp program, or subjected to a civil money penalty of up to \$10,000 for each violation if the Secretary determines that its disqualification would cause hardship to food stamp households, on a finding, made as specified in the regulations, that such store or concern has violated any of the provisions of this Act or the regulations issued pursuant to this Act. Regulations issued pursuant to this Act shall provide criteria for the finding of a violation and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through a transaction report under an electronic benefit transfer system.

(b) Disqualification under subsection (a) shall be—

(1) for a reasonable period of time, of no less than six months nor more than five years, upon the first occasion of disqualification;

(2) for a reasonable period of time, of no less than twelve months nor more than ten years, upon the second occasion of disqualification;

(3)¹²⁻¹ permanent upon—

(A) the third occasion of disqualification;

(B) the first occasion or any subsequent occasion of a disqualification based on the purchase of coupons or trafficking in coupons or authorization cards by a retail food store or wholesale food concern, except that the Secretary shall have the discretion to impose a civil money penalty of up to \$20,000 for each violation (except that the amount of civil money penalties imposed for violations occurring during a single investigation may not exceed \$40,000) in lieu of disqualification under this subparagraph, for such purchase of coupons or trafficking in coupons or cards that constitutes a violation of the provisions of this Act or the regulations issued pursuant to this Act, if the Secretary determines that there is substantial evidence that such store or food concern had an effective policy and program in ef-

12, 1998, requires the Secretary, not later than September 1, 2000, to submit a report regarding the progress and effectiveness of the cooperative arrangements entered into by State agencies under subsection (r) to certain committees and the Secretary of the Treasury.

¹²⁻¹ Section 1 of the Act entitled “An Act to amend the Hunger Prevention Act of 1988 to make a technical correction”, approved November 5, 1988 (P.L. 100-619) provides that “In section 701(b)(4) strike out ‘and sections 310 through 352’ and insert in lieu thereof ‘sections 310 through 343, and sections 345 through 352.’”, thereby subjecting the amendment made by section 344 to the general effective date of October 1, 1988 prescribed in section 701(a). Section 1 of P.L. 100-619 did not specify which Act was being amended. The amendment was executed to section 701(b)(4) of the Hunger Prevention Act of 1988 to effectuate the probable intent of Congress.

fect to prevent violations of the Act and the regulations, including evidence that—

(i) the ownership of the store or food concern was not aware of, did not approve of, did not benefit from, and was not involved in the conduct of the violation; and

(ii)(I) the management of the store or food concern was not aware of, did not approve of, did not benefit from, and was not involved in the conduct of the violation; or

(II) the management was aware of, approved of, benefited from, or was involved in the conduct of no more than 1 previous violation by the store or food concern; or

(C) a finding of the sale of firearms, ammunition, explosives, or controlled substance (as defined in section 802 of title 21, United States Code) for coupons, except that the Secretary shall have the discretion to impose a civil money penalty of up to \$20,000 for each violation (except that the amount of civil money penalties imposed for violations occurring during a single investigation may not exceed \$40,000) in lieu of disqualification under this subparagraph if the Secretary determines that there is substantial evidence (including evidence that neither the ownership nor management of the store or food concern was aware of, approved, benefited from, or was involved in the conduct or approval of the violation) that the store or food concern had an effective policy and program in effect to prevent violations of this Act; and

(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.

(c) The action of disqualification or the imposition of a civil money penalty shall be subject to review as provided in section 14 of this Act.

(d) As a condition of authorization to accept and redeem coupons, the Secretary may require a retail food store or wholesale food concern which has been disqualified or subjected to a civil penalty pursuant to subsection (a) to furnish a bond to cover the value of coupons which such store or concern may in the future accept and redeem in violation of this Act. The Secretary shall, by regulation, prescribe the amount, terms, and conditions of such bond. If the Secretary finds that such store or concern has accepted and redeemed coupons in violation of this Act after furnishing such bond, such store or concern shall forfeit to the Secretary an amount of such bond which is equal to the value of coupons accepted and redeemed by such store or concern in violation of this Act. Such store or concern may obtain a hearing on such forfeiture pursuant to section 14.

(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a purchaser or transferee, the person or persons who sell or otherwise transfer owner-

ship of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.

(3) The Secretary may impose a fine against any retail food store or wholesale food concern that accepts food coupons that are not accompanied by the corresponding book cover, other than the denomination of coupons used for making change as specified in regulations issued under this Act. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations issued under this Act separately or in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the store or concern to collect the fine.

(f) The Secretary may impose a fine against any person not approved by the Secretary to accept and redeem food coupons who violates any provision of this Act or a regulation issued under this Act, including violations concerning the acceptance of food coupons. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations issued under this Act separately or in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the person to collect the fine.

(g) **DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—**

(1) **IN GENERAL.—**The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store or a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).¹²⁻²

(2) **TERMS.—**A disqualification under paragraph (1)—

(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

¹²⁻² So in original. Probably, "(7 U.S.C. 1786)" should be "(42 U.S.C. 1786)".

(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and
(C) notwithstanding section 14, shall not be subject to judicial or administrative review.

COLLECTION AND DISPOSITION OF CLAIMS

SEC. 13. [7 U.S.C. 2022] (a)(1) The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under the provisions of this Act or the regulations issued pursuant to this Act, including, but not limited to, claims arising from fraudulent and nonfraudulent overissuances to recipients, including the power to waive claims if the Secretary determines that to do so would serve the purposes of this Act.¹³⁻¹ Such powers with respect to claims against recipients may be delegated by the Secretary to State agencies. The Secretary shall have the power to reduce amounts otherwise due to a State agency under section 16 of this Act to collect unpaid claims assessed against the State agency if the State agency has declined or exhausted its appeal rights under section 14 of this Act. In determining whether to settle, adjust, compromise, or waive a claim arising against a State agency pursuant to section 16(c), the Secretary shall review a State agency's plans for new dollar investment in activities to improve program administration in order to reduce payment error, and shall take the State agency's plans for new dollar investment in such activities into consideration as the Secretary considers appropriate. To the extent that a State agency does not pay a claim established under section 16(c)(1)(C), including an agreement to have all or part of the claim paid through a reduction in Federal administrative funding, within 30 days from the date on which the bill for collection is received by the State agency, the State agency shall be liable for interest on any unpaid portion of such claim accruing from the date on which the bill for collection was received by the State agency, unless the State agency appeals the claim under section 16(c)(7). If the State agency appeals such claim (in whole or in part), the interest on any unpaid portion of the claim shall accrue from the date of the decision on the administrative appeal, or from a date that is 1 year after the date the bill is received, whichever is earlier, until the date the unpaid portion of the payment is received. If the State agency pays such claim (in whole or in part, including an agreement to have all or part of the claim paid through a reduction in Federal administrative funding) and the claim is subsequently overturned through administrative or judicial appeal, any amounts paid by the State agency shall be promptly returned with interest, accruing from the date the payment is received until the date the payment is returned. Any interest assessed under this paragraph shall be computed at a rate determined by the Secretary based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rates during the period such interest accrues.

(2) Each adult member of a household shall be jointly and severally liable for the value of any overissuance of coupons.

(b) COLLECTION OF OVERISSUANCES.—

¹³⁻¹ Section 3803(c)(2)(C)(vii) of title 31, United States Code, provides administrative remedies for false claims and statements relating to benefits under the food stamp program.

(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

(A) reducing the allotment of the household;

(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

(D) any other means.

(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

(3) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

(A) 10 percent of the monthly allotment of the household; or

(B) \$10.

(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment.

(c)(1) As used in this subsection, the term “uncollected overissuance” means the amount of an overissuance of coupons, as determined under subsection (b)(1), that has not been recovered pursuant to subsection (b)(1).

(2) A State agency may determine on a periodic basis, from information supplied pursuant to section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)), whether an individual receiving compensation under the State’s unemployment compensation law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law) owes an uncollected overissuance.¹³⁻²

(3) A State agency may recover an uncollected overissuance—

(A) by—

(i) entering into an agreement with an individual described in paragraph (2) under which specified amounts will be withheld from unemployment compensation otherwise payable to the individual; and

¹³⁻² Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) requires the Secretary of Labor to assure that unemployment insurance and employment service offices in each State, upon request, furnish certain information to a State agency administering the food stamp program.

Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) requires a State unemployment compensation agency to disclose certain information, upon request, to the Department of Agriculture and State food stamp agencies, permits a State unemployment compensation agency to deduct and withhold from unemployment compensation certain amounts of uncollected overissuances of food stamp coupons, and requires a State unemployment agency to pay to the appropriate State food stamp agency any amounts deducted and withheld.

(ii) furnishing a copy of the agreement to the State agency administering the unemployment compensation law; or

(B) in the absence of an agreement, by obtaining a writ, order, summons, or other similar process in the nature of garnishment from a court of competent jurisdiction to require the withholding of amounts from the unemployment compensation.

(d) The amount of an overissuance of coupons, as determined under subsection (b)(1), that has not been recovered pursuant to such subsection may be recovered from Federal pay (including salaries and pensions) as authorized by section 5514 of title 5 of the United States Code or a Federal income tax refund as authorized by section 3720A of title 31, United States Code.

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 14. [7 U.S.C. 2023] (a)(1) Whenever an application of a retail food store or wholesale food concern to participate in the food stamp program is denied pursuant to section 9 of this Act, or a retail food store or wholesale food concern is disqualified or subjected to a civil money penalty under the provisions of section 12 of this Act, or a retail food store or wholesale food concern forfeits a bond under section 12(d) of this Act, or all or part of any claim of a retail food store or wholesale food concern is denied under the provisions of section 13 of this Act, or a claim against a State agency is stated pursuant to the provisions of section 13 of this Act, notice of such administrative action shall be issued to the retail food store, wholesale food concern, or State agency involved.

(2) Such notice shall be delivered by certified mail or personal service.

(3) If such store, concern, or State agency is aggrieved by such action, it may, in accordance with regulations promulgated under this Act, within ten days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may designate.

(4) If such a request is not made or if such store, concern, or State agency fails to submit information in support of its position after filing a request, the administrative determination shall be final.

(5) If such request is made by such store, concern, or State agency, such information as may be submitted by the store, concern, or State agency, as well as such other information as may be available, shall be reviewed by the person or persons designated by the Secretary, who shall, subject to the right of judicial review hereinafter provided, make a determination which shall be final and which shall take effect thirty days after the date of the delivery or service of such final notice of determination.

(6) Determinations regarding claims made pursuant to section 16(c) (including determinations as to whether there is good cause for not imposing all or a portion of the penalty) shall be made on the record after opportunity for an agency hearing in accordance with section 556 and 557 of title 5, United States Code, in which one or more administrative law judges appointed pursuant to section 3105 of such title shall preside over the taking of evidence.

(7) Such judges shall have authority to issue and enforce subpoenas in the manner prescribed in sections 13 (c) and (d) of the

Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499m (c) and (d)) and to appoint expert witnesses under the provisions of Rule 706 of the Federal Rules of Evidence.

(8) The Secretary may not limit the authority of such judges presiding over determinations regarding claims made pursuant to section 16(c).

(9) The Secretary shall provide a summary procedure for determinations regarding claims made pursuant to section 16(c) in amounts less than \$50,000.

(10) Such summary procedure need not include an oral hearing.

(11) On a petition by the State agency or sua sponte, the Secretary may permit the full administrative review procedure to be used in lieu of such summary review procedure for a claim of less than \$50,000.

(12) Subject to the right of judicial review hereinafter provided, a determination made by an administrative law judge regarding a claim made pursuant to section 16(c) shall be final and shall take effect thirty days after the date of the delivery or service of final notice of such determination.

(13) If the store, concern, or State agency feels aggrieved by such final determination, it may obtain judicial review thereof by filing a complaint against the United States in the United States court for the district in which it resides or is engaged in business, or, in the case of a retail food store or wholesale food concern, in any court of record of the State having competent jurisdiction, within thirty days after the date of delivery or service of the final notice of determination upon it, requesting the court to set aside such determination.

(14) The copy of the summons and complaint required to be delivered to the official or agency whose order is being attacked shall be sent to the Secretary or such person or persons as the Secretary may designate to receive service of process.

(15) The suit in the United States district court or State court shall be a trial de novo by the court in which the court shall determine the validity of the questioned administrative action in issue, except that judicial review of determinations regarding claims made pursuant to section 16(c) shall be a review on the administrative record.

(16) If the court determines that such administrative action is invalid, it shall enter such judgment or order as it determines is in accordance with the law and the evidence.

(17) During the pendency of such judicial review, or any appeal therefrom, the administrative action under review shall be and remain in full force and effect, unless on application to the court on not less than ten days' notice, and after hearing thereon and a consideration by the court of the applicant's likelihood of prevailing on the merits and of irreparable injury, the court temporarily stays such administrative action pending disposition of such trial or appeal.

(18) **SUSPENSION OF STORES PENDING REVIEW.**—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial

review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.

(b) In any judicial action arising under this Act, any food stamp allotments found to have been wrongfully withheld shall be restored only for periods of not more than one year prior to the date of the commencement of such action, or in the case of an action seeking review of a final State agency determination, not more than one year prior to the date of the filing of a request with the State for the restoration of such allotments or, in either case, not more than one year prior to the date the State agency is notified or otherwise discovers the possible loss to a household.

VIOLETIONS AND ENFORCEMENT

SEC. 15.¹⁵⁻¹ [7 U.S.C. 2024] (a) Notwithstanding any other provision of this Act, the Secretary may provide for the issuance or presentment for redemption of coupons to such person or persons, and at such times and in such manner, as the Secretary deems necessary or appropriate to protect the interests of the United States or to ensure enforcement of the provisions of this Act or the regulations issued pursuant to this Act.¹⁵⁻²

(b)(1) Subject to the provisions of paragraph (2) of this subsection, whoever knowingly uses, transfers, acquires, alters, or possesses coupons, authorization cards, or access devices in any manner contrary to this Act or the regulations issued pursuant to this Act shall, if such coupons, authorization cards, or access devices are of a value of \$5,000 or more, be guilty of a felony and shall be fined not more than \$250,000 or imprisoned for not more than twenty years, or both, and shall, if such coupons or authorization cards are of a value of \$100 or more, but less than \$5,000, or if the item used, transferred, acquired, altered, or possessed is an access device that has a value of \$100 or more, but less than \$5,000,¹⁵⁻³ be guilty of a felony and shall, upon the first conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than six months nor more than five years and may also be fined not more than \$10,000 or, if such coupons or authorization cards are of a value of less than \$100, or if the item used, transferred, acquired, altered, or processed is an access device that has a value of less than \$100, shall be guilty of a misdemeanor, and, upon the first conviction thereof, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both, and upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than \$1,000. In addition to such penalties, any person convicted of a felony or misdemeanor violation under this sub-

¹⁵⁻¹ Section 1956(c)(7)(D) of title 18, United States Code, includes within the definition of "special unlawful activity", as used in such section (relating to laundering of monetary instruments), any felony violation of this section involving a quantity of coupons having a value of not less than \$5,000.

¹⁵⁻² Section 1337 of the Food Stamp and Commodity Distribution Amendments of 1981 (7 U.S.C. 2270) permits an employee of the Office of the Inspector General of the Department of Agriculture who conducts investigations of alleged felony criminal violations of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), under certain conditions, to make a warrantless arrest, execute an arrest warrant, and carry a firearm.

¹⁵⁻³ Section 1748(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624; 104 Stat. 3797) amended the first sentence of section 15(b)(1) by inserting "\$100 or more" each place that such term appears the following: "but less than \$5,000,". This amendment probably should have made reference to an earlier amendment that added the term "\$100 or more" the second place it appears.

section may be suspended by the court from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 6(b)(1) of this Act.

(2) In the case of any individual convicted of an offense under paragraph (1) of this subsection, the court may permit such individual to perform work approved by the court for the purpose of providing restitution for losses incurred by the United States and the State agency as a result of the offense for which such individual was convicted. If the court permits such individual to perform such work and such individual agrees thereto, the court shall withhold the imposition of the sentence on the condition that such individual perform the assigned work. Upon the successful completion of the assigned work the court may suspend such sentence.

(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of \$100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act, shall be guilty of a felony and, upon the first conviction thereof, shall be fined not more than \$20,000 or imprisoned for not more than five years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than one year nor more than five years and may also be fined not more than \$20,000, or, if such coupons are of a value of less than \$100, shall be guilty of a misdemeanor and, upon the first conviction thereof, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than \$1,000. In addition to such penalties, any person convicted of a felony or misdemeanor violation under this subsection may be suspended by the court from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 6(b)(1) of this Act.

(d) Coupons issued pursuant to this Act shall be deemed to be obligations of the United States within the meaning of section 8 of title 18, United States Code.

(e) Any coupon issuer or any officer, employee, or agent thereof convicted of failing to provide the report required under section 7(d) of this Act or of violating the regulations issued under section 7(d) and (e) of this Act shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

(f) Any coupon issuer or any officer, employee, or agent thereof convicted of knowingly providing false information in the report required under section 7(d) of this Act shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

(g) The Secretary may subject to forfeiture and denial of property rights any nonfood items, moneys, negotiable instruments, securities, or other things of value that are furnished by any person in exchange for coupons, authorization cards or access devices, or anything of value obtained by use of an access device, in any manner contrary to this Act or the regulations issued under this Act. Any forfeiture and disposal of property forfeited under this subsection shall be conducted in accordance with procedures contained in regulations issued by the Secretary.

(h) CRIMINAL FORFEITURE.—

(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this section, that the person forfeit to the United States all property described in paragraph (2).

(2) PROPERTY SUBJECT TO FORFEITURE.—All property, real and personal, used in a transaction or attempted transaction, to commit, or to facilitate the commission of, a violation (other than a misdemeanor) of subsection (b) or (c), or proceeds traceable to a violation of subsection (b) or (c), shall be subject to forfeiture to the United States under paragraph (1).

(3) INTEREST OF OWNER.—No interest in property shall be forfeited under this subsection as the result of any act or omission established by the owner of the interest to have been committed or omitted without the knowledge or consent of the owner.

(4) PROCEEDS.—The proceeds from any sale of forfeited property and any monies forfeited under this subsection shall be used—

(A) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

(B) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

(D) fourth, by the Secretary to carry out the approval, reauthorization, and compliance investigations of retail stores and wholesale food concerns under section 9.

ADMINISTRATIVE COST-SHARING AND QUALITY CONTROL

SEC. 16. [7 U.S.C. 2025] (a) Subject to subsection (k), the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (3) the issuance of coupons to all eligible households, (4) food stamp informational activities, including those undertaken under section 11(e)(1)(A), but not including recruitment activities, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g), (7) food stamp program investigations and prosecutions, and (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)): *Provided*, That the Secretary is authorized at the Secretary's discretion to pay any State agency administering the food stamp program on all or part of an Indian reservation under section 11(d) of this Act or in a Native village within the State of Alaska identified in section 11(b) of Public Law 92-203, as

amended.¹⁶⁻¹ such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the food stamp program, as well as to permit each State to retain 35 percent of the value of all funds or allotments recovered or collected pursuant to sections 6(b) and 13(c) and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this Act shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term “work supplementation or support program” means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

(C) for purposes of—

(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

¹⁶⁻¹ Period so in original. See amendment made by sec. 758 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, P.L. 106-78, 113 Stat. 1172, Oct. 22, 1999.

(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

(5) LENGTH OF PARTICIPATION.—A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.

(c)(1) The program authorized under this Act shall include a system that enhances payment accuracy by establishing fiscal incentives that require State agencies with high error rates to share in the cost of payment error and provide enhanced administrative funding to States with the lowest error rates. Under such system—

(A) the Secretary shall adjust a State agency's federally funded share of administrative costs pursuant to subsection (a), other than the costs already shared in excess of 50 percent under the proviso in the first sentence of subsection (a) or under subsection (g), by increasing such share of all such administrative costs by one percentage point to a maximum of 60 percent of all such administrative costs for each full one-tenth of a percentage point by which the payment error rate is less than 6 percent, except that only States whose rate of invalid decisions in denying eligibility is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment prescribed in this subsection;

(B) the Secretary shall foster management improvements by the States by requiring State agencies other than those receiving adjustments under subparagraph (A) to develop and implement corrective action plans to reduce payment errors; and

(C) for any fiscal year in which a State agency's payment error rate exceeds the national performance measure for payment error rates announced under paragraph (6), other than for good cause shown, the State agency shall pay to the Secretary an amount equal to—

(i) the product of—

(I) the value of all allotments issued by the State agency in the fiscal year; times

(II) the lesser of—

(aa) the ratio of—

(aaa) the amount by which the payment error rate of the State agency for the fiscal year exceeds the national performance measure for the fiscal year; to

(bbb) the national performance measure for the fiscal year, or

(bb) 1; times

(III) the amount by which the payment error rate of the State agency for the fiscal year exceeds the national performance measure for the fiscal year. The

amount of liability shall not be affected by corrective action under subparagraph (B).¹⁶⁻²

(2) As used in this section—

(A) the term “payment error rate” means the sum of the point estimates of an overpayment error rate and an underpayment error rate determined by the Secretary from data collected in a probability sample of participating households;

(B) the term “overpayment error rate” means the percentage of the value of all allotments issued in a fiscal year by a State agency that are either—

(i) issued to households that fail to meet basic program eligibility requirements; or

(ii) overissued to eligible households; and

(C) the term “underpayment error rate” means the ratio of the value of allotments underissued to recipient households to the total value of allotments issued in a fiscal year by a State agency.

(3) The following errors may be measured for management purposes but shall not be included in the payment error rate:

(A) Any errors resulting in the application of new regulations promulgated under this Act during the first 120 days from the required implementation date for such regulations.

(B) Errors resulting from the use by a State agency of correctly processed information concerning households or individuals received from Federal agencies or from actions based on policy information approved or disseminated, in writing, by the Secretary or the Secretary’s designee.

(4) The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency’s payment error rate, enhanced administrative funding, or claim for payment error, under this subsection. If a State agency fails to meet the reporting requirements established by the Secretary, the Secretary shall base the determination on all pertinent information available to the Secretary.

(5) To facilitate the implementation of this subsection each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount of either incentive payments under paragraph (1)(A) or claims under paragraph (1)(C). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraph (1)(C) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (7)), before the end of the fiscal year following such fiscal year.

(6) At the time the Secretary makes the notification to State agencies of their error rates and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C), the Secretary shall also announce a national performance measure that shall be the sum of

¹⁶⁻²Section 13951(c)(1)(B) of the Mickey Leland Childhood Hunger Relief Act, Public Law 103-66, 107 Stat. 678, amended section 16(c)(1)(C) by striking “equal to” and all that follows through the first period and inserting “equal to—” and all that follows through the first period. Margin of last sentence of section 16(c)(1)(C) is so in original. Probably should be aligned flush with the matter preceding clause (i).

the products of each State agency's error rate as developed for the notifications under paragraph (5) times that State agency's proportion of the total value of national allotments issued for the fiscal year using the most recent issuance data available at the time of the notifications issued pursuant to paragraph (5). Where a State fails to meet reporting requirements pursuant to paragraph (4), the Secretary may use another measure of a State's error developed pursuant to paragraph (5), to develop the national performance measure. The announced national performance measure shall be used in determining the State share of the cost of payment error under paragraph (1)(C) for the fiscal year whose error rates are being announced under paragraph (5).

(7) If the Secretary asserts a financial claim against a State agency under paragraph (1)(C), the State may seek administrative and judicial review of the action pursuant to section 14.

(8)(A) This paragraph applies to the determination of whether a payment is due by a State agency for a fiscal year under paragraph (1)(C).

(B) Not later than 180 days after the end of the fiscal year, the case review and all arbitrations of State-Federal difference cases shall be completed.

(C) Not later than 30 days thereafter, the Secretary shall—

(i) determine final error rates, the national average payment error rate, and the amounts of payment claimed against State agencies; and

(ii) notify State agencies of the payment claims.

(D) A State agency desiring to appeal a payment claim determined under subparagraph (C) shall submit to an administrative law judge—

(i) a notice of appeal, not later than 10 days after receiving a notice of the claim; and

(ii) evidence in support of the appeal of the State agency, not later than 60 days after receiving a notice of the claim.

(E) Not later than 60 days after a State agency submits evidence in support of the appeal, the Secretary shall submit responsive evidence to the administrative law judge to the extent such evidence exists.

(F) Not later than 30 days after the Secretary submits responsive evidence, the State agency shall submit rebuttal evidence to the administrative law judge to the extent such evidence exists.

(G) The administrative law judge, after an evidentiary hearing, shall decide the appeal—

(i) not later than 60 days after receipt of rebuttal evidence submitted by the State agency; or

(ii) if the State agency does not submit rebuttal evidence, not later than 90 days after the State agency submits the notice of appeal and evidence in support of the appeal.

(H) In considering a claim under this paragraph, the administrative law judge shall consider all grounds for denying the claim, in whole or in part, including the contention of a State agency that the claim should be waived, in whole or in part, for good cause.

(I) The deadlines in subparagraphs (D), (E), (F), and (G) shall be extended by the administrative law judge for cause shown.

(9) As used in this subsection, the term "good cause" includes—

(A) a natural disaster or civil disorder that adversely affects food stamp program operations;

(B) a strike by employees of a State agency who are necessary for the determination of eligibility and processing of case changes under the food stamp program;

(C) a significant growth in food stamp caseload in a State prior to or during a fiscal year, such as a 15 percent growth in caseload;

(D) a change in the food stamp program or other Federal or State program that has a substantial adverse impact on the management of the food stamp program of a State; and

(E) a significant circumstance beyond the control of the State agency.

(d) The Secretary shall undertake the following studies of the payment error improvement system established under subsection (c):

(1) An assessment of the feasibility of measuring payment errors due to improper denials and terminations of benefits or otherwise developing performance standards with financial consequences for improper denials and terminations, including incorporation in subsection (c). The Secretary shall report the results of such study and the recommendations of the Secretary to the Congress by July 1, 1990.

(2) An evaluation of the effectiveness of the system of program improvement initiated under this section that shall be reported to the Congress along with the Secretary's recommendations no later than 3 years from the date of enactment of this section.

(e) The Secretary and State agencies shall (1) require, as a condition of eligibility for participation in the food stamp program, that each household member furnish to the State agency their social security account number (or numbers, if they have more than one number), and (2) use such account numbers in the administration of the food stamp program. The Secretary and State agencies shall have access to the information regarding individual food stamp program applicants and participants who receive benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)] that has been provided to the Commissioner of Social Security, but only to the extent that the Secretary and the Commissioner of Social Security determine necessary for purposes of determining or auditing a household's eligibility to receive assistance or the amount thereof under the food stamp program, or verifying information related thereto.

(f) Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this Act.

(g) The Secretary is authorized to pay to each State agency an amount equal to—

63 percent effective on October 1, 1991, of¹⁶⁻³ the costs incurred by the State agency in the planning, design, development, or

¹⁶⁻³ Effective for calendar quarters beginning on or after April 1, 1994, section 13961(2) of the Mickey Leland Childhood Hunger Relief Act (Public Law 103-66, 107 Stat. 679) amends section 16(g) by striking "an amount equal to 63 percent effective on October 1, 1991, of" and inserting "the amount provided under subsection (a)(6) for". The amendment is not executed because the amendment did not strike the hyphen or remove the indentation in the text of this subsection, as added by section 129 of Public Law 96-249 (94 Stat.

installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this Act, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State programs funded under part A of title IV of the Social Security Act [(42 U.S.C. 601 et seq.)]: *Provided*, That there shall be no such payments to the extent that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency's administrative costs under any other subsection of this section.

(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

(1)¹⁶⁻⁴ IN GENERAL.—

(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies, to remain available until expended, from funds made available for each fiscal year under section 18(a)(1) the amount of—

- (i) for fiscal year 1996, \$75,000,000;
- (ii) for fiscal year 1997, \$79,000,000;
- (iii) for fiscal year 1998—
 - (I) \$81,000,000; and
 - (II) an additional amount of \$131,000,000;
- (iv) for fiscal year 1999—
 - (I) \$84,000,000; and
 - (II) an additional amount of \$31,000,000;
- (v) for fiscal year 2000—
 - (I) \$86,000,000; and
 - (II) an additional amount of \$86,000,000;
- (vi) for fiscal year 2001—
 - (I) \$88,000,000; and
 - (II) an additional amount of \$131,000,000; and
- (vii) for fiscal year 2002—
 - (I) \$90,000,000; and
 - (II) an additional amount of \$75,000,000.

(B) ALLOCATION.—

(i) ALLOCATION FORMULA.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula, as determined and adjusted by the Secretary each fiscal year, to reflect—

- (I) changes in each State's caseload (as defined in section 6(o)(6)(A));

367) and amended by section 180(a)(2) of Public Law 97-253 (96 Stat. 782), section 1752(a) of Public Law 101-624 (104 Stat. 3797), and section 941(7)(A) of Public Law 102-237 (105 Stat. 1893).

¹⁶⁻⁴ Section 1002(b) of the Balanced Budget Act of 1997 (P.L. 105-33) requires the Secretary, not later than 30 months after August 5, 1997, to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding whether the amounts made available under section 16(h)(1)(A) of this Act (as a result of the amendment made by section 1002(a) of the Balanced Budget Act of 1997) have been used by State agencies to increase the number of work slots for recipients subject to section 6(o) of this Act in employment and training programs and workfare in the most efficient and effective manner practicable.

(II) for fiscal year 1998, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3); and

(III) for each of fiscal years 1999 through 2002, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3) and who—

(aa) do not reside in an area subject to a waiver granted by the Secretary under section 6(o)(4); or

(bb) do reside in an area subject to a waiver granted by the Secretary under section 6(o)(4), if the State agency provides employment and training services in the area to food stamp recipients who are not eligible for an exception under section 6(o)(3).

(ii) ESTIMATED FACTORS.—The Secretary shall estimate the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 6(o)(3) based on the survey conducted to carry out subsection (c) for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

(iii) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph.

(C) REALLOCATION.—If a State agency will not expend all of the funds allocated to the State agency for a fiscal year under subparagraph (B), the Secretary shall reallocate the unexpended funds to other States (during the fiscal year or the subsequent fiscal year) as the Secretary considers appropriate and equitable.

(D) MINIMUM ALLOCATION.—Notwithstanding subparagraph (B), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than \$50,000 for each fiscal year.

(E) USE OF FUNDS.—Of the amount of funds a State agency receives under subparagraphs (A) through (D) for a fiscal year, not less than 80 percent of the funds shall be used by the State agency during the fiscal year to serve food stamp recipients who—

(i) are not eligible for an exception under section 6(o)(3); and

(ii) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

(F) MAINTENANCE OF EFFORT.—To receive an allocation of an additional amount made available under subclause (II) of each of clauses (iii) through (vii) of subparagraph (A), a State agency shall maintain the expenditures of the State agency for employment and training programs and workfare programs for any fiscal year under paragraph (2), and administrative expenses described in section 20(g)(1), at a level that is not less than the level of the expenditures

by the State agency to carry out the programs and such expenses for fiscal year 1996.

(G) COMPONENT COSTS.—The Secretary shall monitor State agencies' expenditure of funds for employment and training programs provided under this paragraph, including the costs of individual components of State agencies' programs. The Secretary may determine the reimbursable costs of employment and training components, and, if the Secretary makes such a determination, the Secretary shall determine that the amounts spent or planned to be spent on the components reflect the reasonable cost of efficiently and economically providing components appropriate to recipient employment and training needs, taking into account, as the Secretary deems appropriate, prior expenditures on the components, the variability of costs among State agencies' components, the characteristics of the recipients to be served, and such other factors as the Secretary considers necessary.

(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the first limitation in paragraph (3), including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work.

(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 6(d)(4), except that such total amount shall not exceed an amount representing \$25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and an amount equal to the payment made under section 6(d)(4)(I)(i)(II) but not more than the applicable local market rate, and such reimbursement shall not be made out of funds allocated under paragraph (1).

(4) Funds provided to a State agency under this subsection may be used only for operating an employment and training program under section 6(d)(4), and may not be used for carrying out other provisions of this Act.

(5) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.

(i)(1) The Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1)) that impair the integrity of the food stamp program.

(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

(j) Not later than 180 days after the date of the enactment of the Hunger Prevention Act of 1988 [enacted on September 19, 1988], and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to State agency personnel who undertake the certification of households that include a member who engages in farming.

(k) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—

(1) DEFINITIONS.—In this subsection:

(A) AFDC PROGRAM.—The term “AFDC program” means the program of aid to families with dependent children established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq. (as in effect, with respect to a State, during the base period for that State)).

(B) BASE PERIOD.—The term “base period” means the period used to determine the amount of the State family assistance grant for a State under section 403 of the Social Security Act (42 U.S.C. 603).

(C) MEDICAID PROGRAM.—The term “medicaid program” means the program of medical assistance under a State plan or under a waiver of the plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(2) DETERMINATIONS OF AMOUNTS ATTRIBUTABLE TO BENEFITING PROGRAMS.—Not later than 180 days after the date of enactment of this subsection, the Secretary of Health and Human Services, in consultation with the Secretary of Agriculture and the States, shall, with respect to the base period for each State, determine—

(A) the annualized amount the State received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as in effect during the base period)) for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the food stamp program, the AFDC program and the medicaid program, and the AFDC program, the food stamp program, and the medicaid program that were allocated to the AFDC program; and

(B)¹⁶⁻⁵ the annualized amount the State would have received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as so in effect)), section 1903(a)(7) of the Social Security Act (42 U.S.C. 1396b(a)(7) (as so in effect)), and subsection (a) of this section (as so in effect), for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the food stamp program, the AFDC program and the medicaid program, and the AFDC program, the food stamp program, and the medicaid program, if those costs had been allocated equally among such programs for which the individual, family, or household was eligible or applied for.

(3) REDUCTION IN PAYMENT.—

¹⁶⁻⁵Section 502(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) requires the the Comptroller General of the United States, not later than June 23, 1999, to review the adequacy of the methodology used in making the determinations required under this subparagraph and submit a written report on the results of the review to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(A) IN GENERAL.—Notwithstanding any other provision of this section, effective for each of fiscal years 1999 through 2002, the Secretary shall reduce, for each fiscal year, the amount paid under subsection (a) to each State by an amount equal to the amount determined for the food stamp program under paragraph (2)(B). The Secretary shall, to the extent practicable, make the reductions required by this paragraph on a quarterly basis.

(B) APPLICATION.—If the Secretary of Health and Human Services does not make the determinations required by paragraph (2) by September 30, 1999—

(i) during the fiscal year in which the determinations are made, the Secretary shall reduce the amount paid under subsection (a) to each State by an amount equal to the sum of the amounts determined for the food stamp program under paragraph (2)(B) for fiscal year 1999 through the fiscal year during which the determinations are made; and

(ii) for each subsequent fiscal year through fiscal year 2002, subparagraph (A) applies.

(4) APPEAL OF DETERMINATIONS.—

(A) IN GENERAL.—Not later than 5 days after the date on which the Secretary of Health and Human Services makes any determination required by paragraph (2) with respect to a State, the Secretary shall notify the chief executive officer of the State of the determination.

(B) REVIEW BY ADMINISTRATIVE LAW JUDGE.—

(i) IN GENERAL.—Not later than 60 days after the date on which a State receives notice under subparagraph (A) of a determination, the State may appeal the determination, in whole or in part, to an administrative law judge of the Department of Health and Human Services by filing an appeal with the administrative law judge.

(ii) DOCUMENTATION.—The administrative law judge shall consider an appeal filed by a State under clause (i) on the basis of such documentation as the State may submit and as the administrative law judge may require to support the final decision of the administrative law judge.

(iii) REVIEW.—In deciding whether to uphold a determination, in whole or in part, the administrative law judge shall conduct a thorough review of the issues and take into account all relevant evidence.

(iv) DEADLINE.—Not later than 60 days after the date on which the record is closed, the administrative law judge shall—

(I) make a final decision with respect to an appeal filed under clause (i); and

(II) notify the chief executive officer of the State of the decision.

(C) REVIEW BY DEPARTMENTAL APPEALS BOARD.—

(i) IN GENERAL.—Not later than 30 days after the date on which a State receives notice under subparagraph (B) of a final decision, the State may appeal the decision, in whole or in part, to the Departmental Ap-

peals Board established in the Department of Health and Human Services (referred to in this paragraph as the "Board") by filing an appeal with the Board.

(ii) REVIEW.—The Board shall review the decision on the record.

(iii) DEADLINE.—Not later than 60 days after the date on which the appeal is filed, the Board shall—

(I) make a final decision with respect to an appeal filed under clause (i); and

(II) notify the chief executive officer of the State of the decision.

(D) JUDICIAL REVIEW.—The determinations of the Secretary of Health and Human Services under paragraph (2), and a final decision of the administrative law judge or Board under subparagraphs (B) and (C), respectively, shall not be subject to judicial review.

(E) REDUCED PAYMENTS PENDING APPEAL.—The pendency of an appeal under this paragraph shall not affect the requirement that the Secretary reduce payments in accordance with paragraph (3).

(5) ALLOCATION OF ADMINISTRATIVE COSTS.—

(A) IN GENERAL.—No funds or expenditures described in subparagraph (B) may be used to pay for costs—

(i) eligible for reimbursement under subsection (a) (or costs that would have been eligible for reimbursement but for this subsection); and

(ii) allocated for reimbursement to the food stamp program under a plan submitted by a State to the Secretary of Health and Human Services to allocate administrative costs for public assistance programs.

(B) FUNDS AND EXPENDITURES.—Subparagraph (A) applies to—

(i) funds made available to carry out part A of title IV, or title XX, of the Social Security Act (42 U.S.C. 601 et seq., 1397 et seq.);

(ii) expenditures made as qualified State expenditures (as defined in section 409(a)(7)(B) of that Act (42 U.S.C. 609(a)(7)(B)));

(iii) any other Federal funds (except funds provided under subsection (a)); and

(iv) any other State funds that are—

(I) expended as a condition of receiving Federal funds; or

(II) used to match Federal funds under a Federal program other than the food stamp program.

RESEARCH, DEMONSTRATION, AND EVALUATIONS

SEC. 17. ¹⁷⁻¹ [7 U.S.C. 2026] (a)(1) The Secretary may, by way of making contracts with or grants to public or private organizations or agencies, undertake research that will help improve the ad-

¹⁷⁻¹ Section 855 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193; 7 U.S.C. 2026 note) requires the Secretary, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, to conduct a study on the use of food stamps to purchase vitamins and minerals and, not later than December 15, 1998, to report the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

ministration and effectiveness of the food stamp program in delivering nutrition-related benefits.

(2) The Secretary may, on application, permit not more than two State agencies to establish procedures that allow households whose monthly food stamp benefits do not exceed \$20, at their option, to receive, in lieu of their food stamp benefits for the initial period under section 8 and their regular allotment in following months, and at intervals of up to 3 months thereafter, aggregate allotments not to exceed \$60 and covering not more than 3 months' benefits. The allotments shall be provided in accordance with paragraphs (3) and (9) of section 11(e) (except that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 11(e)(3)) and (with respect to the first aggregate allotment so issued) within 40 days of the last coupon issuance.

(b)(1)(A) The Secretary may conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, and may waive any requirement of this Act to the extent necessary for the project to be conducted.

(B) PROJECT REQUIREMENTS.—

(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless—

(I) the project is consistent with the goal of the food stamp program of providing food assistance to raise levels of nutrition among low-income individuals; and

(II) the project includes an evaluation to determine the effects of the project.

(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—

(I) improve program administration;

(II) increase the self-sufficiency of food stamp recipients;

(III) test innovative welfare reform strategies;

or

(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

(iii) RESTRICTIONS ON PERMISSIBLE PROJECTS.—If the Secretary finds that a project under subparagraph (A) would reduce benefits by more than 20 percent for more than 5 percent of households in the area subject to the project (not including any household whose benefits are reduced due to a failure to comply with work or other conduct requirements), the project—

(I) may not include more than 15 percent of the State's food stamp households; and

(II) shall continue for not more than 5 years after the date of implementation, unless the Secretary approves an extension requested by the State agency at any time.

(iv) IMPERMISSIBLE PROJECTS.—The Secretary may not conduct a project under subparagraph (A) that—

(I) involves the payment of the value of an allotment in the form of cash, unless the project was approved prior to the date of enactment of this subparagraph [August 22, 1996];

(II) has the effect of substantially transferring funds made available under this Act to services or benefits provided primarily through another public assistance program, or using the funds for any purpose other than the purchase of food, program administration, or an employment or training program;

(III) is inconsistent with—

(aa) the last 2 sentences of section 3(i);

(bb) the last sentence of section 5(a), insofar as a waiver denies assistance to an otherwise eligible household or individual if the household or individual has not failed to comply with any work, behavioral, or other conduct requirement under this or another program;

(cc) section 5(c)(2);

(dd) paragraph (2)(B), (4)(F)(i), or (4)(K) of section 6(d);

(ee) section 8(b);

(ff) section 11(e)(2)(B);

(gg) the time standard under section 11(e)(3);

(hh) subsection (a), (c), (g), (h)(2), or (h)(3) of section 16;

(ii) this paragraph; or

(jj) subsection (a)(1) or (g)(1) of section 20;

(IV) modifies the operation of section 5 so as to have the effect of—

(aa) increasing the shelter deduction to households with no out-of-pocket housing costs or housing costs that consume a low percentage of the household's income; or

(bb) absolving a State from acting with reasonable promptness on substantial reported changes in income or household size (except that this subclause shall not apply with regard to changes related to food stamp deductions);

(V) is not limited to a specific time period;

(VI) waives a provision of section 26; or

(VII) waives a provision of section 7(j).

(v) **ADDITIONAL INCLUDED PROJECTS.**—A pilot or experimental project may include projects involving the payment of the value of allotments or the average value of allotments by household size in the form of cash to eligible households all of whose members are age sixty-five or over or any of whose members are entitled to supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)] or are receiving assistance under a State program funded under part A of title IV of the Social Se-

curity Act (42 U.S.C. 601 et seq.), the use of countersigned food coupons or similar identification mechanisms that do not invade a household's privacy, and the use of food checks or other voucher-type forms in place of food coupons.

(vi) CASH PAYMENT PILOT PROJECTS.—Any pilot or experimental project implemented under this paragraph and operating as of October 1, 1981, involving the payment of the value of allotments in the form of cash to eligible households all of whose members are either age sixty-five or over or entitled to supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)] shall be continued through October 1, 2002, if the State so requests.

(C)(i) No waiver or demonstration program shall be approved under this Act after the date of enactment of this subparagraph unless—

(I) any household whose food assistance is issued in a form other than coupons has its allotment increased to the extent necessary to compensate for any State or local sales tax that may be collected in all or part of the area covered by the demonstration project, the tax on purchases of food by any such household is waived, or the Secretary determines on the basis of information provided by the State agency that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

(II) the State agency conducting the demonstration project pays the cost of any increased allotments.

(ii) Clause (i) shall not apply if a waiver or demonstration project already provides a household with assistance that exceeds that which the household would otherwise be eligible to receive by more than the estimated amount of any sales tax on the purchases of food that would be collected from the household in the project area in which the household resides.

(D) RESPONSE TO WAIVERS.—

(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

(I) approves the waiver request;

(II) denies the waiver request and describes any modification needed for approval of the waiver request;

(III) denies the waiver request and describes the grounds for the denial; or

(IV) requests clarification of the waiver request.

(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture

of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(2) The Secretary shall, jointly with the Secretary of Labor, implement two pilot projects involving the performance of work in return for food stamp benefits in each of the seven administrative regions of the Food and Nutrition Service of the Department of Agriculture, such projects to be (A) appropriately divided in each region between locations that are urban and rural in characteristics and among locations selected to provide a representative cross-section of political subdivisions in the States and (B) submitted for approval prior to project implementation, together with the names of the agencies or organizations that will be engaged in such projects, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Under such pilot projects, any person who is subject to the work registration requirements pursuant to section 6(d) of this Act, and is a member of a household that does not have earned income equal to or exceeding the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, shall be ineligible to participate in the food stamp program as a member of any household during any month in which such person refuses, after not being offered employment in the private sector of the economy for more than thirty days (ten days in at least one pilot project area designated by the Secretary) after the initial registration for employment referred to in section 6(d)(1)(A)(i) of this Act, to accept an offer of employment from a political subdivision or provider pursuant to a program carried out under¹⁷⁻² title I of the Workforce Investment Act of 1998 [(29 U.S.C. 2801 et seq.)], for which employment compensation shall be paid in the form of the allotment to which the household is otherwise entitled pursuant to section 8(a) of this Act, with each hour of employment entitling the household to a portion of the allotment equal in value to 100 per centum of the Federal minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)); which employment shall not, together with any other hours worked in any other capacity by such person exceed forty hours a week; and which employment shall not be used by the employer to fill a job opening created by the action of such employer in laying off or terminating the employment of any regular employee not supported under this paragraph in anticipation of filling the vacancy so created by hiring an employee or employees to be supported under this paragraph, if all of the jobs supported under the program have been made available to participants in the program before the political subdivision or provider providing the jobs extends an offer of employment under this paragraph, and if the political subdivision or provider, in employing the person, complies with the requirements of Federal law that relate to the program. The Secretary and the Secretary of Labor shall jointly issue reports to the appropriate committees of Congress on the progress of such pilot projects no later than six and twelve months following enactment of this Act [Amendatory Act enacted on September 29, 1977.], shall issue interim reports no later than October 1, 1979, October 1, 1980, and March 30, 1981, shall issue a final report describing the results of such pilot projects

¹⁷⁻² Effective July 1, 1999, section 405(f)(2)(C) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999, P.L. 105-277, 112 Stat. 2681-429, Oct. 21, 1998, amended this sentence by striking "the Job Training Partnership Act or".

based upon their operation from their commencement through the fiscal year ending September 30, 1981, and shall pay to the agencies or organizations operating such pilot projects 50 per centum of all administrative costs involved in such operation.

(3)(A) The Secretary may conduct demonstration projects to test improved consistency or coordination between the food stamp employment and training program and the Job Opportunities and Basic Skills program under title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(B) Notwithstanding paragraph (1), the Secretary may, as part of a project authorized under this paragraph, waive requirements under section 6(d) to permit a State to operate an employment and training program for food stamp recipients on the same terms and conditions under which the State operates its Job Opportunities and Basic Skills program for recipients of aid to families with dependent children under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.). Any work experience program conducted as part of the project shall be conducted in conformity with section 482(f) of such Act (42 U.S.C. 682(f)).

(C) A State seeking such a waiver shall provide assurances that the resulting employment and training program shall meet the requirements of subsections (a)(19) and (g) of section 402 of such Act (42 U.S.C. 602) (but not including the provision of transitional benefits under clauses (ii) through (vii) of section 402(g)(1)(A)) and sections 481 through 487 of such Act (42 U.S.C. 681 through 687). Each reference to "aid to families with dependent children" in such sections shall be deemed to be a reference to food stamps for purposes of the demonstration project.

(D) Notwithstanding the other provisions of this paragraph, participation in an employment and training activity in which food stamp benefits are converted to cash shall occur only with the consent of the participant.

(E) For the purposes of any project conducted under this paragraph, the provisions of this Act affecting the rights of recipients may be waived to the extent necessary to conform to the provisions of section 402, and sections 481 through 487, of the Social Security Act.

(F) At least 60 days prior to granting final approval of a project under this paragraph, the Secretary shall publish the terms and conditions for any demonstration project conducted under the paragraph for public comment in the Federal Register and shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(G) Waivers may be granted under this paragraph to conduct projects at any one time in a total of up to 60 project areas (or parts of project areas), as such areas are defined in regulations in effect on January 1, 1990.

(H) A waiver for a change in program rules may be granted under this paragraph only for a demonstration project that has been approved by the Secretary, that will be evaluated according to criteria prescribed by the Secretary, and that will be in operation for no more than 4 years.

(I) The Secretary may not grant a waiver under this paragraph on or after the date of enactment of this subparagraph [Aug. 22, 1996]. Any reference in this paragraph to a provision of title IV of

the Social Security Act shall be deemed to be a reference to such provision as in effect on the day before such date.

(c) The Secretary shall develop and implement measures for evaluating, on an annual or more frequent basis, the effectiveness of the food stamp program in achieving its stated objectives, including, but not limited to, the program's impact upon the nutritional and economic status of participating households, the program's impact upon all sectors of the agricultural economy, including farmers and ranchers, as well as retail food stores, and the program's relative fairness to households of different income levels, different age composition, different size, and different regions of residence. Further, the Secretary shall, by way of making contracts with or grants to public or private organizations or agencies, implement pilot programs to test various means of measuring on a continuing basis the nutritional status of low income people, with special emphasis on people who are eligible for food stamps, in order to develop minimum common criteria and methods for systematic nutrition monitoring that could be applied on a nationwide basis. The locations of the pilot programs shall be selected to provide a representative geographic and demographic cross-section of political subdivisions that reflect natural usage patterns of health and nutritional services and that contain high proportions of low income people. The Secretary shall report on the progress of these pilot programs on an annual basis commencing on July 1, 1982, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, together with such recommendations as the Secretary deems appropriate.

(d) EMPLOYMENT INITIATIVES PROGRAM.—

(1) ELECTION TO PARTICIPATE.—

(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect to carry out an employment initiatives program under this subsection.

(B) REQUIREMENT.—A State shall be eligible to carry out an employment initiatives program under this subsection only if not less than 50 percent of the households in the State that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

(2) PROCEDURE.—

(A) IN GENERAL.—A State that has elected to carry out an employment initiatives program under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household participating in the program in the State would be eligible to receive under this Act but for the operation of this subsection.

(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—

(i) cash assistance under this subsection shall be considered to be an allotment; and

(ii) each household receiving cash benefits under this subsection shall not receive any other food stamp benefit during the period for which the cash assistance is provided.

(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment initiatives program under paragraph (1) shall—

(i) increase the cash benefits provided to each household participating in the program in the State under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by the household, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

(ii) pay the cost of any increase in cash benefits required by clause (i).

(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

(A) has worked in unsubsidized employment for not less than the preceding 90 days;

(B) has earned not less than \$350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

(C)(i) is receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

(ii) was receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

(D) is continuing to earn not less than \$350 per month from the employment referred to in subparagraph (A); and

(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.

(e) The Secretary shall conduct a study of the effects of reductions made in benefits provided under this Act pursuant to part 1 of subtitle A of title I of the Omnibus Budget Reconciliation Act of 1981, the Food Stamp and Commodity Distribution Amendments of 1981, the Food Stamp Act Amendments of 1982, and any other laws enacted by the Ninety-seventh Congress which affect the food stamp program. The study shall include a study of the effect of retrospective accounting and periodic reporting procedures established under such Acts, including the impact on benefit and administrative costs and on error rates and the degree to which eligible households are denied food stamp benefits for failure to file complete

periodic reports. The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an interim report on the results of such study no later than February 1, 1984, and a final report on the results of such study no later than March 1, 1985.

(f) In order to encourage States to plan, design, develop, and implement a system for making food stamp benefits available through the use of intelligent benefit cards or other automated or electronic benefit delivery systems, the Secretary may conduct one or more pilot or experimental projects, subject to the restrictions imposed by subsection (b)(1) and section 7(g)(2), designed to test whether the use of such cards or systems can enhance the efficiency and effectiveness of program operations while ensuring that individuals receive correct benefit amounts on a timely basis. Intelligent benefit cards developed under such a demonstration project shall contain information, encoded on a computer chip embedded in a credit card medium, including the eligibility of the individual and the amount of benefits to which such individual is entitled. Any other automated or electronic benefit delivery system developed under such a demonstration project shall be able to use a plastic card to access such information from a data file.

(g) In order to assess the effectiveness of the employment and training programs established under section 6(d) in placing individuals into the work force and withdrawing such individuals from the food stamp program, the Secretary is authorized to carry out studies comparing the pre- and post-program labor force participation, wage rates, family income, level of receipt of food stamp and other transfer payments, and other relevant information, for samples of participants in such employment and training programs as compared to the appropriate control or comparison groups that did not participate in such programs. Such studies shall, to the maximum extent possible—

- (1) collect such data for up to 3 years after the individual has completed the employment and training program; and
- (2) yield results that can be generalized to the national program as a whole.

The results of such studies and reports shall be considered in developing or updating the performance standards required under section 6.

(h) The Secretary shall conduct a sufficient number of demonstration projects to evaluate the effects, in both rural and urban areas, of including in financial resources under section 5(g) the fair market value of licensed vehicles to the extent the value of each vehicle exceeds \$4,500, but excluding the value of—

- (1) any licensed vehicle that is used to produce earned income, necessary for transportation of an elderly or physically disabled household member, or used as the household's home; and
- (2) one licensed vehicle used to obtain, continue, or seek employment (including travel to and from work), used to pursue employment-related education or training, or used to secure food or the benefits of the food stamp program.

(i)(1)(A) Subject to the availability of funds specifically appropriated to carry out this subsection and subject to the other provisions of this subsection, during each of fiscal years 1992 through

2002, the Secretary shall make grants competitively awarded to public or private nonprofit organizations to fund food stamp outreach demonstration projects (hereinafter in this subsection referred to as the "projects") and related evaluations in areas of the United States to increase participation by eligible low-income households in the food stamp program. The total amount of grants provided during a fiscal year may not exceed \$5,000,000. Funds appropriated to carry out this subsection shall be used in the year during which the funds are appropriated. Not more than 20 percent of the funds appropriated to carry out this subsection shall be used for evaluations.

(B) The Secretary shall make a grant under this paragraph only to an entity that demonstrates to the Secretary that the entity is able to conduct the outreach functions described in this subsection.

(2) Outreach projects under this subsection shall be targeted toward members of rural, elderly, and homeless populations, low-income working families with children, and non-English speaking minorities (hereinafter in this subsection collectively referred to as "target populations").

(3)(A) The Secretary shall appoint an advisory panel (hereinafter in this subsection referred to as the "panel") composed of representatives of the target populations as well as individuals with expertise in the area of program evaluation. The panel shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App. 2).

(B) The Secretary shall select recipients for grants, taking into consideration any recommendations from the panel concerning criteria that should be used in selecting recipients, to carry out projects under this subsection based on the appropriateness of the methods proposed for the projects to reach target populations. Appropriate methods shall include—

(i) the production of electronic media campaigns (with the total amount allocated for the campaigns in the aggregate not to exceed 15 percent of the total amount of funds specified in paragraph (1)(A));

(ii) utilization of local outreach workers and volunteers;

(iii) development of solutions to transportation and access problems;

(iv) in-service training for those capable of referring households to the program;

(v) community presentations and education;

(vi) pre-screening assistance for program eligibility;

(vii) individualized client assistance;

(viii) consultation and referral for benefit appeals; and

(ix) recruitment of authorized representatives for applicants unable to appear for certification or at authorized food stores.

(C) In selecting grant recipients, the Secretary shall take into consideration the ability of the applicants to produce useful data for evaluation purposes.

(D) In selecting grant recipients from among applicant public agencies, preference shall be given to those applicants that propose to involve nonprofit organizations in projects to be carried out with the grants.

(E) The Secretary shall provide at least one grant equal to 50 percent of the cost of the development of outreach materials aimed

at the general food stamp eligible population as well as the specific target populations, including written materials and public service announcements, so that the materials may be used or adopted by other grant recipients, as appropriate. To be eligible to receive any such grant, a recipient shall provide matching funds equal to 50 percent of the cost of the development of materials described in the preceding sentence. In carrying out this subparagraph, the Secretary shall give preference to applicants that demonstrate the ability to disseminate the materials through other public and private nonprofit organizations. Not to exceed \$500,000 of the funds provided under this subsection for any fiscal year shall be used for the grant.

(4)(A) The Secretary shall evaluate a sufficient number of projects to be able to determine the effectiveness of the projects and the techniques employed by the projects with respect to—

- (i) success in reducing barriers to participation;
- (ii) increasing overall program participation including participation among target populations;
- (iii) administrative effectiveness;
- (iv) program efficiency; and
- (v) adequacy of administrative resource levels to conduct the activities effectively.

(B) The Secretary shall provide an interim report on the results of the evaluation carried out under subparagraph (A) not later than 1 year after a sufficient number of projects have begun and a final report not later than 3 years after a sufficient number of projects have begun to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) The Secretary shall also examine and report on previous research regarding reasons for nonparticipation and effective methods to conduct outreach and to reduce barriers to participation.

(5) The Secretary shall—

(A) within 180 days after funds are appropriated, publish such notice as may be necessary to implement this subsection;

(B) accept proposals from organizations for projects under this subsection for 90 days following the date the notice is published; and

(C) begin to award grants under this subsection beginning no later than 180 days following the date the notice is published.

(j) The Secretary shall conduct, under such terms and conditions as the Secretary shall prescribe, for a period not to exceed 4 years, projects to test allowing not more than 11,000 eligible households, in the aggregate, to accumulate resources up to \$10,000 each (which shall be excluded from consideration as a resource) for later expenditure for a purpose directly related to improving the education, training, or employability (including self-employment) of household members, for the purchase of a home for the household, for a change of the household's residence, or for making major repairs to the household's home.

(k) The Secretary shall use up to \$4,000,000 of the funds provided in advance in appropriations Acts for projects authorized by this section to conduct demonstration projects in which State or local food stamp agencies test innovative ideas for working with

State or local law enforcement agencies to investigate and prosecute coupon trafficking.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 18. [7 U.S.C. 2027] (a)(1) To carry out this Act, there are authorized to be appropriated such sums as are necessary for each of the fiscal years 1996 through 2002. Not to exceed one-fourth of 1 per centum of the previous year's appropriation is authorized in each such fiscal year to carry out the provisions of section 17 of this Act, subject to paragraph (3).

(2) No funds authorized to be appropriated under this Act or any other Act of Congress shall be used by any person, firm, corporation, group, or organization at any time, directly or indirectly, to interfere with or impede the implementation of any provision of this Act or any rule, regulation, or project thereunder, except that this limitation shall not apply to the provision of legal and related assistance in connection with any proceeding or action before any State or Federal agency or court. The President shall ensure that this paragraph is complied with by such order or other means as the President deems appropriate.

(3)(A) Of the amounts made available under the second sentence of paragraph (1), not more than \$2,000,000 in any fiscal year may be used by the Secretary to make 2-year competitive grants that will—

(i) enhance interagency cooperation in nutrition education activities; and

(ii) develop cost effective ways to inform people eligible for food stamps about nutrition, resource management, and community nutrition education programs, such as the expanded food and nutrition education program.

(B) The Secretary shall make awards under this paragraph to one or more State cooperative extension services (as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5))) who shall administer the grants in coordination with other State or local agencies serving low-income people.

(C) Each project shall include an evaluation component and shall develop an implementation plan for replication in other States.

(D) The Secretary shall report to the appropriate committees of Congress on the results of the projects and shall disseminate the results through the cooperative extension service system and to State human services and health department offices, local food stamp program offices, and other entities serving low-income households.

(b) In any fiscal year, the Secretary shall limit the value of those allotments issued to an amount not in excess of the appropriation for such fiscal year.¹⁸⁻¹ Notwithstanding any other provision of this Act, if in any fiscal year the Secretary finds that the requirements of participating States will exceed the appropriation, the Secretary shall direct State agencies to reduce the value of such allotments to be issued to households certified as eligible to partici-

¹⁸⁻¹ Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(h)) exempts food stamp programs from reductions under sequestration deficit reduction orders.

pate in the food stamp program to the extent necessary to comply with the provisions of this subsection.

(c) In prescribing the manner in which allotments will be reduced under subsection (b) of this section, the Secretary shall ensure that such reductions reflect, to the maximum extent practicable, the ratio of household income, determined under sections 5(d) and 5(e) of this Act, to the income standards of eligibility, for households of equal size, determined under section 5(c) of this Act. The Secretary may, in prescribing the manner in which allotments will be reduced, establish (1) special provisions applicable to persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise disabled, and (2) minimum allotments after any reductions are otherwise determined under this section.

(d) Not later than sixty days after the issuance of a report under subsection (a) of this section in which the Secretary expresses the belief that reductions in the value of allotments to be issued to households certified to participate in the food stamp program will be necessary, the Secretary shall take the requisite action to reduce allotments in accordance with the requirements of this section. Not later than seven days after the Secretary takes any action to reduce allotments under this section, the Secretary shall furnish the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a statement setting forth (1) the basis of the Secretary's determination, (2) the manner in which the allotments will be reduced, and (3) the action that has been taken by the Secretary to reduce the allotments.

(e) Funds collected from claims against households or State agencies, including claims collected pursuant to sections 7(f), 11(g) and (h), and subsections (b) and (c) of section 13, claims resulting from resolution of audit findings, and claims collected from households receiving overissuances, shall be credited to the food stamp program appropriation account for the fiscal year in which the collection occurs. Funds provided to State agencies under section 16(c) of this Act shall be paid from the appropriation account for the fiscal year in which the funds are provided.

(f) No funds appropriated to carry out this Act may be transferred to the Office of the Inspector General, or the Office of the General Counsel, of the Department of Agriculture.

BLOCK GRANT

SEC. 19. [7 U.S.C. 2028] (a)(1)(A) From the sums appropriated under this Act, the Secretary shall, subject to the provisions of this section, pay to the Commonwealth of Puerto Rico—

(i) for fiscal year 2000, \$1,268,000,000;

(ii) for fiscal year 2001, the amount required to be paid under clause (i) for fiscal year 2000, as adjusted by the change in the Food at Home series of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor, for the most recent 12-month period ending in June; and

(iii) for fiscal year 2002, the amount required to be paid under clause (ii) for fiscal year 2001, as adjusted by the percentage by which the thrifty food plan is adjusted for fiscal year 2002 under section 3(o)(4);

to finance 100 percent of the expenditures for food assistance provided to needy persons and 50 percent of the administrative expenses related to the provision of the assistance.

(B) The payments to the Commonwealth for any fiscal year shall not exceed the expenditures by that jurisdiction during that year for the provision of the assistance the provision of which is included in the plan of the Commonwealth approved under subsection (b) and 50 per centum of the related administrative expenses.

(2) The Secretary shall, subject to the provisions of subsection (b), pay to the Commonwealth for the applicable fiscal year, at such times and in such manner as the Secretary may determine, the amount estimated by the Commonwealth pursuant to subsection (b)(1)(A)(iv), reduced or increased to the extent of any prior overpayment or current underpayment which the Secretary determines has been made under this section and with respect to which adjustment has not already been made under this subsection.

(b)(1)(A) In order to receive payments under this Act for any fiscal year, the Commonwealth shall have a plan for that fiscal year approved by the Secretary under this section. By July 1 of each year, if the Commonwealth wishes to receive payments, it shall submit a plan for the provision of the assistance described in subsection (a)(1)(A) for the following fiscal year which—

(i) designates the agency or agencies directly responsible for the administration, or supervision of the administration, of the program for the provision of such assistance;

(ii) assesses the food and nutrition needs of needy persons residing in the Commonwealth;

(iii) describes the program for the provision of such assistance, including the assistance to be provided and the persons to whom such assistance will be provided, and any agencies designated to provide such assistance, which program must meet such requirements as the Secretary may by regulation prescribe for the purpose of assuring that assistance is provided to the most needy persons in the jurisdiction;

(iv) estimates the amount of expenditures necessary for the provision of the assistance described in the program and related administrative expenses, up to the amount provided for payment by subsection (a)(1)(A); and

(v) includes such other information as the Secretary may require.

(B)(i) The Secretary shall approve or disapprove any plan submitted pursuant to subparagraph (A) no later than August 1 of the year in which it is submitted. The Secretary shall approve any plan which complies with the requirements of subparagraph (A). If a plan is disapproved because it does not comply with any of the requirements of that paragraph the Secretary shall, except as provided in subparagraph (B)(ii), notify the appropriate agency in the Commonwealth that payments will not be made to it under subsection (a) for the fiscal year to which the plan applies until the Secretary is satisfied that there is no longer any such failure to comply, and until the Secretary is so satisfied, the Secretary will make no payments.

(ii) The Secretary may suspend the denial of payments under subparagraph (B)(i) for such period as the Secretary determines appropriate and instead withhold payments provided for under subsection (a), in whole or in part, for the fiscal year to which the plan

applies, until the Secretary is satisfied that there is no longer any failure to comply with the requirements of subparagraph (A), at which time such withheld payments shall be paid.

(2)(A) The Commonwealth shall provide for a biennial audit of expenditures under its program for the provision of the assistance described in subsection (a)(1)(A), and within 120 days of the end of each fiscal year in which the audit is made, shall report to the Secretary the findings of such audit.

(B) Within 120 days of the end of the fiscal year, the Commonwealth shall provide the Secretary with a statement as to whether the payments received under subsection (a) for that fiscal year exceeded the expenditures by it during that year for which payment is authorized under this section, and if so, by how much, and such other information as the Secretary may require.

(C)(i) If the Secretary finds that there is a substantial failure by the Commonwealth to comply with any of the requirements of subparagraphs (A) and (B), or to comply with the requirements of subsection (b)(1)(A) in the administration of a plan approved under subsection (b)(1)(B), the Secretary shall, except as provided in subparagraph (C)(ii), notify the appropriate agency in the Commonwealth that further payments will not be made to it under subsection (a) until the Secretary is satisfied that there will no longer be any such failure to comply, and until the Secretary is so satisfied, the Secretary shall make no further payments.

(ii) The Secretary may suspend the termination of payments under subparagraph (C)(i) for such period as the Secretary determines appropriate, and instead withhold payments provided for under subsection (a), in whole or in part, until the Secretary is satisfied that there will no longer be any failure to comply with the requirements of subparagraphs (A) and (B) and subsection (b)(1)(A), at which time such withheld payments shall be paid.

(iii) Upon a finding under subparagraph (C)(i) of a substantial failure to comply with any of the requirements of subparagraphs (A) and (B) and subsection (b)(1)(A), the Secretary may, in addition to or in lieu of any action taken under subparagraphs (C)(i) and (C)(ii), refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance by the Commonwealth of Puerto Rico, and upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(c)(1) The Secretary shall provide for the review of the programs for the provision of the assistance described in subsection (a)(1)(A) for which payments are made under this Act.

(2) The Secretary is authorized as the Secretary deems practicable to provide technical assistance with respect to the programs for the provision of the assistance described in subsection (a)(1)(A).

(d) Whoever knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than \$10,000 or imprisoned for not more than five years, or both, but if the value of the funds, assets or property involved is not over \$200, the penalty shall be a fine of not more than \$1,000 or imprisonment for not more than one year, or both.

WORKFARE

SEC. 20. [7 U.S.C. 2029] (a)(1) The Secretary shall permit any political subdivision, in any State, that applies and submits a plan to the Secretary in compliance with guidelines promulgated by the Secretary to operate a workfare program pursuant to which every member of a household participating in the food stamp program who is not exempt by virtue of the provisions of subsection (b) of this section shall accept an offer from such subdivision to perform work on its behalf, or may seek an offer to perform work, in return for compensation consisting of the allotment to which the household is entitled under section 8(a) of this Act, with each hour of such work entitling that household to a portion of its allotment equal in value to 100 per centum of the higher of the applicable State minimum wage or the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 [(29 U.S.C. 201 et seq.)].

(2)(A) The Secretary shall promulgate guidelines pursuant to paragraph (1) which, to the maximum extent practicable, enable a political subdivision to design and operate a workfare program under this section which is compatible and consistent with similar workfare programs operated by the subdivision.

(B) A political subdivision may comply with the requirements of this section by operating any workfare program which the Secretary determines meets the provisions and protections provided under this section.

(b) A household member shall be exempt from workfare requirements imposed under this section if such member is—

(1) exempt from section 6(d)(1) as the result of clause (B), (C), (D), (E), or (F) of section 6(d)(2);

(2) at the option of the operating agency, subject to and currently actively and satisfactorily participating at least 20 hours a week in a work activity required under title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(3) mentally or physically unfit;

(4) under sixteen years of age;

(5) sixty years of age or older; or

(6) a parent or other caretaker of a child in a household in which another member is subject to the requirements of this section or is employed fulltime.

(c) No operating agency shall require any participating member to work in any workfare position to the extent that such work exceeds in value the allotment to which the household is otherwise entitled or that such work, when added to any other hours worked during such week by such member for compensation (in cash or in kind) in any other capacity, exceeds thirty hours a week.

(d) The operating agency shall—

(1) not provide any work that has the effect of replacing or preventing the employment of an individual not participating in the workfare program;

(2) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

(3) reimburse participants for actual costs of transportation and other actual costs all of which are reasonably necessary and directly related to participation in the program but not to exceed \$25 in the aggregate per month.

(e) The operating agency may allow a job search period, prior to making workfare assignments, of up to thirty days following a determination of eligibility.

(f) **DISQUALIFICATION.**—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.

(g)(1) The Secretary shall pay to each operating agency 50 per centum of all administrative expenses incurred by such agency in operating a workfare program, including reimbursements to participants for work-related expenses as described in subsection (d)(3) of this section.

(2)(A) From 50 per centum of the funds saved from employment related to a workfare program operated under this section, the Secretary shall pay to each operating agency an amount not to exceed the administrative expenses described in paragraph (1) for which no reimbursement is provided under such paragraph.

(B) For purposes of subparagraph (A), the term “funds saved from employment related to a workfare program operated under this section” means an amount equal to three times the dollar value of the decrease in allotments issued to households, to the extent that such decrease results from wages received by members of such households for the first month of employment beginning after the date such members commence such employment if such employment commences—

(i) while such members are participating for the first time in a workfare program operated under this section; or

(ii) in the thirty-day period beginning on the date such first participation is terminated.

(3) The Secretary may suspend or cancel some or all of these payments, or may withdraw approval from a political subdivision to operate a workfare program, upon a finding that the subdivision has failed to comply with the workfare requirements.

SEC. 21. [7 U.S.C. 2030] DEMONSTRATION OF FAMILY INDEPENDENCE PROGRAM.

(a) **IN GENERAL.**—Upon written application of the State of Washington (in this section referred to as the “State”) and after the approval of such application by the Secretary, the State may conduct a Family Independence Demonstration Project (in this section referred to as the “Project”) in all or in part of the State in accordance with this section to determine whether the Project, as an alternative to providing benefits under the food stamp program, would more effectively break the cycle of poverty and would provide families with opportunities for economic independence and strengthened family functioning.

(b) **NATURE OF PROJECT.**—In an application submitted under subsection (a), the State shall provide the following:

(1) Except as provided in this section, the provisions of chapter 434 of the 1987 Washington Laws, as enacted in May 1987, shall apply to the operation of the Project.

(2) All of the following terms and conditions shall be in effect under the Project:

(A)(i) Except as provided in clause (ii), individuals with respect to whom benefits may be paid under part A of title IV of the Social Security Act [(42 U.S.C. 601 et seq.)], and such other individuals as are included in the Project pursuant to chapter 434 of the 1987 Washington Laws, as en-

acted in May 1987, shall be eligible to participate in the Project in lieu of receiving benefits under the food stamp program and cash assistance under any other Federal program covered by the Project.

(ii) Individuals who receive only child care or medical benefits under the Project shall not be eligible to receive food assistance under the Project. Such individuals may receive coupons under the food stamp program if eligible.

(B) Individuals who participate in the Project shall receive for each month an amount of cash assistance that is not less than the total value of the assistance such individuals would otherwise receive, in the aggregate, under the food stamp program and any cash-assistance Federal program covered by the Project for such month, including income and resource exclusions and deductions, and benefit levels.

(C)(i) The State may provide a standard benefit for food assistance under the Project, except that individuals who participate in the Project shall receive as food assistance for a month an amount of cash that is not less than the value of the assistance such individuals would otherwise receive under the food stamp program.

(ii) The State may provide a cash benefit for food assistance equal to the value of the thrifty food plan.

(D) Each month participants in the Project shall be notified by the State of the amount of Project assistance that is provided as food assistance for such month.

(E) The State shall have a program to require participants to engage in employment and training activities carried out under chapter 434 of the 1987 Washington Laws, as enacted in May 1987.

(F) Food assistance shall be provided under the Project—

(i) to any individual who is accepted for participation in the Project, not later than 30 days after such individual applies to participate in the Project;

(ii) to any participant for the period that begins on the date such participant applies to participate in the Project, except that the amount of such assistance shall be reduced to reflect the pro rata value of any coupons received under the food stamp program for such period for the benefit of such participant; and

(iii) until—

(I) the participant's cash assistance under the Project is terminated;

(II) such participant is informed of such termination and is advised of the eligibility requirements for participation in the food stamp program;

(III) the State determines whether such participant will be eligible to receive coupons as a member of a household under the food stamp program; and

(IV) coupons under the food stamp program are received by such participant if such participant will be eligible to receive coupons as a member of a household under the food stamp program.

(G)(i) Paragraphs (1)(B), (8), (10), and (19)²¹⁻¹ of section 11(e) shall apply with respect to the participants in the Project in the same manner as such paragraphs apply with respect to participants in the food stamp program.

(ii) Each individual who contacts the State in person during office hours to make what may reasonably be interpreted as an oral or written request to participate in the Project shall receive and shall be permitted to file on the same day that such contact is first made, an application form to participate in the Project.

(iii) The Project shall provide for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with, the elderly persons, physically or mentally handicapped, and persons otherwise unable, solely because of transportation difficulties and similar hardships, to appear in person.

(iv) An individual who applies to participate in the Project may be represented by another person in the review process if the other person has been clearly designated as the representative of such individual for that purpose, by such individual or the spouse of such individual, and, in the case of the review process, the representative is an adult who is sufficiently aware of relevant circumstances, except that the State may—

(I) restrict the number of individuals who may be represented by such person; and

(II) otherwise establish criteria and verification standards for representation under this clause.

(v) The State shall provide a method for reviewing applications to participate in the Project submitted by, and distributing food assistance under the Project to, individuals who do not reside in permanent dwellings or who have no fixed mailing address. In carrying out the preceding sentence, the State shall take such steps as are necessary to ensure that participation in the Project is limited to eligible individuals.

(3) An assurance that the State will allow any individual to apply to participate in the food stamp program without applying to participate in the Project.

(4) An assurance that the cost of food assistance provided under the Project will not be such that the aggregate amount of payments made under this section by the Secretary to the State over the period of the Project will exceed the sum of—

(A) the anticipated aggregate value of the coupons that would have been distributed under the food stamp program if the individuals who participate in the Project had participated instead in the food stamp program; and

(B) the portion of the administrative costs for which the State would have received reimbursement under—

(i) subsections (a) and (g) of section 16 (without regard to the first proviso to such subsection (g)) if the individuals who participated in the Project had participated instead in the food stamp program; and

²¹⁻¹ So in original. Probably should be “and (18)”. Section 835(1)(D)(i) of Public Law 104-193 (110 Stat. 2330) amended section 11(e) by redesignating paragraph (19) as paragraph (18).

(ii) section 16(h) if the individuals who participated in the Project had participated in an employment and training program under section 6(d)(4);

except that this paragraph shall not be construed to prevent the State from claiming payments for additional households that would qualify for benefits under the food stamp program in the absence of a cash out of such benefits as a result of changes in economic, demographic, and other conditions in the State or a subsequent change in the benefit levels approved by the State legislature.

(5) An assurance that the State will continue to carry out the food stamp program while the State carries out the Project.

(6) If there is a change in existing State law that would eliminate guaranteed benefits or reduce the rights of applicants or participants under this section during, or as a result of participation in, the Project, the Project shall be terminated.

(7) An assurance that the Project shall include procedures and due process guarantees no less beneficial than those which are available under Federal law and under State law to participants in the food stamp program.

(8)(A) An assurance that, except as provided in subparagraph (B), the State will carry out the Project during a 5-year period beginning on the date the first individual is approved for participation in the Project.

(B) The Project may be terminated 180 days after—

(i) the State gives notice to the Secretary that it intends to terminate the Project; or

(ii) the Secretary, after notice and an opportunity for a hearing, determines that the State materially failed to comply with this section.

(c) FUNDING.—If an application submitted under subsection (a) by the State complies with the requirements specified in subsection (b), then the Secretary shall—

(1) approve such application; and

(2) from funds appropriated under this Act, pay the State for—

(A) the actual cost of the food assistance provided under the Project; and

(B) the percentage of the administrative costs incurred by the State to provide food assistance under the Project that is equal to the percentage of the State's aggregate administrative costs incurred in operating the food stamp program in the most recent fiscal year for which data are available, that was paid under subsections (a), (g), and (h) of section 16 of this Act.

(d)(1) PROJECT APPLICATION.—Unless and until an application to participate in the Project is approved, and food assistance under the Project is made available to the applicant—

(A) such application shall also be treated as an application to participate in the food stamp program; and

(B) section 11(e)(9) shall apply with respect to such application.

(2) Coupons provided under the food stamp program with respect to an individual who—

(A) is participating in such program; and

(B) applies to participate in the Project;

may not be reduced or terminated because such individual applies to participate in the Project.

(3) For households eligible to participate in the food stamp program that contain some members who participate in the Project and other members who do not participate in the Project, those members who do not participate in the Project shall receive a separate benefit in food coupons under the food stamp program that is not less than the amount of food stamp benefits that such members would have received were the Project not implemented.

(e) **WAIVER.**—The Secretary shall (with respect to the Project) waive compliance with any requirement contained in this Act (other than this section) that (if applied) would prevent the State from carrying out the Project or effectively achieving its purpose.

(f) **CONSTRUCTION.**—For purposes of any other Federal, State or local law—

(1) cash assistance provided under the Project that represents food assistance shall be treated in the same manner as coupons provided under the food stamp program are treated; and

(2) participants in the program who receive food assistance under the Project shall be treated in the same manner as recipients of coupons under the food stamp program are treated.

(g) **PROJECT AUDITS.**—The Comptroller General of the United States may—

(1) conduct periodic audits of the operation of the Project to verify the amounts payable to the State from time to time under subsection (b)(4); and

(2) submit to the Secretary of Agriculture, the Secretary of Health and Human Services, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of each such audit.

(h) **EVALUATION.**—With funds appropriated under section 18(a)(1), the Secretary shall conduct, in consultation with the Secretary of Health and Human Services, an evaluation of the Project.

FOOD STAMP PORTION OF MINNESOTA FAMILY INVESTMENT PLAN²²⁻¹

SEC. 22.²²⁻² **[7 U.S.C. 2031]** (a) **IN GENERAL.**—

(1) Subject to paragraph (2), upon written application of the State of Minnesota that complies with this section and sections 6 to 11, 13, 130, and 132 of article 5 of 282 of the 1989 Laws of Minnesota, and after approval of such application by the Secretary in accordance with subsections (b) and (d), the State may implement a family investment demonstration project (hereinafter in this section referred to as the Project) in parts of the State to determine whether the Project more effectively helps families to become self-supporting and enhances their ability to care for their children than do the food stamp program and programs under parts A and F of title IV of the

²²⁻¹ So in original (see section 941(11)(A) of P.L. 102-237). Section heading uses “PLAN” while text of section uses “project”.

²²⁻² Subsections (b)(10) and (d)(1)(B)(ii) of section 8015 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239; 42 U.S.C. 602 note) requires the State of Minnesota to ensure that families participating in the demonstration project of the effectiveness of the Minnesota Family Investment Plan receive cash assistance under the project that is not less than the aggregate value of assistance that such families would have received under the State plan approved under section 402(a) of the Social Security Act and under the food stamp program in the absence of the project.

Social Security Act. The State may provide cash payments under the Project, subject to paragraph (2), that replace assistance otherwise available under the food stamp program and under part A of title IV of the Social Security Act.

(2) The Project may be implemented only in accordance with this section and only if the Secretary of Health and Human Services approves an application submitted by the State permitting the State to include in the Project families who are eligible to receive benefits under part A of title IV of the Social Security Act.

(b) REQUIRED TERMS AND CONDITIONS OF THE PROJECT.—The application submitted by the State under subsection (a) shall provide an assurance that the Project shall satisfy all of the following requirements:

(1) Only families may be eligible to receive assistance and services through the Project.

(2) Participating families, families eligible for or participating in the program authorized under part A of title IV of the Social Security Act or the food stamp program that are assigned to and found eligible for the Project, and families required to submit an application for the Project that are found eligible for the Project shall be ineligible to receive benefits under the food stamp program.

(3)(A) Subject to the provisions of this paragraph and any reduction imposed under subsection (c)(3) of this section, the value of assistance provided to participating families shall not be less than the aggregate value of the assistance such families could receive under the food stamp program and part A of title IV of the Social Security Act if such families did not participate in the Project.

(B) For purposes of satisfying the requirement specified in subparagraph (A)—

(i) payments for child care expenses under the Project shall be considered part of the value of assistance provided to participating families with earnings;

(ii) payments for child care expenses for families without earnings shall not be considered part of the value of assistance provided to participating families or the aggregate value of assistance that such families could have received under the food stamp program and part A of title IV of the Social Security Act; and

(iii) any child support payments not assigned to the State under the provisions of part A of title IV of the Social Security Act, less \$50 per month, shall be considered part of the aggregate value of assistance participating families would receive if such families did not participate in the Project;

(C) For purposes of satisfying the requirement specified in subparagraph (A), the State shall—

(i) identify the sets of characteristics indicative of families that might receive less assistance under the Project;

(ii) establish a mechanism to determine, for each participating family that has a set of characteristics identified under clause (i) whether such family could receive more assistance, in the aggregate, under the food stamp program

and part A of title IV of the Social Security Act if such family did not participate in the project;

(iii) increase the amount of assistance provided under the Project to any family that could receive more assistance, in the aggregate, under the food stamp program and part A of title IV of the Social Security Act if such family did not participate in the Project, so that the assistance provided under the Project to such family is not less than the aggregate amount of assistance such family could receive under the food stamp program and part A of title IV of the Social Security Act if such family did not participate in the Project; and

(iv) increase the amount of assistance paid to participating families, if the State or locality imposes a sales tax on food, by the amount needed to compensate for the tax.

This subparagraph shall not be construed to require the State to make the determination under clause (ii) for families that do not have a set of characteristics identified under clause (i).

(D)(i) The State shall designate standardized amounts of assistance provided as food assistance under the Project and notify monthly each participating family of such designated amount.

(ii) The amount of food assistance so designated shall be at least the value of coupons such family could have received under the food stamp program if the Project had not been implemented. The provisions of this subparagraph shall not require that the State make individual determinations as to the amount of assistance under the Project designated as food assistance.

(iii) The State shall periodically allow participating families the option to receive such food assistance in the form of coupons.

(E)(i) Individuals ineligible for the Project who are members of a household including a participating family shall have their eligibility for the food stamp program determined and have their benefits calculated and issued following the standards established under the food stamp program, except as provided differently in this subparagraph.

(ii) The State agency shall determine such individuals' eligibility for benefits under the food stamp program and the amount of such benefits without regard to the participating family.

(iii) In computing such individuals' income for purposes of determining eligibility (under section 5(c)(1)) and benefits, the State agency shall apply the maximum excess shelter expense deduction specified under section 5(e).

(iv) Such individuals' monthly allotment shall be the higher of \$10 or 75 percent of the amount calculated following the standards of the food stamp program and the foregoing requirements of this subparagraph, rounded to the nearest lower whole dollar.

(4) The Project shall include education, employment, and training services equivalent to those offered under the employment and training program described in section 6(d)(4) to families similar to participating families elsewhere in the State.

(5) The State may select families for participation in the Project through submission and approval of an application for participation in the Project or by assigning to the Project families that are determined eligible for or are participating in the program authorized by part A of title IV of the Social Security Act or the food stamp program.

(6) Whenever selection for participation in the Project is accomplished through submission and approval of an application for the Project—

(A) the State shall promptly determine eligibility for the Project, and issue assistance to eligible families, retroactive to the date of application, not later than thirty days following the family's filing of an application;

(B) in the case of families determined ineligible for the Project upon application, the application for the Project shall be deemed an application for the food stamp program, and benefits under the food stamp program shall be issued to those found eligible following the standards established under the food stamp program;

(C) expedited benefits shall be provided under terms no more restrictive than under paragraph (9) of section 11(e) and the laws of Minnesota and shall include expedited issuance of designated food assistance provided through the Project or expedited benefits through the food stamp program;

(D) each individual who contacts the State in person during office hours to make what may reasonably be interpreted as an oral or written request to receive financial assistance shall receive and shall be permitted to file an application form on the same day such contact is first made;

(E) provision shall be made for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with, elderly individuals, physically or mentally handicapped individuals, and individuals otherwise unable to appear in person solely because of transportation difficulties and similar hardships;

(F) a family may be represented by another person if the other person has clearly been designated as the representative of such family for that purpose and the representative is an adult who is sufficiently aware of relevant circumstances, except that the State may—

(i) restrict the number of families who may be represented by such person; and

(ii) otherwise establish criteria and verification standards for representation under this subparagraph; and

(G) the State shall provide a method for reviewing applications to participation in the Project submitted by, and distributing assistance under the Project to, families that do not reside in permanent dwellings or who have no fixed mailing address.

(7) Whenever selection for participation in the Project is accomplished by assigning families that are determined eligible for or participating in the program authorized by part A of title IV of the Social Security Act or the food stamp program—

(A) the State shall provide eligible families assistance under the Project no later than benefits would have been provided following the standards established under the food stamp program; and

(B) the State shall ensure that assistance under the Project is provided so that there is no interruption in benefits for families participating in the program under part A of title IV of the Social Security Act or the food stamp program.

(8) Paragraphs (1)(B) and (8) of section 11(e) shall apply with respect to applicants and participating families in the same manner as such paragraphs apply with respect to applicants and participants in the food stamp program.

(9) Assistance provided under the Project shall be reduced to reflect the pro rata value of any coupons received under the food stamp program for the same period.

(10)(A) The State shall provide each family or family member whose participation in the Project ends and each family whose participation is terminated with notice of the existence of the food stamp program and the person or agency to contact for more information.

(B)(i) Following the standards specified in subparagraph (C), the State shall ensure that benefits under the food stamp program are provided to participating families in case the Project is terminated or to participating families or family members that are determined ineligible for the Project because of income, resources, or change in household composition, if such families or individuals are determined eligible for the food stamp program. Food coupons shall be issued to eligible families and individuals described in this clause retroactive to the date of termination from the Project; and

(ii) If sections 256.031 through 256.036 of the Minnesota Statutes, 1989 Supplement, or Minnesota Laws 1989, chapter 282, article 5, section 130, are amended to reduce or eliminate benefits provided under those sections or restrict the rights of Project applicants or participating families, the State shall exclude from the Project applicants or participating families or individuals affected by such amendments and follow the standards specified in subparagraph (C), except that the State shall continue to pay from State funds an amount equal to the food assistance portion to such families and individuals until the State determines eligibility or ineligibility for the food stamp program or the family or individual has failed to supply the needed additional information within ten days. Food coupons shall be provided to families and individuals excluded from the Project under this clause who are determined eligible for the food stamp program retroactive to the date of the determination of eligibility. The Secretary shall pay to the State the value of the food coupons for which such families and individuals would have been eligible in the absence of food assistance payments under this clause from the date of termination from the Project to the date food coupons are provided.

(C) Each family whose Project participation is terminated shall be screened for potential eligibility for the food stamp program and if the screening indicates potential eligibility, the family or family member shall be given a specific request to

supply all additional information needed to determine such eligibility and assistance in completing a signed food stamp program application including provision of any relevant information obtained by the State for purpose of the Project. If the family or family member supplies such additional information within ten days after receiving the request, the State shall, within five days after the State receives such information, determine whether the family or family member is eligible for the food stamp program. Each family or family member who is determined through the screening or otherwise to be ineligible for the food stamp program shall be notified of that determination.

(11) Section 11(e)(10) shall apply with respect to applicant and participating families in the same manner as such paragraph applies with respect to applicants and participants in the food stamp program, except that families shall be given notice of any action for which a hearing is available in a manner consistent with the notice requirements of the regulations implementing sections 402(a)(4) and 482(h) of the Social Security Act.

(12) For each fiscal year, the Secretary shall not be liable for any costs related to carrying out the Project in excess of those that the Secretary would have been liable for had the Project not been implemented, except for costs for evaluating the Project, but shall adjust for the full amount of the federal share of increases or decreases in costs that result from changes in economic, demographic, and other conditions in the State based on data specific to the State, changes in eligibility or benefit levels authorized by the Food Stamp Act, as amended, or changes in amounts of Federal funds available to States and localities under the food stamp program.

(13) The State shall carry out the food stamp program throughout the State while the State carries out the Project.

(14)(A) Except as provided in subparagraph (B), the State will carry out the Project during a five-year period beginning on the date the first family receives assistance under the Project.

(B) The Project may be terminated—

(i) by the State one hundred and eighty days after the State gives notice to the Secretary that it intends to terminate the Project;

(ii) by the Secretary one hundred and eighty days after the Secretary, after notice and an opportunity for a hearing, determines that the State materially failed to comply with this section; or

(iii) whenever the State and the Secretary jointly agree to terminate the Project.

(15) Not more than six thousand families may participate in the Project simultaneously.

(c) **ADDITIONAL TERMS AND CONDITIONS OF THE PROJECT.**—The Project shall be subject to the following additional terms and conditions:

(1) The State may require any parent in a participating family to participate in education, employment, or training requirements unless the individual is a parent in a family with one parent who—

(A) is ill, incapacitated, or sixty years of age or older;

(B) is needed in the home because of the illness or incapacity of another family member;

(C) is the parent of a child under one year of age and is personally providing care for the child;

(D) is the parent of a child under six years of age and is employed or participating in education or employment and training services for twenty or more hours a week;

(E) works thirty or more hours a week or, if the number of hours worked cannot be verified, earns at least the Federal minimum hourly wage rate multiplied by thirty per week; or

(F) is in the second or third trimester of pregnancy.

(2) The State shall not require any parent of a child under six years of age in a participating family with only one parent to be employed or participate in education or employment and training services for more than twenty hours a week.

(3) For any period during which an individual required to participate in education, employment, or training requirements fails to comply without good cause with a requirement imposed by the State under paragraph (1), the amount of assistance to the family under the Project may be reduced by an amount not more than 10 percent of the assistance the family would be eligible for with no income other than that from the Project.

(d) FUNDING.—

(1) If an application submitted under subsection (a) complies with the requirements specified in subsection (b), then the Secretary shall—

(A) approve such application; and

(B) subject to subsection (b)(12) from the funds appropriated under this Act provide grant awards and pay the State each calendar quarter for—

(i) the cost of food assistance provided under the Project equal to the amount that would have otherwise been issued in the form of coupons under the food stamp program had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State; and

(ii) the administrative costs incurred by the State to provide food assistance under the Project that are authorized under subsections (a), (g), (h)(2), and (h)(3) of section 16 equal to the amount that otherwise would have been paid under such subsections had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State: *Provided*, That payments made under subsection (g) of section 16 shall equal payments that would have been made if the Project had not been implemented.

(2) The Secretary shall periodically adjust payments made to the State under paragraph (1) to reflect—

(A) the cost of coupons issued to individuals ineligible for the Project specified in subsection (b)(3)(E) in excess of the amount that would have been issued to such individuals had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State; and

(B) the cost of coupons issued to families exercising the option specified in subsection (b)(3)(D)(iii) in excess of the amount that would have been issued to such individuals had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State.

(3) Payments under paragraph (1)(B) shall include adjustments, as estimated under a methodology satisfactory to the Secretary after negotiations with the State, for increases or decreases in the costs of providing food assistance and associated administrative costs that result from changes in economic, demographic, or other conditions in the State based on data specific to the State, changes in eligibility or benefit levels authorized by the Food Stamp Act, as amended, and changes in or additional amounts of Federal funds available to States and localities under the food stamp program.

(e) WAIVER.—With respect to the Project, the Secretary shall waive compliance with any requirement contained in this Act (other than this section) that, if applied, would prevent the State from carrying out the Project or effectively achieving its purpose.

(f) PROJECT AUDITS.—The Comptroller General of the United States shall—

(1) conduct periodic audits of the operation of the Project to verify the amounts payable to the State from time to time under subsection (d); and

(2) submit to the Secretary, the Secretary of Health and Human Services, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of each such audit.

(g) CONSTRUCTION.—(1) For purposes of any Federal, State, or local law other than part A of title IV of the Social Security Act or the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)—

(A) cash assistance provided under the Project that is designated as food assistance by the State shall be treated in the same manner as coupon allotments under the food stamp program are treated; and

(B) participating families shall be treated in the same manner as participants in the food stamp program are treated.

(2) Nothing in this section shall—

(A) allow payments made to the State under the Project to be less than the amounts the State and eligible households within the State would have received if the Project had not been implemented; or

(B) require the Secretary to incur costs as a result of the Project in excess of costs that would have been incurred if the Project had not been implemented, except for costs for evaluation.

(h) QUALITY CONTROL.—Participating families shall be excluded from any sample taken for purposes of making any determination under section 16(c). For purposes of establishing the total value of allotments under section 16(c)(1)(C), food coupons and the amount of federal liability for food assistance provided under the Project as limited by subsection (b)(12) of this section shall be treated as allotments issued under the food stamp program. Payments for adminis-

trative costs incurred by the State shall be included for purposes of establishing the adjustment under section 16(c)(1)(A).

(i) EVALUATION.—(1) The State shall develop and implement a plan for an independent evaluation designed to provide reliable information on Project impacts and implementation. The evaluation will include treatment and control groups and will include random assignment of families to treatment and control groups in an urban setting. The evaluation plan shall satisfy the evaluation concerns of the Secretary of Agriculture such as effects on benefits to participants, costs of the Project, payment accuracy, administrative consequences, any reduction in welfare dependency, any reduction in total assistance payments, and the consequences of cash payments on household expenditures, and food consumption. The evaluation plan shall take into consideration the evaluation requirements and administrative obligations of the State. The evaluation will measure the effects of the Project in regard to goals of increasing family income, prevention of long-term dependency, movement toward self-support, and simplification of the welfare system.

(2) The State shall pay 50 percent of the cost of developing and implementing such plan and the Federal Government shall pay the remainder.

(j) DEFINITIONS.—For purposes of this section, the following definitions apply:

(1) The term “family” means the following individuals who live together: a minor child or a group of minor children related to each other as siblings, half siblings, stepsiblings, or adopted siblings, together with their natural or adoptive parents, or their caregiver. Family also includes a pregnant woman in the third trimester of pregnancy with no children.

(2) The term “contract” means a plan to help a family pursue self-sufficiency, based on the State’s assessment of the family’s needs and abilities and developed with a parental caregiver.

(3) The term “caregiver” means a minor child’s natural or adoptive parent or parents who live in the home with the minor child. For purposes of determining eligibility for the Project, “caregiver” also means any of the following individuals who live with and provide care and support to a minor child when the minor child’s natural or adoptive parent or parents do not reside in the same home: grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, niece, persons of preceding generations as denoted by prefixes of “great” or “great-great” or a spouse of any person named in the above groups even after the marriage ends by death or divorce.

(4) The term “State” means the State of Minnesota.

SEC. 23. [7 U.S.C. 2032] AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS.

(a) STANDARDS AND PROCEDURES FOR REVIEWS.—

(1) INITIAL REVIEWS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall complete a review of regulations and standards (in effect on the date of enactment of this section) for the approval of an automated data processing and information retrieval system maintained by a State (hereinafter in this section referred

to as a “system”) to determine the extent to which the regulations and standards contribute to a more effective and efficient program.

(B) REVISION OF REGULATIONS.—The Secretary shall revise regulations (in effect on the date of enactment of this Act) to take into account the findings of the review conducted under subparagraph (A).

(C) INCORPORATION OF EXISTING SYSTEMS.—The regulations shall require States to incorporate all or part of systems in use elsewhere, unless a State documents that the design and operation of an alternative system would be less costly. The Secretary shall establish standards to define the extent of modification of the systems for which payments will be made under either section 16(a) or 16(g).

(D) IMPLEMENTATION.—Proposed systems shall meet standards established by the Secretary for timely implementation of proper changes.

(E) COST EFFECTIVENESS.—Criteria for the approval of a system under section 16(g) shall include the cost effectiveness of the proposed system. On implementation of the approved system, a State shall document the actual cost and benefits of the system.

(2) OPERATIONAL REVIEWS.—The Secretary shall conduct such reviews as are necessary to ensure that systems—

(A) comply with conditions of initial funding approvals; and

(B) adequately support program delivery in compliance with this Act and regulations issued under this Act.

(b) STANDARDS FOR APPROVAL OF SYSTEMS.—

(1) IN GENERAL.—After conducting the review required under subsection (a), the Secretary shall establish standards for approval of systems.

(2) IMPLEMENTATION.—A State shall implement the standards established by the Secretary within a reasonable period of time, as determined by the Secretary.

(3) PERIODIC COMPLIANCE REVIEWS.—The Secretary shall conduct appropriate periodic reviews of systems to ensure compliance with the standards established by the Secretary.

(c) REPORT.—Not later than October 1, 1993, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which State agencies have developed and are operating effective systems that support food stamp program delivery in compliance with this Act and regulations issued under this Act.

SEC. 24. [7 U.S.C. 2033] TERRITORY OF AMERICAN SAMOA.

Effective October 1, 1995, from amounts made available to carry out this Act, the Secretary shall pay to the Territory of American Samoa not more than \$5,300,000 for each of fiscal years 1996 through 2002 to finance 100 percent of the expenditures for the fiscal year for a nutrition assistance program extended under section 601(c) of Public Law 96-597 (48 U.S.C. 1469d(c)).

SEC. 25. [7 U.S.C. 2034] ASSISTANCE FOR COMMUNITY FOOD PROJECTS.²⁵⁻¹

(a) **DEFINITION OF COMMUNITY FOOD PROJECTS.**—In this section, the term “community food project” means a community-based project that requires a 1-time infusion of Federal assistance to become self-sustaining and that is designed to—

- (1) meet the food needs of low-income people;
- (2) increase the self-reliance of communities in providing for their own food needs; and
- (3) promote comprehensive responses to local food, farm, and nutrition issues.

(b) **AUTHORITY TO PROVIDE ASSISTANCE.**—

(1) **IN GENERAL.**—From amounts made available to carry out this Act, the Secretary may make grants to assist eligible private nonprofit entities to establish and carry out community food projects.

(2) **LIMITATION ON GRANTS.**—The total amount of funds provided as grants under this section may not exceed—

- (A) \$1,000,000 for fiscal year 1996; and
- (B) \$2,500,000 for each of fiscal years 1997 through 2002.

(c) **ELIGIBLE ENTITIES.**—To be eligible for a grant under subsection (b), a private nonprofit entity must—

(1) have experience in the area of—

(A) community food work, particularly concerning small and medium-sized farms, including the provision of food to people in low-income communities and the development of new markets in low-income communities for agricultural producers; or

(B) job training and business development activities for food-related activities in low-income communities;

(2) demonstrate competency to implement a project, provide fiscal accountability, collect data, and prepare reports and other necessary documentation; and

(3) demonstrate a willingness to share information with researchers, practitioners, and other interested parties.

(d) **PREFERENCE FOR CERTAIN PROJECTS.**—In selecting community food projects to receive assistance under subsection (b), the Secretary shall give a preference to projects designed to—

(1) develop linkages between 2 or more sectors of the food system;

(2) support the development of entrepreneurial projects;

(3) develop innovative linkages between the for-profit and nonprofit food sectors; or

(4) encourage long-term planning activities and multi-system, interagency approaches.

(e) **MATCHING FUNDS REQUIREMENTS.**—

(1) **REQUIREMENTS.**—The Federal share of the cost of establishing or carrying out a community food project that receives assistance under subsection (b) may not exceed 50 percent of the cost of the project during the term of the grant.

²⁵⁻¹ Section 1469(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3315(b)) provides that the Secretary may retain, for the administration of community food projects under this section, 4 percent of amounts available for the projects, notwithstanding the availability of any appropriation for administrative expenses of the projects.

(2) CALCULATION.—In providing for the non-Federal share of the cost of carrying out a community food project, the entity receiving the grant shall provide for the share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services.

(3) SOURCES.—An entity may provide for the non-Federal share through State government, local government, or private sources.

(f) TERM OF GRANT.—

(1) SINGLE GRANT.—A community food project may be supported by only a single grant under subsection (b).

(2) TERM.—The term of a grant under subsection (b) may not exceed 3 years.

(g) TECHNICAL ASSISTANCE AND RELATED INFORMATION.—

(1) TECHNICAL ASSISTANCE.—In carrying out this section, the Secretary may provide technical assistance regarding community food projects, processes, and development to an entity seeking the assistance.

(2) SHARING INFORMATION.—

(A) IN GENERAL.—The Secretary may provide for the sharing of information concerning community food projects and issues among and between government, private for-profit and nonprofit groups, and the public through publications, conferences, and other appropriate forums.

(B) OTHER INTERESTED PARTIES.—The Secretary may share information concerning community food projects with researchers, practitioners, and other interested parties.

(h) EVALUATION.—

(1) IN GENERAL.—The Secretary shall provide for the evaluation of the success of community food projects supported using funds under this section.

(2) REPORT.—Not later than January 30, 2002, the Secretary shall submit a report to Congress regarding the results of the evaluation.

SEC. 26. [7 U.S.C. 2035] SIMPLIFIED FOOD STAMP PROGRAM.

(a) DEFINITION OF FEDERAL COSTS.—In this section, the term “Federal costs” does not include any Federal costs incurred under section 17.

(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a “Program”), statewide or in a political subdivision of the State, in accordance with this section.

(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

(1) a household in which no members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may not participate in the Program;

(2) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program;

(3) if approved by the Secretary, a household in which 1 or more members but not all members receive assistance under a State program funded under part A of title IV of the Social Se-

curity Act (42 U.S.C. 601 et seq.) may be eligible to participate in the Program; and

(4) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(B) the food stamp program; or

(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

(d) APPROVAL OF PROGRAM.—

(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

(A) complies with this section; and

(B) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year.

(e) INCREASED FEDERAL COSTS.—

(1) DETERMINATION.—

(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

(3) ENFORCEMENT.—

(A) CORRECTIVE ACTION.—Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Program from increasing Federal costs under this Act.

(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

(f) RULES AND PROCEDURES.—

(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State

program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

(A) subsections (a) through (g) of section 7;

(B) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

(C) subsection ²⁶⁻¹(b) and (d) of section 8;

(D) subsections (a), (c), (d), and (n) of section 11;

(E) paragraphs (8), (12), (16), (18), (20), (24), and (25) of section 11(e);

(F) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

(G) section 16.

(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.

SEC. 27. [7 U.S.C. 2036] AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) PURCHASE OF COMMODITIES.—From amounts made available to carry out this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase \$100,000,000 of a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled “An Act to amend the Agricultural Adjustment Act, and for other purposes”, approved August 24, 1935 (7 U.S.C. 612c), and distribute the commodities to States for distribution in accordance with section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note). ²⁷⁻¹

(b) BASIS FOR COMMODITY PURCHASES.—In purchasing commodities under subsection (a), the Secretary shall, to the extent practicable and appropriate, make purchases based on—

(1) agricultural market conditions;

(2) preferences and needs of States and distributing agencies; and

(3) preferences of recipients.

²⁶⁻¹ So in original. Probably should be “subsections”.

²⁷⁻¹ So in original. Probably should be “(7 U.S.C. 7515)”, as a result of reclassification.

GENERAL NOTES

Section 3(9) of the Congressional Budget and Impoundment Control Act of 1974 defines "entitlement authority" to mean, inter alia, the food stamp program.

Section 1584 of the Food Security Act of 1985 (7 U.S.C. 3175a) states a finding that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals should have greater access to nutrition and consumer education.

Section 1585 of the Food Security Act of 1985 (7 U.S.C. 3175b) provides that it is the purpose of the program provided for under sections 1584 through 1588 of such Act to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977.

Section 3 of the Armored Car Industry Reciprocity Act of 1993 (15 U.S.C. 5902) entitles a crew member of an armored car company who is licensed by a State agency to carry a weapon in the services of the company in that State and any other State, under certain circumstances. Section 5(2) of such Act defines "armored car company" as a company, inter alia, holding the appropriate license to transport and protect food stamps.

Section 51(d) of the Internal Revenue Code of 1986 provides a work opportunity tax credit for wages paid to a qualified food stamp recipient.

Section 101(25) of the Workforce Investment Act of 1998 (29 U.S.C. 2801(25)) defines a "low-income individual" as an individual who is a member of a household that receives (or has been determined within the 6-month period prior to application for the program involved to be eligible to receive) food stamps pursuant to this Act.

Section 101(9)(G) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193; 42 U.S.C. 601 note) provides a finding with respect to the public cost of births to teenage mothers under, inter alia, the food stamp program.

Section 403(a)(5)(C) of the Social Security Act (42 U.S.C. 603(a)(5)(C)) allows entities that operate projects under section 403(a)(5) of that Act to provide services to noncustodial parents with respect to whom, inter alia, the minor child is eligible for, or is receiving, assistance under the Food Stamp Act of 1977.

Section 403(b)(6)(B) of the Social Security Act (42 U.S.C. 603(b)(6)(B)) provides that, for purposes of the Contingency Fund for State Welfare Programs, a State is a needy State for a month if, inter alia, the average number of individuals participating in the food stamp program exceeds a specified level.

Section 404(i) of the Social Security Act (42 U.S.C. 604(i)) provides that a State to which a grant is made under section 403 of the Act shall not be prohibited from sanctioning a family that includes an adult who has received assistance under the food stamp program if the adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

Section 404(j) of the Social Security Act (42 U.S.C. 604(j)) provides that a State to which a grant is made under section 403 of the Act shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under the food stamp program if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent, with certain exceptions.

Section 408(a)(8) of the Social Security Act (42 U.S.C. 608(a)(8)) provides that a State to which a grant is made under section 403 of the Act shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under, inter alia, the Food Stamp Act of 1977, unless the President grants a pardon with respect to the conduct which was the subject of the conviction.

Section 411(a)(1)(A)(ix) of the Social Security Act (42 U.S.C. 611(a)(1)(A)(ix)) requires eligible States to submit quarterly reports to the Secretary of Health and Human Services, inter alia, on whether a family receiving assistance under the State program received food stamps.

Section 413(i)(5) of the Social Security Act (42 U.S.C. 613(i)(5)) requires the Secretary of Health and Human Services to take into account, inter alia, the number of food stamp households in determining the child poverty rate in the State.

Section 433(c) of the Social Security Act (42 U.S.C. 629c(c)) requires the Secretary of Health and Human Services to make certain allotments to States for family preservation and support services based on the food stamp percentage of a State for a fiscal year and defines "food stamp percentage".

Section 232(d)(2) of the Social Security Act Amendments of 1994 (Public Law 103-432; 42 U.S.C. 1314a note) requires the Secretary of Health and Human Services to prepare annual reports on welfare receipt in the United States that includes an analysis of families and individuals receiving assistance under the food stamp program.

Section 17(m)(7)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(7)(B)) provides that farmers' market coupons demonstration projects under section 17(m) of the Child Nutrition Act of 1966 shall be supplementary to the food stamp program and to any other Federal or State program under which foods are distributed to needy families in lieu of food stamps.

Section 856 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) provides that it is the sense of the Committee on Agriculture of the House of Representatives that reductions in outlays resulting from title VIII of the Act shall not be taken into account for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

Section 2603(1)(E) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8622(1)(E)) defines "emergency" as, inter alia, a significant increase in participation in a public benefit program such as the food stamp program.

Section 8119 of the Department of Defense Appropriations Act, 1999 (P.L. 105-262) requires the Secretary of Defense to submit to the Committees on Appropriations of the Senate and the House of Representatives a report on food stamp assistance for members of the Armed Forces.

Section 2 of Public Law 105-379, 112 Stat. 3399, Nov. 12, 1998, requires the Secretary of Agriculture to conduct a study of options for the design, development, implementation, and operation of a national database to track participation in Federal means-tested public assistance programs, including an analysis of whether data have addressed, or needs to be developed to address, the needs of the food stamp program, and submit a report to Congress on the study not later than Nov. 12, 1999.

Section 650(d)(2)(B)(iv) of Public Law 106-58, 113 Stat. 479, Sept. 29, 1999, requires the Secretary of the Treasury to establish an interactive program on an Internet website where any taxpayer may generate an itemized receipt showing a proportionate allocation (in money terms) of the taxpayer's total tax payments among the major expenditure categories, including expenditures for the food stamp program.

Section 101 of Public Law 106-246, 114 Stat. 528, July 13, 2000, provides that it is the sense of the Congress that members of the Armed Forces and their dependents should not have to rely on the food stamp program, and the President and the Congress should take action to ensure that the income level of members of the Armed Forces is sufficient so that no member meets the income standards of eligibility in effect under the food stamp program.