

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is centered within the hourglass shape.

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Report RL33690

*Food Stamps and Nutrition Programs in the 2002 Farm Bill*

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October 12, 2006

**Abstract.** As a historical source and in the expectation that some of the same nutrition program issues and provisions of law addressed in 2002 will again come up - and that the effects of the changes made in 2002 will be explored in designing any 2007 farm bill - this report lays out in some detail what happened in 2002.

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# Food Stamps and Nutrition Programs in the 2002 Farm Bill

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October 12, 2006

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## Summary

Among the titles dealing with farm-support and other agriculture-related issues, Title IV of the 2002 farm bill (the Farm Security and Rural Investment Act; P.L. 107-171) reauthorized appropriations for and substantially revised the Food Stamp program. It also included provisions affecting several other domestic food aid programs/activities operated under the aegis of the Department of Agriculture that have typically been included in farm bills: nutrition assistance block grants to Puerto Rico and American Samoa, the Food Distribution Program on Indian Reservations (FDPIR), The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), Community Food Projects, and rules governing foods used in domestic feeding programs such as the School Lunch program. Beyond this traditional array of food assistance programs, the 2002 bill encompassed provisions for a new Seniors Farmers' Market program, a new Fruit and Vegetables pilot program, a set-aside to purchase fresh fruit and vegetables for schools, a Congressional Hunger Fellows program, the purchase of locally produced food, and changed eligibility rules for free and reduced-price school meals and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program).

As a historical source and in the expectation that the issues raised in and the results of actions taken during consideration of the 2002 farm bill may come up again in the next scheduled farm bill (2007), this report presents in some detail what happened with regard to nutrition programs in 2002.

The nutrition title of the 2002 farm bill (Title IV): substantially expanded food stamp eligibility for legally resident noncitizens (the single largest change), liberalized food stamp benefits and eligibility rules, provided new options for states to vary from regular Food Stamp program rules, greatly changed the system for penalizing states with high rates of erroneous benefit and eligibility determinations, increased funding for TEFAP and CSFP, and, as noted above, introduced several new programs. It was estimated to cost \$2.7 billion to \$2.8 billion over FY2002-FY2007. However, a number of issues were raised but not addressed: Administration requests to loosen the food stamp asset test as it relates to vehicles and to limit state options to make public assistance recipients automatically eligible for food stamps, a provision to increase benefits for those with very high shelter costs, recommendations to open up work requirements for able-bodied adults without dependents, a change to allow states to conform their method of reviewing households' food stamp eligibility to the method used for other public assistance programs, and a proposal to allow food stamps to be used for dietary supplements.

Overall, the basic themes of the nutrition title of the 2002 farm bill were expanded eligibility for legal noncitizens, more leeway for states to establish their own version of food stamp rules, and support for expanded availability of fresh fruit and vegetables.

This report will not be updated.

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## Background

Federal nutrition program policies, as well as farm support and other agriculture-related programs, are governed by a variety of separate laws. Although these laws may be and often are considered and amended in free-standing legislation, many of them, including those setting rules for food stamps and several other nutrition programs, are evaluated periodically, revised, and renewed through an omnibus, multi-year *farm bill*. The most recent farm bill, the Farm Security and Rural Investment Act (FSRIA) of 2002 (P.L. 107-171), the first since 1996, reauthorized appropriations for and substantially revised the Food Stamp program and a number of other domestic food aid programs. Much of the Agriculture Department's mandatory spending is and was for food stamps and other programs in its nutrition title (Title IV). In 2007, Congress is scheduled to take up the next farm bill because many of the provisions and authorizations for appropriations expire at the end of FY2007. Proposed changes affecting food stamps and other nutrition programs covered by the farm bill will likely, as in 2002, play a major role in any congressional consideration.

As a historical source and in the expectation that some of the same nutrition program issues and provisions of law addressed in 2002 will again come up—and that the effects of the changes made in 2002 will be explored in designing any 2007 farm bill—this report lays out in some detail what happened in 2002.<sup>1</sup>

## Nutrition Programs and Activities Covered by the Farm Bill

Farm bills typically cover the following nutrition/domestic food assistance programs and activities, all within the jurisdiction of the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry:<sup>2</sup>

- the Food Stamp program, operated under the Food Stamp Act;
- inflation-indexed nutrition assistance block grant programs, included in the Food Stamp Act, for Puerto Rico and American Samoa—that are operated in lieu of the regular Food Stamp program;<sup>3</sup>
- the Food Distribution Program on Indian Reservations (FDPIR)—offered, under the Food Stamp Act, in lieu of the regular Food Stamp program to those tribal organizations that choose it;
- The Emergency Food Assistance Program (TEFAP), governed by provisions of the Food Stamp Act and the Emergency Food Assistance Act;

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<sup>1</sup> Another report—CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*, by Geoffrey S. Becker and Jasper Womach—provides abbreviated coverage of the entire 2002 law.

<sup>2</sup> Other domestic nutrition programs, like the School Lunch and Breakfast programs, the Special Supplemental Nutrition Program for Women, Infants and Children (the WIC program), and Older Americans Act nutrition programs are reauthorized separately.

<sup>3</sup> It is unclear whether farm bills can cover a similar nutrition assistance block grant for the Northern Mariana Islands. This grant is authorized by a 1980 law (P.L. 96-597), which, as part of a larger act dealing with the relationship between the Northern Mariana Islands and the United States, allowed the Agriculture Department to extend programs it operates to the Northern Mariana Islands. No farm bill since 1980 has dealt with this grant program. The authority granted in the 1980 act was implemented in July 1982.

- the Commodity Supplemental Food Program (CSFP), authorized under Sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 and Section 1114(a)(2) of the Agriculture and Food Act of 1981 (i.e., the 1973 and 1981 farm bills);
- Community Food Projects, established under the Food Stamp Act; and
- rules governing the provision of federally acquired food commodities to domestic feeding programs (e.g., school meal programs).

In addition, the 2002 farm bill included new programs and provisions in areas not included in past farm bills:

- It put into law a Seniors Farmers' Market Nutrition program.
- It established a Fruit and Vegetable pilot program for schools and authorized a program to increase domestic consumption of fresh fruit and vegetables.
- It set aside funding to be used to purchase fresh fruit and vegetables for schools.
- It authorized Congressional Hunger Fellowships.<sup>4</sup>
- It included provisions to encourage schools to purchase locally produced foods.
- It changed eligibility rules affecting military families applying for free or reduced-price school meals and benefits under the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program).

The Senate Committee on Agriculture, Nutrition, and Forestry exercises jurisdiction over *all* the programs/activities noted above. On the other hand, the House Committee on Agriculture has more limited jurisdiction. It shares jurisdiction over provisions affecting school meal programs (the provision of commodities) with the House Committee on Education and the Workforce and has no jurisdiction over the WIC program (which is covered by the Education and the Workforce Committee). As a result, farm bills covering shared jurisdictional areas have involved participation by the Committee on Education and the Workforce.

## Overview of Nutrition Programs in the 2002 Farm Bill

The 2002 farm bill—the Farm Security and Rural Investment Act (FSRIA) of 2002 (P.L. 107-171; H.Rept. 107-424)—was enacted on May 13, 2002. Earlier, the House approved its version (H.R. 2646; the Farm Security Act of 2001) on October 5, 2001; the Senate approved its version (S. 1731; the Agriculture, Conservation, and Rural Enhancement Act of 2001) on January 13, 2002; and the House and Senate agreed to the conference report on the renamed Farm Security and Rural Investment Act of 2002 (H.Rept. 107-424) on May 2, 2002, and May 8, 2002 respectively.<sup>5</sup> With the exception of an expansion of the Fruit and Vegetable pilot project established by the

<sup>4</sup> These fellowships were already funded under annual Agriculture Department appropriations acts.

<sup>5</sup> A full chronology is presented in Appendix B of CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*, by Geoffrey S. Becker and Jasper Womach.

2002 law (see later discussion), no significant changes to the nutrition program provisions of the 2002 farm bill have been made since.

At each stage, major provisions affecting food stamps and other nutrition programs were included. This contrasted with the previous farm bill of 1996. In 1996, virtually all of the changes in law affecting food stamps (the largest of the food assistance programs) and other nutrition programs were made in the 1996 *welfare reform law* (P.L. 104-193). The farm bill of that year included only appropriations authority extensions and minor revisions affecting nutrition programs.

## **Nutrition Programs in the Funding Context of the Farm Bill**

Inclusion of food stamps and other nutrition programs in farm bills has historically been viewed as a way of garnering support for farm legislation from non-farm sectors. However, the balance of any new spending (or spending cuts) between domestic food assistance provisions and other parts of each farm bill has been a subject of negotiation and contention. In the case of the 2002 bill, this was particularly true.

In May 2001, Congress agreed to a budget resolution (H.Con.Res. 83) that allowed for substantial *added funding* for programs covered by the upcoming farm bill. The availability of this “new” money and how it would be divided up among the various farm bill components dominated much of the farm bill debate that began in earnest in July 2001. For example, the Senate version of the farm bill provided more new funding for nutrition programs than the House bill (see the last portion of the table at the conclusion of this report). And the fact that the ability to tap the new funding would end in the spring of 2002, pushed the Agriculture Committees to take up the farm bill earlier than would normally be the case. In the end, the nutrition title of the enacted farm bill claimed between 5% and 6% of the total estimated new spending in the enacted bill, depending on which Congressional Budget Office projection was used (also see later discussion of nutrition program spending under the farm bill).

## **Nutrition Program Issues in the Farm Bill**

In addition to the debate over how much new spending would go into nutrition programs, significant substantive debate arose with regard to food stamps, TEFAP, the CSFP, and support for initiatives to increase the availability of fresh fruit and vegetables in meal programs like the School Lunch program.

### **Food Stamps**

Three developments were basic to the farm bill food stamp debate: the relatively low level of program participation at the time; frustration with federal food stamp eligibility, benefit, and administrative policies; and the concerns of some over ineligibility of many legally resident noncitizens (as provided for in the 1996 welfare reform law).

Although food stamp enrollment was increasing, in 2001-2002 it was well below its peak in the spring of 1994 and only a bit over 10% higher than the all-time low. More than half of the decline over the 5 years since the last major food stamp amendments was estimated to have come from a sharp drop in the rate at which those who were eligible actually participated.



State officials, program advocates, and supporters of the 1996 welfare reform law (with its goal of moving families from welfare to work), maintained that various aspects of food stamp eligibility, benefit, and administrative rules thwarted participation and effective administration—denying needed support to working poor families and others in need, and interfering with efforts to coordinate assistance. They pointed to overly complex policies that burden administrators and applicants/recipients, food stamp rules that differ too much from those applied by states in other welfare programs, and inadequate benefits not worth the “hassle” of applying and maintaining eligibility. Finally, they contended that the program’s “quality control” system for measuring state performance penalized too many states too harshly for erroneous benefit/eligibility determinations—thereby pressuring states to “over-administer” the program and limiting participation.

Food stamp advocates, states, and welfare reform supporters all expressed their dissatisfaction with this state of affairs, but there was not a single, unified reform agenda, and most alternatives for change imposed significant new costs. *States* called for simplified federal food stamp rules, much greater state control over policies, lifting federal limits on work and training activities, and revamped and more standardized benefit and eligibility rules to help administrators and applicants/recipients. They also wanted major revision of the quality control system and a more open federal policy as to waiving food stamp rules. *Program advocates* emphasized the inadequacy of benefits and the need to grant eligibility to legally resident noncitizens. Although they supported reform of the quality control system and selective changes to make eligibility/benefit determinations easier for applicants/recipients, they resisted vesting too much decision-making with states and tampering with what they saw as a nationally uniform food stamp “safety net.” *Welfare reform supporters* also agreed with quality control reforms, but stressed the need to ensure that the food stamp program fulfills a major role in supporting the working poor as its first priority.

Within cost constraints, the farm bill’s food stamp provisions responded to many of these criticisms, by easing/lifting administrative requirements, allowing states to achieve greater conformity between rules used by food stamps and other welfare programs, reforming the food stamp quality control system, increasing benefits, and opening up eligibility for noncitizens.

To a large extent, the Administration’s food stamp reform package also recognized the concerns voiced by states, advocates, and welfare reformers. It included: (1) a modest benefit increase for larger households (similar to the final law); (2) standardizing or giving states control over several important federal rules; (3) liberalizing eligibility rules by excluding the value of one vehicle per adult; (4) making eligible all low-income noncitizens who have resided in the U.S. legally for 5 years (similar to the final farm bill); (5) restructuring and reducing spending for employment and training programs for food stamp recipients (similar to the final bill); (6) ending automatic eligibility for some welfare beneficiaries; and (7) significantly reforming the food stamp quality control system to penalize fewer states and give bonuses to states performing well (although in a different way than the final farm bill). Advocates and state representatives welcomed the Administration’s proposals, with reservations about the extent of the quality control reforms and restrictions on food stamp eligibility for welfare recipients.

## **TEFAP**

While federal food donations under TEFAP had increased in recent years and private-sector donations to emergency feeding organizations were on the rise, many contended that federal help was not keeping pace with growing demand. Perhaps more important, they argued that the costs

of storing and distributing food given out by state/local providers, (whether privately or federally donated) were seriously underfunded. Both these criticisms were addressed in the final farm bill.

## **The CSFP**

CSFP operators were concerned over limits on how much of the program's funding could be used for administrative and related costs. The enacted farm bill increased money for these costs.

## **Fruit and Vegetable Initiatives**

Both agriculture and nutrition program advocates argued for specific initiatives to expand the availability of fresh fruit and vegetables. The farm bill took tentative steps to do this (e.g., a pilot project for schools, which was later expanded by the 2004 Child Nutrition and WIC Reauthorization Act, P.L. 108-265).

## **Major House-Senate Differences in the Farm Bill**

In addition to disagreement over how much new spending to allocate to the nutrition title of the farm bill, the House and Senate differed over substantive issues with regard to the Food Stamp program. The House bill included significant structural changes intended to increase benefits to families with children and ease burdens on administrators and applicants/recipients, all of which were largely included in the final bill. The Senate bill included amendments that—much like the House bill—raised benefits to larger households, allowed states to conform some rules to those for the Temporary Assistance for Needy Families (TANF) program and Medicaid and grant transitional food stamps to those leaving the TANF program, eased quality control penalties, and instituted new bonus payments to states for high performance. However, it went well beyond the House measure, primarily by:

- Expanding eligibility for noncitizens (more extensively than proposed by the Administration);
- Setting up state options to: establish when eligibility will be redetermined, reduce recipient reporting requirements, simplify benefit calculations, and conform asset eligibility rules with TANF and Medicaid standards;
- Increasing benefits for recipients with very high shelter costs;
- Liberalizing and simplifying work requirements for able-bodied adults without dependents (ABAWDs);
- Ending limits on spending of work/training funds and changing the federal share of this spending; and,
- Permitting use of food stamp benefits to buy dietary supplements.

## **Nutrition Program Costs in the Farm Bill**

During the consideration of the 2002 farm bill, the Congressional Budget Office (CBO) issued two cost estimates for the farm bill's nutrition title—one based on its April 2001 spending "baseline" and another based on its March 2002 "baseline." However, Congressional decision-makers on the farm bill's provisions used only the first (April 2001) version, although the

estimate based on the second (March 2002) version was noticeably higher. Details of the varying cost estimates for the nutrition title are included at the end of this report's table laying out specific provisions of the nutrition title (Title IV).

## Cost Estimates

Under the April 2001 baseline estimate, the total new cost of the Title IV nutrition provisions—over the 6 years until the next scheduled farm bill—was \$2.66 billion (new budget authority) and \$3.17 billion (outlays). Food stamp revisions represented 82% of new budget authority and 85% of new outlays. On the other hand, the March 2002 baseline estimate envisioned new 6-year costs brought on by Title IV at \$2.79 billion (new budget authority) and \$3.18 billion (outlays), with food stamps still consuming the lion's share.

## Experience Since the 2002 Farm Bill

No direct measure of the actual cost of the 2002 farm bill's nutrition title (as opposed to costs incurred due to other variables like unforeseen participation changes related to economic conditions or increased participation rates) is available. However, through FY2005, *total* actual costs—including “baseline” spending and new spending caused by the farm bill—for the domestic food assistance programs covered by Title IV were 12% higher than projected by the March 2002 baseline (including new spending). If current CBO estimates for FY2006 and FY2007 are added in and compared to the March 2002 estimates for those years, the gap widens to 20%.

## Outline of the Enacted Nutrition Program Provisions

The nutrition title of the final 2002 farm bill made substantial changes to almost every covered domestic food assistance program, although not every proposal on the table was addressed. It also included some new initiatives. The specific provisions of the enacted law and the House and Senate versions are laid out in the table following this outline (in the order of their appearance in the bill), and the specific items discussed are noted by item number, as delineated in the table.

## Reauthorization

(Discussed in **Table 1**—items **A23**, **B1** and **B2**, and **D2**.) Title IV reauthorized all expiring authorizations of appropriations and other authorities through FY2007.

## Food Stamp Eligibility for Noncitizens

(Discussed in **Table 1**—item **A26**.) Most important, Title IV expanded eligibility for legally resident noncitizens (compared to the limits imposed by the 1996 welfare reform law) by making eligible (1) legal permanent residents under age 18, regardless of their date of entry to the United States or length of residence, (2) legal permanent residents receiving federal disability benefits, without regard to their date of entry or length of residence,<sup>6</sup> and (3) individuals who have resided

<sup>6</sup> The effect of this change for the disabled is substantially mitigated by the fact that the primary federal disability payment to those likely to be financially eligible for food stamps is made under the Supplemental Security Income (continued...)

in the United States legally for a period of 5 years (e.g., as legal permanent residents, refugees/asylees, but not as temporary residents). These changes accounted for the majority of the costs incurred under the provisions of Title IV.

## Increased Food Stamp Benefits and Liberalized Food Stamp Financial Eligibility Rules

(Discussed in **Table 1**—items **A3** and **A7(a)**.) Title IV increased food stamp benefits, particularly for larger households, by increasing and inflation-indexing the amount of income that is disregarded when calculating their benefit (the “standard deduction”) and varying it by household size.<sup>7</sup> Title IV also increased the food stamp eligibility limit on liquid assets held by eligible households with disabled members from the standard \$2,000 to \$3,000.<sup>8</sup>

## Significant New State Options in Administering the Food Stamp Program

Five provisions of Title IV provided states with new options to vary from regular food stamp rules.

- **Disregarded Income.** (Discussed in **Table 1**—item **A2**.) Title IV allowed states, when determining food stamp eligibility and benefits, to disregard (exclude) any type of income the state does not consider under its Temporary Assistance for Needy Families (TANF) cash assistance program or its Medicaid program.
- **Tracking Household Expenses.** (Discussed in **Table 1**—item **A6**.) Title IV permitted states to disregard changes in household expenses (such as shelter costs) until the household’s next eligibility redetermination. Household expenses affect benefits by lowering (or raising) the amount of income counted in calculating benefits.
- **Disregarded Assets.** (Discussed in **Table 1**—item **A7(b)**.) Title IV allowed states, when determining food stamp eligibility, to disregard (exclude) liquid assets that they do not consider under their TANF or Medicaid programs.
- **Reporting Changed Household Circumstances.** (Discussed in **Table 1**—item **A9**.) With some exceptions, Title IV gave states the option to require households to report changes in their circumstances as infrequently as every 6 months.
- **Transitional Benefits.** (Discussed in **Table 1**—item **A16**.) Title IV allowed states to give up to 5 months’ “transitional” food stamp benefits to those leaving the TANF program. The transitional amount would effectively be the food stamp benefit received prior to leaving the TANF program.

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(...continued)

program, which has stricter noncitizen eligibility rules than food stamps.

<sup>7</sup> This change is phased in and, as of FY2007, it is not fully in place.

<sup>8</sup> Households with elderly members already were eligible for the higher limit under existing law.

## Changes to Quality-Control-Based Penalties and Bonus Payments

(Discussed in **Table 1**—item **A18**.) The Food Stamp program’s quality control (QC) system measures the degree to which states erroneously determine eligibility and benefits. Based on the extent to which they exceed certain thresholds, they may be assessed financial penalties. On the other hand, if they fall below certain thresholds, they may receive “bonus” payments.

Title IV substantially changed the food stamp QC system of penalties and bonus payments. It raised the threshold above which states are assessed penalties and effectively penalized only those states with persistently (over 3 years) high rates of erroneous determinations. It also changed the system of bonus payments to a requirement for performance bonuses totaling \$48 million a year to states meeting federal standards for high/most-improved performance.

## Changes to Employment and Training Provisions

(Discussed in **Table 1**—item **A20**.) In addition to continuing the requirements for unmatched federal funding for employment and training programs for food stamp recipients (at \$90 million a year) and unlimited state-match (50%) funding, Title IV provided up to \$20 million a year in unmatched federal funding for employment/training services to able-bodied adults without dependents (ABAWDs), eliminated a state “maintenance of effort” requirement, and eliminated limits on funding for participant support costs (e.g., child care).

## Puerto Rico and American Samoa

(Discussed in **Table 1**—item **A24**.) Title IV consolidated the nutrition assistance block grants for Puerto Rico and American Samoa and increased the new consolidated grant to an amount slightly above what it would have been under regular inflation indexing. Inflation indexing for future years was retained, and Puerto Rico’s share of the new grant was set at 99.6%.

## Program Access Grants

(Discussed in **Table 1**—item **A19**.) In a new initiative, Title IV required the Agriculture Department to spend up to \$5 million a year on grants to improve program access.

## TEFAP

(Discussed in **Table 1**—item **B1**.) Title IV increased required funding for TEFAP commodities from \$100 million to \$140 million a year and raised the authorized funding level for TEFAP administration/distribution costs from \$50 million to \$60 million a year.

## CSFP

(Discussed in **Table 1**—item **B2**.) Title IV increased and indexed funding for CSFP administrative costs.

## School Meal and WIC Eligibility

(Discussed in **Table 1**—item **C2**.) Title IV required schools to disregard housing allowances paid to military personnel living in “privatized housing” when determining eligibility for free and reduced-price school meals. It also allowed states the option to implement this same disregard in the WIC program.

## Community Food Projects

(Discussed in **Table 1**—item **D2**.) Title IV increased the required funding for community food projects from \$2.5 million to \$5 million a year.

## Purchase of Locally Produced Foods

(Discussed in **Table 1**—item **D5**.) Title IV *authorized* a program to encourage the purchase of locally produced foods and required that schools in Puerto Rico purchase food produced in the Commonwealth to the extent practicable (as was already the case for Hawaii).

## Seniors Farmers’ Market Nutrition Program

(Discussed in **Table 1**—item **D6**.) Title IV placed into law provisions, authorizing a pre-existing Seniors Farmers’ Market Nutrition program and provided mandatory funding of \$15 million a year.

## Fruit and Vegetable Pilot Program

(Discussed in **Table 1**—item **D7**.) Title IV established a pilot program making free fruit and vegetables available in schools. It was provided funding of \$6 million for the 2002-2003 school year. Later law, the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) extended and expanded this project. In a related action, a separate part of the farm bill (Section 10603) provided \$50 million a year in fresh fruit and vegetable purchases (through the Department of Defense procurement system) for schools and institutions participating in child nutrition programs.

## Congressional Hunger Fellows

(Discussed in **Table 1**—item **D8**.) *Authorized* a Congressional Hunger Fellows program (to be funded from the proceeds of a trust fund and gifts). However, this program was, and continues to be, funded through annual Agriculture Department appropriations at the level of \$2.5 million a year.

## Outline of Significant Issues Not Addressed in the Farm Bill

Several notable proposals for changes in the Food Stamp program were not covered in the enacted 2002 farm bill.

## **Administration Proposals**

Title IV did not include the Administration's proposal to liberalize eligibility rules by excluding the value of one vehicle per adult in judging households' assets; however, it did include provisions that have the effect of allowing states to do so if it conforms with the way they treat vehicles in their TANF program. It also did not address the Administration's proposal to limit the granting of automatic (categorical) food stamp eligibility to recipients of TANF benefits.

## **Shelter Costs**

(Discussed in **Table 1**—item **A4**.) Title IV did not have a provision (suggested in the Senate bill) to raise benefits for those with very high shelter costs.

## **Able-Bodied Adults Without Dependents**

(Discussed in **Table 1**—item **A10**.) Title IV did not (as recommended in the Senate bill) ease work requirements for able-bodied adults without dependents (ABAWDs).

## **Eligibility Reviews**

(Discussed in **Table 1**—item **A15**.) Title IV did not include a change (put forth in the Senate bill) to allow states to conform their method of reviewing households' food stamp eligibility to the method used for other public assistance programs.

## **Dietary Supplements**

(Discussed in **Table 1**—item **A25**.) Title IV did not encompass a proposal (in the Senate bill) to permit the use of food stamp benefits to purchase dietary supplements providing vitamins or minerals.

It is likely that several of the issues noted above that were not taken up in the 2002 farm bill will reappear as proposals for the 2007 farm bill: the recommendation to restrict automatic (categorical) eligibility to public assistance (particularly TANF) recipients, increasing benefits for those with very high shelter costs, loosening rules for ABAWDs, and allowing the use of food stamps for dietary supplements. In addition, two areas in which the 2002 farm bill took action will probably come under scrutiny: the trend in quality control "error rates" since the liberalization of the state penalty system in 2002 and the degree to which states have taken up the new options they were given in 2002.

**Table I. Title IV (Nutrition) Provisions of the 2002 Farm Bill (Including Cost Estimates)**

LAW/POLICY	HOUSE BILL	SENATE BILL	CONFERENCE AGREEMENT AND ENACTED LAW
<b>A. FOOD STAMP PROGRAM</b>			
<b>A1. Child support</b>			
<p>Child support payments are <i>deducted</i> from the paying household's income in determining its benefits (and, in some cases, its eligibility)—but only <i>after</i> all income has been counted. <b>[Note:</b> Deducting child support payments (rather than excluding them from income before calculating any deductions) increases benefits. Excluding them raises benefits <i>and</i> increases the likelihood of the paying household being judged eligible based on its total counted income.]</p>	No provisions.	<p>Allowed states to <i>exclude</i> child support payments from income, or continue to <i>deduct</i> them.</p> <p>Lifted some administrative and reporting requirements on program operators and recipients by (1) requiring the Secretary to establish simplified procedures for determining the amount of child support payments that allow states to use information from their child support enforcement agencies and (2) permitting states to freeze the amount of any child support exclusion/deduction until a household's eligibility is next redetermined.</p>	<p>Adopted the Senate provisions allowing states to <i>exclude or deduct</i> child support payments.</p> <p>Adopted the Senate provisions requiring simplified procedures that allow states to use information from state child support enforcement agencies.</p> <p>No provisions as to freezing the amount of any child support exclusion/deduction.</p>
<p>The Secretary may prescribe the methods to be used to determine the amount of the deduction for child support payments.</p>			
<p>[Section 5(e)(4) of the Food Stamp Act]</p>		<p>[Section 411]</p>	<p>[Section 4101]</p>
<b>A2. Definition of income</b>			
<p>When determining eligibility and benefits, a household's income <i>excludes</i>: (1) noncash income, (2) loans, (3) most payments to vendors, education aid, expense reimbursements and money received on behalf of third parties, (4) non-recurring lump-sum payments, (5) the cost of producing self-employment income, (6) federal energy assistance benefits, (7) certain payments related to supporting work efforts, and (8) income excluded by other federal laws.</p>	<p>Allowed states to conform food stamp income exclusions with those of other assistance programs, and thereby lifted some administrative and reporting requirements on program operators and applicants/recipients, by adding <i>new income exclusions</i>:</p> <p>(1) at state option, education assistance that must be excluded under its Medicaid program;</p> <p>(2) "state complementary assistance program" payments excluded under state</p>	<p>Same as the House measure, with minor and technical differences.</p> <p>Added <i>new income exclusions</i> (all at state option):</p> <p>(1) education assistance that must be excluded under state Medicaid programs;</p> <p>(2) "state complementary assistance program" payments excluded under state Medicaid programs; and</p>	<p>Adopted the Senate provisions adding new income exclusions.</p>



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<p data-bbox="472 609 504 901" style="writing-mode: vertical-rl; transform: rotate(180deg);">http://wikileaks.org/wiki/CRS-RL33690</p> <p data-bbox="189 771 514 803">[Section 5(d) of the Food Stamp Act]</p> <p data-bbox="189 812 472 836"><b>A3. Standard deductions</b></p> <p data-bbox="189 868 619 1112">When determining food stamp benefits and eligibility, all households are allowed a “standard deduction” (not varied by household size) from counted income. In 2002, it was \$134 a month for the 48 contiguous states and the District of Columbia, \$229 for Alaska, \$189 for Hawaii, \$269 for Guam, and \$118 for the Virgin Islands.</p> <p data-bbox="189 1307 619 1421"><b>[Note:</b> Standard (and other) deductions increase benefits by reducing the amount of income counted when calculating them. They also may affect eligibility because “net”</p>	<p data-bbox="651 300 1050 462">Medicaid programs; and (3) at state option, any income a state does not consider when judging eligibility for cash assistance under its Temporary Assistance for Needy Families (TANF) program or its Medicaid program.</p> <p data-bbox="651 495 1050 657">Under the third new exclusionary rule, certain income could not be excluded: earnings, various Social Security Act payments, or other types of income the Secretary judges essential to equitable eligibility determinations.</p> <p data-bbox="651 771 787 795">[Section 401]</p> <p data-bbox="651 868 1050 1226">Increased standard deduction amounts. Established <i>multiple</i> standard deductions (varying by household size) equal to 9.7% of the federal poverty income guideline amounts used for income eligibility determinations in FY2002. The new standard deductions would <i>not increase</i> over time. Required that the new standard deductions not be less than the current amount for each jurisdiction or greater than 9.7% of the FY2002 poverty guideline amount for 6-person households.</p> <p data-bbox="651 1307 1050 1421"><b>[Note:</b> Poverty guideline amounts vary by household size and are inflation-indexed annually. In both the House and Senate measures, the new standard</p>	<p data-bbox="1081 300 1480 438">(3) any types of income a state does not consider when judging eligibility for (or the amount of) cash assistance under its TANF program, or when judging eligibility for its Medicaid program.</p> <p data-bbox="1081 495 1480 738">Under the third new exclusionary rule, certain income could not be excluded: wages or salaries, various Social Security Act payments, regular payments from a government source (e.g., unemployment benefits), workers’ compensation, child support payments, or other types of income the Secretary judges essential to equitable eligibility determinations.</p> <p data-bbox="1081 771 1218 795">[Section 412]</p> <p data-bbox="1081 868 1480 1282">Increased standard deduction amounts. Established <i>multiple</i> standard deductions (varying by household size) equal to an <i>increasing</i> percentage of the <i>inflation-indexed</i> poverty guideline amounts. For FY2002-FY2004, the new standard deductions would equal 8% of each year’s poverty guideline amounts. This percentage would rise, in stages, to 10% for FY2011 and following years. Required that the new standard deductions not be less than the current amount for each jurisdiction or greater than the applicable percentage (see above) of the poverty amount for 6-person households.</p> <p data-bbox="1081 1307 1480 1421"><b>[Note:</b> The House measure initially provided higher deduction levels. But the Senate bill, over time, would bring somewhat higher deductions because it</p>	<p data-bbox="1512 771 1648 795">[Section 4102]</p> <p data-bbox="1512 868 1911 1144">Increased standard deduction amounts. Established <i>multiple</i> standard deductions (varying by household size) equal to 8.31% of the <i>inflation-indexed</i> poverty guideline amounts. Required that the new standard deductions not be less than the current amount for each jurisdiction or greater than 8.31% of the poverty amount for 6-person households.</p> <p data-bbox="1512 1307 1911 1421"><b>[Note:</b> The new law effectively took the House proposal for a fixed percentage of the poverty amounts (though reduced from the House percentage)</p>

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<p>household income (after deductions) is a factor in some income eligibility decisions (e.g., for households with elderly or disabled members).]</p>	<p>deductions would vary by household size and, thus, would be somewhat higher than prior law.]</p>	<p>was keyed to each year's inflation-indexed poverty guideline amount (not fixed at the FY2002 level).]</p>	<p>and coupled it with the Senate proposal to allow for inflation indexing based on changes in the poverty guidelines.]</p>
<p>[Section 5(e)(1) of the Food Stamp Act]</p>	<p>[Section 402]</p>	<p>[Section 171(c)]</p>	<p>[Section 4103]</p>
<p><b>A4. Shelter costs</b></p>			
<p><b>a.</b> Households are entitled to an “excess shelter expense deduction” for a portion of their shelter expenses (if they are very high in relation to their income). As with the standard deduction (see above), this deduction reduces the amount of income counted when calculating households’ benefits (thereby increasing them) and can affect some eligibility determinations.</p> <p>The amount that may be claimed as an excess shelter expense deduction is “capped” for households without an elderly/disabled member. The cap is indexed for inflation, and, for FY2002, it was \$354 a month for the 48 contiguous states and the District of Columbia, \$566 for Alaska, \$477 for Hawaii, \$416 for Guam, and \$279 for the Virgin Islands.</p>	<p><b>a.</b> No provisions.</p>	<p><b>a.</b> Raised benefits for those with very high shelter costs in relation to their income. <i>Increased the cap</i> on the amount that may be claimed as an excess shelter expense deduction. For FY2003, the cap would rise to \$390 a month for the 48 states and the District of Columbia (with commensurate increases for Alaska, Hawaii, Guam, and the Virgin Islands). For FY2004-FY2009, each amount would be adjusted annually for inflation. Effective with FY2010, <i>all caps would be eliminated.</i></p>	<p><b>a.</b> No provisions affecting the cap on excess shelter expense deductions. Prior law remains in effect.</p>
<p>[Section 5(e)(7) of the Food Stamp Act]</p>		<p>[Section 169(c)]</p>	
<p><b>b.</b> By regulation, only payments directly related to shelter may be counted as shelter costs when calculating the excess shelter expense deduction.</p>	<p><b>b.</b> No provisions.</p>	<p><b>b.</b> Reduced requirements on program operators and recipients by mandating that any required payment to a landlord be treated as a shelter cost—without regard to the specific charge it covers.</p>	<p><b>b.</b> No provisions as to payments to landlords. Prior law remains in effect.</p>
<p><b>c.</b> States may establish (and must document the development of) a shelter “allowance”—</p>	<p><b>c.</b> No provisions.</p>	<p><b>c.</b> Reduced documentation requirements on states. Permitted states to allow</p>	<p><b>c.</b> Adopted the Senate provisions as to homeless households.</p>

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<p>not to exceed \$143 a month. As with the standard deduction (see above), this allowance may be used to reduce the counted income of homeless households not in free shelter throughout the month when their income is calculated for benefit (and, in some cases, eligibility) purposes.</p>		<p>homeless households not receiving free shelter throughout the month to claim a flat deduction from income (\$143 a month)—in lieu of any shelter expense deduction. Repealed the existing shelter “allowance.”</p>	
<p>[Section 5(e)(5) of the Food Stamp Act]</p>		<p>[Section 414]</p>	<p>[Section 4105]</p>
<p><b>d.</b> “Standard utility allowances” (SUAs) are used in figuring shelter costs for the excess shelter expense deduction (see above). States may make their use mandatory for all households. However, SUAs may not be used for households that (1) live in certain centrally metered public housing or (2) share expenses with others (unless the expenses are pro-rated).</p>	<p><b>d.</b> No provisions.</p>	<p><b>d.</b> Reduced administrative requirements on program operators and recipients. Allowed states choosing to make SUAs mandatory to do so for <i>all</i> households incurring heating or cooling expenses—without regard to the current metered public housing and expense pro-rating rules.</p>	<p><b>d.</b> Adopted the Senate provisions as to SUAs.</p>
<p>[Section 5(e)(7) of the Food Stamp Act]</p>		<p>[Section 415]</p>	<p>[Section 4104]</p>
<p><b>A5. Calculating earned income</b></p>			
<p>By regulation, whenever income is received on a weekly or bi-weekly basis, it must be converted to a monthly amount—by multiplying weekly income by 4.3 and bi-weekly income by 2.15, or by using the state’s public assistance conversion standard.</p>	<p>No provisions.</p>	<p>Allowed states more leeway in how they convert weekly/bi-weekly income to monthly amounts—if they lowered the “earned income deduction” claimed by all households with earnings to ensure cost-neutrality.</p>	<p>No provisions as to conversion of weekly/bi-weekly income to monthly amounts. Prior rules remain in effect.</p>
<p>[Section 5(e)(7) of the Food Stamp Act]</p>		<p>[Section 416]</p>	
<p><b>A6. Establishing and tracking deductions</b></p>			
<p>By regulation, states must adjust households’ benefits for most changes in circumstances/expenses that affect the amount of deductions (and thereby benefits) they may receive.</p>	<p>No provisions.</p>	<p>Lifted significant administrative and reporting requirements on program operators and recipients. Allowed states to disregard many changes in household circumstances/expenses that affect the</p>	<p>Adopted the Senate provisions allowing states to disregard many changes in household circumstances/expenses until the household’s next eligibility redetermination.</p>

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<p data-bbox="472 609 504 950" style="writing-mode: vertical-rl; transform: rotate(180deg);">http://bit.ly/1k1eakks.org/wiki/CRS-RL33690</p> <p data-bbox="178 787 441 820"><b>A7. Resources (assets)</b></p> <p data-bbox="178 844 630 1096">Eligible households are limited to those with total counted liquid resources (assets) of \$2,000 (or \$3,000 for households with elderly members). Resources that are excluded include items such as: a household's home and personal belongings/furnishings, life insurance, income-producing property, some retirement accounts, and (to a varying degree), the value of vehicles.</p>	<p data-bbox="630 844 798 868">No provisions.</p>	<p data-bbox="1081 300 1480 722">amount of any deductions they might claim—until the household's next eligibility redetermination. This effectively allowed states to “freeze” most household deductions (and thus benefits) between eligibility redeterminations (“recertifications”). States could, for example, ignore changes in shelter, dependent-care, or medical costs, household size, or child support payments. However, states could <i>not</i> ignore changes in earnings and must recalculate any excess shelter expense deduction when a household reports a change in residence.</p> <p data-bbox="1081 738 1218 771">[Section 417]</p> <p data-bbox="1081 844 1480 925"><b>a.</b> Added households with <i>disabled</i> members to those covered by the higher \$3,000 asset limit.</p> <p data-bbox="1081 950 1239 982">[Section 171(c)]</p> <p data-bbox="1081 1006 1480 1421"><b>b.</b> Allowed states to conform food stamp resource rules with those of other major assistance programs, and thereby lifted some administrative requirements on program operators and recipients. Required regulations permitting states to exclude any types of resources they do not consider when judging eligibility for cash aid under their TANF programs or medical assistance under their Medicaid programs. This authority would not allow exclusion of cash, vehicles (states already could use their TANF standard), readily available amounts in financial institutions, or resources the Secretary</p>	<p data-bbox="1512 738 1659 771">[Section 4106]</p> <p data-bbox="1512 844 1900 901"><b>a.</b> Adopted the Senate provisions as to households with disabled members.</p> <p data-bbox="1512 950 1659 982">[Section 4107]</p> <p data-bbox="1512 1006 1900 1120"><b>b.</b> Adopted the Senate provisions permitting states to exclude resources (assets) they do not consider under their TANF or Medicaid programs.</p>

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<p>[Section 5(g) of the Food Stamp Act]</p> <p><b>A8. Issuance systems in disasters</b></p> <p>States may grant emergency food stamp benefits in disasters. Benefits can be issued through coupon allotments or electronic benefit transfer (EBT) systems.</p>	<p>No provisions.</p>	<p>judges essential to equitable eligibility determinations.</p> <p>[Section 418]</p>	<p>[Section 4107]</p>
<p>[Section 5(h) of the Food Stamp Act]</p> <p><b>A9. Reporting requirements for households</b></p> <p>With some exceptions, most recipient households must report significant changes in their circumstances as they occur. Under regulatory waivers for a number of states, those with earnings may report every 6 months and certain others may report quarterly.</p>	<p>No provisions.</p>	<p>Allowed the Secretary to issue food stamp disaster assistance in the form of cash when other issuance systems are impracticable.</p> <p>[Section 419]</p>	<p>Adopted the Senate provisions as to disaster assistance.</p> <p>[Section 4108]</p>
<p>[Regulations &amp; waivers under Section 5(c) of the Food Stamp Act]</p> <p><b>A10. Able-bodied adults without dependents (ABAWDs)</b></p> <p>ABAWDs are ineligible if, during the preceding 36 months, they received food stamps for 3 months without (1) working 20+ hours a week, (2) participating in a</p>	<p>No provisions.</p>	<p>Lifted some administrative and reporting requirements on program operators and recipients by allowing states to require households to report most changes in their circumstances as infrequently as every 6 months—in lieu of other reporting requirements. Households would have to report if their total monthly income exceeds the food stamp maximum for their household size. This change effectively allowed states to extend the rule allowed by waiver for those with earnings to additional (or all) households.</p> <p>[Section. 420]</p>	<p>Adopted the Senate provisions allowing states to require household reporting as infrequently as every 6 months.</p> <p>[Section 4109]</p>
<p>ABAWDs are ineligible if, during the preceding 36 months, they received food stamps for 3 months without (1) working 20+ hours a week, (2) participating in a</p>	<p>No provisions.</p>	<p>Based work requirements for ABAWDs.</p> <p>Changed the “3-months-out-of-36-months” rule to make ABAWDs</p>	<p>No provisions. Prior law remains in effect.</p>

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<p>work program 20+ hours a week, or (3) participating in a workfare program—the “3-months-out-of-36-months” rule.</p>		<p>ineligible if, during the preceding 24 months they received benefits for 6 months without meeting 1 of the 3 work-related requirements.</p>	
<p>Qualifying “work programs” do not include job search or job search training.</p>		<p>Changed the definition of “work program” to <i>include</i> job search or job search training.</p>	
<p>ABAWDs denied eligibility under this “3-months-out-of-36-months” rule can regain it if they meet 1 of the 3 work-related requirements for a full month.</p>		<p>Changed the rule for regaining eligibility to provide eligibility <i>whenever</i> an ABAWD meets 1 of the 3 work-related requirements.</p>	
<p>[Section. 6(o) of the Food Stamp Act]</p>		<p>[Section. 421]</p>	
<p><b>A11. Benefit access through electronic benefit transfer (EBT) systems</b></p>			
<p>By regulation, states may take benefits provided through EBT systems “off-line” after 3 months of inactivity in the recipient’s EBT account.</p>	<p>No provisions.</p>	<p>Required that benefits provided through EBT systems not be made inaccessible until at least 6 months have elapsed since the recipient last accessed the EBT benefit account.</p>	<p>No provisions. Prior rules remain in effect (as lengthened by new regulations).</p>
<p>[<b>Note:</b> This period was scheduled to be lengthened by regulation.]</p>		<p>[Section 422]</p>	
<p><b>A12. Cost of EBT systems</b></p>			
<p>The cost of EBT systems must not, within certain limits, exceed those of the prior issuance system.</p>	<p>No provisions.</p>	<p>Deletes the existing EBT “cost-neutrality” requirement.</p>	<p>Adopted the Senate provisions deleting the EBT cost-neutrality rule.</p>
<p>[Section 7(i)(2)(A) of the Food Stamp Act]</p>		<p>[Section 423]</p>	<p>[Section 4110]</p>
<p><b>A13. Group living facilities</b></p>			
<p><b>a.</b> Where recipients live in substance abuse treatment centers, states may require them to designate the center as their “authorized representative” and provide their benefits to the center, but benefits/eligibility are</p>	<p><b>a.</b> No provisions.</p>	<p><b>a.</b> In the case of recipients living in substance abuse treatment centers, small group homes for the disabled, or shelters for battered women/children or the homeless, permitted states to use new</p>	<p><b>a.</b> Allowed the Secretary to authorize nationwide implementation of new methods of calculating and issuing standardized benefits for recipients in substance abuse centers, group homes</p>

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<p>calculated normally. There are no similar special provisions for residents of small group homes for the disabled or shelters for battered women/children or the homeless. In all the above-noted group living facilities, residents are treated as separate households when determining eligibility and benefits.</p> <p>[Section 8(e) of the Food Stamp Act]</p>		<p>methods of their own devising for calculating and issuing “standardized” benefits.</p> <p>[Section 424]</p>	<p>for the disabled, or shelters—at the conclusion of <i>pilot projects</i> to test the feasibility of a range of new methods.</p> <p>[Section 4112]</p>
<p><b>b.</b> Without a waiver, group living facilities may not redeem food stamp benefits through direct (on-site) use of EBT cards. Recipients’ EBT cards must be presented and used at approved retail food outlets.</p>	<p><b>b.</b> No provision.</p>	<p><b>b.</b> Allowed the Secretary to authorize group living facilities to redeem food stamp benefits through direct (on-site) use of EBT cards.</p>	<p><b>b.</b> Adopted the Senate provisions allowing group living facilities to redeem food stamp benefits through direct use of EBT cards.</p>
<p>[Section 10 of the Food Stamp Act]</p> <p><b>A14. Food stamp applications</b></p> <p>States have responsibility for developing food stamp applications, within certain federal requirements.</p>	<p>No provisions.</p>	<p>[Section 425]</p> <p>Required that states make food stamp applications available on their internet websites.</p>	<p>[Section 4113]</p> <p>Adopted the Senate provisions for applications on internet websites, effective 18 months after enactment.</p>
<p>[Section 11(e)(2)(B) of the Food Stamp Act]</p> <p><b>A15. Continuing eligibility</b></p> <p>Eligible households are assigned “certification periods” of up to 12 months (or 24 months for the elderly or disabled). At the end of a certification period, specific procedures must be followed to “recertify” a household and continue issuing benefits.</p>	<p>No provisions.</p>	<p>[Section 426]</p> <p>Replaced assigned certification periods and rules for recertification with new “eligibility review periods,” under which states would periodically review the eligibility status of recipient households following procedures set by the state.</p> <p><b>[Note:</b> These provisions would lift significant administrative requirements on program operators and recipients by allowing states to conform their method of reviewing food stamp eligibility with the method used for other major public</p>	<p>[Section 4114]</p> <p>No provisions. Prior law remains in effect.</p>

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<p>[Sections 3(c) &amp; 11(e) of Food Stamp Act]</p>		<p>assistance programs.]</p>	
<p><b>A16. Transitional food stamp benefits for those leaving TANF</b></p> <p>Regulations permit states to opt for 3 months' "transitional food stamp benefits" for households leaving TANF for reasons other than a sanction. Transitional benefits generally are adjusted for any loss of income on leaving TANF and reported changes in circumstances that would increase benefits.</p>	<p>Lifted significant administrative and reporting requirements on program operators and recipients by explicitly permitting states to provide expanded transitional food stamp benefits to households, leaving TANF for reasons other than a sanction. Food stamps were to be automatically continued for 6 months, at the level the household was receiving immediately prior to leaving TANF.</p>	<p>Same as the House measure, except that (similar to pre-existing policy), transitional benefits would be adjusted upward for the loss of TANF cash aid or any reported changes in household circumstances that would increase food stamp benefits. Transitional benefits would <i>not</i> be available to those ceasing to receive TANF benefits because of a sanction or to those in other state-established categories.</p>	<p>Allowed states to give up to 5 months' transitional benefits to those leaving TANF. The transitional benefit is the amount received prior to leaving TANF, adjusted to account for TANF income and (at state option) for information received through other aid programs. Transitional benefits would <i>not</i> be available as in the Senate measure.</p>
<p><b>A17. Notices to retailers</b></p> <p>"Adverse action" notices must be delivered to retailers by certified mail or personal service.</p>	<p>No provisions.</p>	<p>Permitted notices to be delivered to retailers by any form of delivery that provides evidence of delivery.</p>	<p>Adopted the Senate provisions as to notices to retailers.</p>
<p>[Section 14(a)(2) of the Food Stamp Act]</p>	<p>[Section 403]</p>	<p>[Section 427]</p>	<p>[Section 427]</p>
<p><b>A18. Quality control (QC) system &amp; bonus payments to states</b></p> <p>a. The Food Stamp program's QC system measures the degree to which states make erroneous benefit and eligibility decisions. State "error rates" reported from annual QC sample surveys are used to (1) provide financial rewards to states with very low error rates and (2) assess fiscal sanctions on states having high error rates. Each year, states with total error rates below 6% receive added federal matching money for</p>	<p>a. Substantially changed the QC system, and eased its effect on states as it relates to fiscal sanctions. Raised the threshold above which states are sanctioned to the national average error rate, plus 1 percentage point. Required a statistical adjustment to individual state error rates that effectively lowers all state error rates.</p>	<p>a. Same as the House measure, except that it reduced, then ended, added federal funding for states with error rates below 6%, and required the Secretary to conduct annual "investigations" of states with error rates above the new (higher) threshold and fine them if they are found to be seriously negligent in their administration of the Food Stamp program.</p>	<p>a. Substantially changed the QC system and eased its effect on states as it relates to fiscal sanctions. Ended added federal funding for states with error rates below 6%. Raised the threshold above which states are held liable to 105% of the national average. Required a statistical adjustment to individual state error rates that effectively lowers all state error rates.</p>



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<p>administration (an increase from the normal 50% match, to as high as 60%). States with error rates above the national average are assessed fiscal sanctions based on how far above the national average they are.</p> <p><i>[Section 16(c) of the Food Stamp Act]</i></p> <p><b>b.</b> The Secretary has established a policy whereby assessed sanctions are reduced for states serving high proportions of households with earners or noncitizens (“error-prone” households).</p> <p><b>c.</b> Federal reviews of QC error-rate determinations and arbitration of federal-state differences must be completed by the end of March each year. By the end of April, final QC error rates must be determined and states notified.</p> <p><i>[Section 16(c)(8) of the Food Stamp Act]</i></p> <p><b>d.</b> No provisions for specific “bonus</p>	<p>Provided that sanctions would not be assessed until a state has been above the new (higher) threshold for 3 consecutive years. Sanctioned states based on how far they are above a 10% error rate in the 3<sup>rd</sup> year.</p> <p><i>[Section 404]</i></p> <p><b>b.</b> No provisions.</p> <p><b>c.</b> No provisions.</p> <p><b>d.</b> Required measurement of states’</p>	<p><i>[Section 431]</i></p> <p><b>b.</b> Established in law, a requirement to adjust all states’ error rates to account for high proportions of error-prone households.</p> <p><i>[Section 431]</i></p> <p><b>c.</b> Changed deadlines to May 31<sup>st</sup> and June 30<sup>th</sup>, respectively.</p> <p><i>[Section 432]</i></p> <p><b>d.</b> Required measurement of states’</p>	<p>Effectively penalized only those states with persistently (over 3 years) high error rates. Made states liable for amounts equal to 10% of the value of erroneous benefits above 6% (this liability amount is calculated for the 2<sup>nd</sup> consecutive year in which a state exceeds the threshold).</p> <p>Authorized the Secretary to resolve states’ liability amounts by (1) requiring them to invest up to 50% of the amount in administrative improvements, (2) placing up to 50% of the amount “at risk” for collection in the next year, or (3) waiving any amount. If a state fails to reduce its error rate for a 3<sup>rd</sup> consecutive year, the “at-risk” amount would be collected.</p> <p><i>[Section 4118]</i></p> <p><b>b.</b> No provisions as to error-prone households. Prior policy remains.</p> <p><b>c.</b> Adopted the Senate provisions changing deadlines.</p> <p><i>[Section 4119]</i></p> <p><b>d.</b> Required measurement of states’</p>

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<p>payments” to states with high levels of performance (but see “enhanced administrative cost-sharing,” below).</p>	<p>performance as to: (1) compliance with deadlines for prompt eligibility determinations and benefit issuance and (2) the degree to which negative eligibility decisions are made correctly.</p>	<p>performance as to: (1) serving working poor households with children, and (2) 4 additional measures set by the Secretary in consultation with the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures.</p>	<p>performance as to: (1) actions taken to correct errors, reduce error rates, and improve eligibility determinations, and (2) other indicators of effective administration established by the Secretary.</p>
<p>QC provisions grant added federal funding for administration (“enhanced administrative cost-sharing”) for states with error rates below 6%. This can raise the federal share of state administrative costs from the normal 50% to as high as 60%.</p>	<p>Required annual federal “<i>excellence bonus payments</i>” of \$1 million each to the 10 states with the highest or most improved combined performance in the 2 measures noted above.</p>	<p>Required annual federal “<i>high performance bonus payments</i>” to states totaling \$6 million for each of the 5 measures noted above.</p>	<p>Required federal <i>performance bonus payments</i> totaling \$48 million a year to states that meet the Secretary’s standards for high or most-improved performance in the areas noted above.</p>
<p>Retained added federal funding for states with error rates below 6%.</p>	<p>Retained added federal funding for states with error rates below 6%.</p>	<p>Reduced, then ended added federal funding for states with error rates below 6%.</p>	<p>Ended added federal funding for states with error rates below 6%.</p>
<p>[Sec. 16(c) of the Food Stamp Act]</p>	<p>[Section 404]</p>	<p>[Section 433]</p>	<p>[Section 4120]</p>
<p><b>A19. Grants for simple application and eligibility systems &amp; improved access</b></p>	<p>Required the Secretary to spend up to \$9.5 million a year to pay states the cost of developing and implementing simple application and eligibility determination systems.</p>	<p>Authorized grants to states and other entities to pay a 75% federal share of the cost of projects to improve access to food stamp benefits or outreach to eligible individuals. Authorized appropriations totaling \$3 million.</p>	<p>Required the Secretary to spend up to \$5 million a year on grants to states and other entities covering the cost of projects to improve program access, or develop and implement simple application and eligibility determination systems.</p>
<p>No provisions.</p>	<p>[Section 405]</p>	<p>[Section 438]</p>	<p>[Section 4116]</p>
<p><b>A20. Employment and training (E&amp;T) programs</b></p>	<p>Generally extended existing funding and rules for E&amp;T programs through FY2011.</p>	<p>Extended authority for funding for E&amp;T programs through FY2006, but reduced the amount of <i>unmatched</i> federal money and eliminated several requirements on</p>	<p>Substantially the same as the Senate provisions, but provided slightly less unmatched federal funding and extended authority through FY2007.</p>

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<p>a. Through FY2002, food stamp law required unmatched federal funding for E&amp;T programs for food stamp recipients. For each year, specific amounts were provided (e.g., a total of \$165 million for FY2002). Unmatched money is available until expended; a carryover balance exceeding \$300 million was available.</p>	<p>a. Extended the requirement for unmatched federal funding for E&amp;T programs through FY2011. Set the amount at the FY2002 level (a total of \$165 million a year).</p>	<p>states and limits on federal matching funding.</p> <p>a. Extended the requirement for unmatched federal funding for E&amp;T programs through FY2006. Set the amount at \$90 million a year, available until expended. Rescinded the unspent carryover balance.</p>	<p>a. Extended the requirement for unmatched federal E&amp;T funding at \$90 million a year <i>through FY2007</i>. Rescinded the unspent carryover balance.</p>
<p>b. States must use at least 80% of their total allocation of unmatched federal funds for services to ABAWDs.</p>	<p>b. No provisions.</p>	<p>b. In addition to the \$90 million noted above, provided up to \$25 million a year (unmatched) for services to ABAWDs. Eliminated the pre-existing “80%” requirement for services to ABAWDs.</p>	<p>b. Adopted Senate provisions (1) for funding of ABAWD services (limited to \$20 million a year) and (2) eliminating the “80%” requirement.</p>
<p>c. To receive a portion of the federal funds allocation (e.g., \$75 million in FY2002), states must maintain their E&amp;T spending at the FY1996 level.</p>	<p>c. No provisions.</p>	<p>c. Eliminated the “maintenance of effort” requirement.</p>	<p>c. Adopted Senate provisions eliminating the “maintenance of effort” requirement.</p>
<p>d. The Secretary may set specific dollar amounts that the federal government will pay for each E&amp;T program “placement.”</p>	<p>d. No provisions.</p>	<p>d. Ended the Secretary’s authority to set per-placement funding amounts.</p>	<p>d. Adopted Senate provisions ending authority to set per-placement funding amounts.</p>
<p>e. Federal matching funds are provided for non-child-care E&amp;T participant support costs (e.g., transportation)—50% up to half of \$25 per person per month.</p>	<p>e. No provisions.</p>	<p>e. Eliminated limits on federal funding for participant support costs.</p>	<p>e. Adopted Senate provisions eliminating limits on funding for participant support costs.</p>
<p>[Sections 6(d) &amp; 16(h) of the Food Stamp Act]</p>	<p>[Section 406(a)]</p>	<p>[Sections 169(c) &amp; 434]</p>	<p>[Section 4121]</p>
<p><b>A21. Food stamp informational activities</b></p>	<p>No provisions.</p>	<p>Made explicit states’ authority to use TANF funds for food stamp informational (“outreach”) activities.</p>	<p>No provisions. Prior law remains in effect, but a federal guidance was issued telling states that they may use TANF funds for food stamp informational</p>
<p>States’ authority to use TANF funds to conduct food stamp informational (“outreach”) activities is unclear.</p>	<p>No provisions.</p>	<p>Made explicit states’ authority to use TANF funds for food stamp informational (“outreach”) activities.</p>	<p>No provisions. Prior law remains in effect, but a federal guidance was issued telling states that they may use TANF funds for food stamp informational</p>

LAW/POLICY	HOUSE BILL	SENATE BILL	CONFERENCE AGREEMENT AND ENACTED LAW
[Section 16(k) of the Food Stamp Act]		[Section 436]	activities.
<b>A22. Pilot project waivers</b>			
The Secretary may grant waivers from Food Stamp Act rules when carrying out pilot projects. The extent of this waiver authority is unclear for pilot projects implemented by nonfederal entities.	No provisions.	Made clear that the Secretary may grant waivers from federal food stamp rules in all pilot projects, regardless of the entity that implements them.	Adopted the Senate provisions on granting of waivers.
[Section 17 of the Food Stamp Act]		[Section 437]	[Section 4123]
<b>A23. Reauthorization</b>			
<p>Expiring at the end of FY2002—appropriations authorizations for the Food Stamp program, the Food Distribution Program on Indian Reservations, and nutrition assistance grants for Puerto Rico and American Samoa;</p> <p>—authority to reduce federal administrative cost sharing payments otherwise due to states by \$197 million a year;</p> <p>—authority for a limited number of pilot projects granting cash food stamp benefits; and</p> <p>—authority for outreach pilot projects.</p>	Extended expiring authorities through FY2011.	Extended expiring authorities through FY2006.	Extended expiring authorities through FY2007—except for the authority for outreach pilot projects (see Item #A19 above for similar new authority).
[Sections 18(a), 16(k), 17(b), & 17(i) of the Food Stamp Act]	[Section 406]	[Section 435]	[Section 4122]
<b>A24. Puerto Rico and American Samoa</b>			
<b>a. Puerto Rico.</b> In lieu of regular food stamp program, Puerto Rico received an annual nutrition assistance block grant, authorized through FY2002. It covered all benefits costs and 50% of any administrative costs. It was	<b>a.</b> Extended Puerto Rico's nutrition assistance block grant through FY2011, retaining annual inflation indexing.	<b>a.</b> Consolidated nutrition assistance grant funding for Puerto Rico and American Samoa (see below). Mandated the consolidated grant through FY2006. The base consolidated grant was \$1.356	<b>a.</b> Consolidated nutrition assistance grant funding for Puerto Rico and American Samoa (see below). Mandated the consolidated grant through FY2007. The base grant would be \$1.401 billion

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<p>annually indexed for food price inflation, and the FY2002 grant amount was \$1,350,518,000.</p>		<p>billion (FY2002). It was then to be adjusted for food-price inflation beginning with FY2003. Puerto Rico's annual share was 99.6%.</p>	<p>(FY2003), adjusted for food-price inflation beginning with FY2004. Puerto Rico's annual share would be 99.6%.</p>
<p><i>[Section 19 of Food Stamp Act]</i></p> <p><b>b. American Samoa.</b> American Samoa received an annual grant covering all expenditures for a nutrition assistance program primarily designed to assist the elderly and disabled. The grant was authorized through FY2002 and mandated \$5.3 million a year.</p>	<p>Permitted Puerto Rico to use up to \$6 million of its FY2002 grant to pay costs of upgrading electronic systems, without matching the amount.</p> <p><i>[Section 406(f)]</i></p> <p><b>b. Extended American Samoa's nutrition assistance grant through FY2011. Increased it to \$5.75 million for FY2002 and \$5.8 million a year for later years.</b></p>	<p>Same as the House measure with regard to permission to use up to \$6 million for costs of upgrading electronic systems.</p> <p><i>[Section 439]</i></p> <p><b>b. American Samoa's share was .4% of each year's new consolidated nutrition assistance grant (see above). Its separate grant was repealed.</b></p>	<p>Permitted Puerto Rico to use up to \$6 million of its FY2002 grant for costs of upgrading electronic systems, without matching the amount. Also allowed Puerto Rico to carry over up to 2% of any year's grant to the following year.</p> <p><i>[Section 4124]</i></p> <p><b>b. American Samoa's share was .4% of each year's new consolidated nutrition assistance grant. (see above). Its separate grant was repealed. Allowed American Samoa to carry over up to 2% of any year's grant to the following year.</b></p>
<p><i>[Section 24 of the Food Stamp Act]</i></p> <p><b>A25. Vitamin and Mineral Supplements</b></p> <p>Food stamp benefits can be used only to purchase food items for home consumption (or, in limited cases, prepared meals).</p> <p><i>[Section 3(g) of the Food Stamp Act]</i></p> <p><b>A26. Noncitizens</b></p> <p><b>a. Children</b>—Legal permanent residents who were living in the U.S. as of August 22, 1996, and who are under age 18 are eligible for food stamps under rules governing the</p>	<p><i>[Section 406(g) &amp; (j)]</i></p> <p>No provisions.</p> <p><b>a. No provisions.</b></p>	<p><i>[Section 439]</i></p> <p>Permitted the use of food stamp benefits to purchase dietary supplements that "provide exclusively one or more vitamins or minerals." Required a report on the effects of this new provision.</p> <p><i>[Section 445]</i></p> <p><b>a. Made legal permanent residents under age 18 eligible for food stamps—regardless of their date of entry. Also exempted them from requirements that</b></p>	<p><i>[Section 4124]</i></p> <p>No provisions. Prior law remains in effect.</p> <p><b>a. Adopted the Senate provisions as to legal permanent residents under age 18—effective October 1, 2003.</b></p>

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<p>categorical eligibility of noncitizens. In general, their sponsors' financial resources may be deemed available to them in determining their food stamp eligibility, as is the case with other groups of legal permanent residents with sponsors.</p>		<p>their sponsor's financial resources be deemed to them in determining food stamp eligibility.</p>	
<p><b>b. Work history requirement</b>—Legal permanent residents with a substantial work history (defined as 40 quarters, or 10 years) are eligible for food stamps under rules governing the categorical eligibility of noncitizens.</p>	<p>b. No provisions.</p>	<p>b. Reduced the work history requirement to 16 quarters (4 years).</p>	<p>b. No provisions. Prior law remains in effect, but the new 5-year residence rule described below has the effect of shortening the work history requirement.</p>
<p><b>c. Humanitarian cases</b>—Asylees, refugees, Cuban/ Haitian entrants, certain aliens whose deportation/removal is being withheld for humanitarian reasons, and Vietnam-born Amerasians fathered by U.S. citizens are eligible for food stamps for 7 years after entry/grant of status under rules governing noncitizens' categorical eligibility.</p>	<p>c. No provisions.</p>	<p>c. Removed the 7-year limit on eligibility for humanitarian cases.</p>	<p>c. No provisions, but the new 5-year residence rule described below has the effect of removing the 7-year limit.</p>
<p><b>d. Disability benefit recipients</b>—Legal permanent residents who were living in the U.S. as of August 22, 1996, and who are receiving federal disability benefits—e.g., Supplemental Security Income (SSI) payments—are eligible for food stamps under rules governing the categorical eligibility of noncitizens.</p>	<p>d. No provisions.</p>	<p>d. Made legal permanent residents receiving federal disability benefits eligible without regard to their date of entry.</p>	<p>d. Adopted Senate provisions as to the eligibility of legal permanent residents receiving federal disability benefits—effective October 1, 2002.</p>
<p><b>e. Length of residence in the U.S.</b> No provisions.</p>	<p>e. No provisions.</p>	<p>e. Made eligible individuals who have continuously resided in the U.S. legally for a period of 5 years (e.g., as legal permanent residents, refugees/asylees, but not as temporary residents). This new 5-year residence rule would <i>not</i> apply in the case of aliens who entered the country illegally and remain illegally</p>	<p>e. Made eligible individuals who have resided in the U.S. legally for a period of 5 years (e.g., as legal permanent residents, refugees/asylees, but not as temporary residents)—effective April 1, 2003.</p>

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<p>[Section 402(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; P.L. 104-193]</p>	<p><b>a. Commodity Purchases.</b> From amounts available under the Food Stamp Act, the Secretary was required to use \$100 million a year through FY2002 to purchase commodities for TEFAP.</p>	<p>for 1 year or more (or who have been “illegal aliens” for 1 year or more), unless they have continuously resided in the U.S. for 5 years as of enactment.</p>	<p>[Section 170(b) &amp; (c)]</p>
<p><b>B. COMMODITY ASSISTANCE PROGRAMS</b></p>	<p><b>B I. The Emergency Food Assistance Program (TEFAP)</b></p>	<p>[Section 4401(c)]</p>	<p>[Section 4401(c)]</p>
<p><b>a. Commodity Purchases.</b> From amounts available under the Food Stamp Act, the Secretary was required to use \$100 million a year through FY2002 to purchase commodities for TEFAP.</p>	<p><b>a.</b> Extended the commodity purchase requirement through FY2011; raised the total amount set aside for TEFAP to \$140 million a year beginning in FY2002; and required the Secretary to use \$10 million a year to pay for costs related to processing, storing, transporting and distributing commodities.</p>	<p><b>a.</b> Extended the commodity purchase requirement through FY2006 and raised the total amount set aside for TEFAP to \$110 million a year beginning in FY2002. Same as House bill with respect to the use of \$10 million for processing, storing, transport and distribution costs.</p>	<p><b>a.</b> Extended the commodity purchase requirement through FY2007 and raised the total amount set aside for TEFAP to \$140 million a year beginning in FY2002.</p>
<p>[Section 27 of the Food Stamp Act]</p>	<p>[Section 406(i) &amp; (j)]</p>	<p>[Section 441]</p>	<p>[Section 4126]</p>
<p><b>B I. The Emergency Food Assistance Program (TEFAP) (continued)</b></p>	<p><b>b. Administrative/distribution costs.</b> Appropriations of \$50 million a year were authorized, through FY2002, for the costs of administration and distributing TEFAP and non-TEFAP commodities handled by state and local programs.</p>	<p>[<b>Note:</b> Section 166 of the Senate measure required the Secretary to buy not less than \$40 million a year in additional commodities for TEFAP each year through FY2006.]</p>	<p>[<b>Note:</b> The \$40 million in additional commodities in Section 166 of the Senate measure was not included in the enacted law.]</p>
<p>[Section 204(a) of the Emergency Food</p>	<p><b>b.</b> In addition to \$10 million set-aside noted above, extended through FY2011, the \$50 million authorization of appropriations for administrative and distribution costs.</p>	<p><b>b.</b> Same as the House measure, except the authorization was extended through 2006.</p>	<p><b>b.</b> Extended the authorization of appropriations for administrative and distribution costs through FY2007 and raised the amount to \$60 million a year.</p>
<p>Assistance Act]</p>	<p>[Section 443]</p>	<p>[Section 451 (d)]</p>	<p>[Section 4204]</p>

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<p><i>Assistance Act]</i></p> <p><b>B2. Commodity Supplemental Food Program (CSFP) and commodity authorities.</b></p> <p><b>a. Expiring authorities.</b> Expiring at the end of FY2002: authority for the Commodity Supplemental Food Program (CSFP), requirements to provide cheese and nonfat dry milk to the CSFP, requirements for commodity processing agreements, and general authority to obtain commodities to maintain traditional levels of support for various commodity distribution activities.</p> <p><i>[Sections 4 &amp; 5 of the Agriculture and Consumer Protection Act of 1973 and Section 1114(a)(2) of the Agriculture and Food Act of 1981]</i></p>	<p><b>a.</b> Extended expiring CSFP and commodity authorities/requirements through FY2011.</p> <p><i>[Sections 441 &amp; 442]</i></p>	<p><b>a.</b> Extended expiring CSFP and commodity authorities/requirements through FY2006.</p> <p><i>[Section 451]</i></p>	<p><b>a.</b> Extended expiring CSFP and commodity authorities/ requirements through FY2007.</p> <p>Also required the Secretary to provide funds to permit Montana and Vermont to continue to participate in the CSFP at their originally assigned (FY2000) caseload levels through the FY2002 “caseload cycle.”</p> <p><i>[Sections 4201 &amp; 4203]</i></p>
<p><b>B2. Commodity Supplemental Food Program (CSFP) and commodity authorities (continued)</b></p> <p><b>b. CSFP Administrative Costs.</b> The Secretary is required to pay the CSFP administrative costs of state/local agencies— but may not use more than 20% of the CSFP appropriation.</p> <p><i>[Section 5 of the Agriculture and Consumer Protection Act of 1973]</i></p> <p><b>B3. Use of Approved Food Safety Technology</b></p> <p>No provisions.</p>	<p><b>b.</b> No provisions.</p> <p>No provisions.</p>	<p><b>b.</b> Replaced the limit on administrative payments with a requirement for “grants per caseload slot.” Required the Secretary to provide each state a grant per assigned caseload slot—set by law at \$50, indexed beginning in FY2003.</p> <p><i>[Section 451]</i></p> <p>Barred the Secretary from prohibiting</p>	<p><b>b.</b> Replaced the limit on administrative payments with a requirement for “grants per caseload slot.” Required the Secretary to provide each state a grant per assigned caseload slot—set at the FY2001 actual amount, indexed for FY2003 and following years.</p> <p><i>[Section 4201(b)]</i></p> <p>Adopted the Senate provisions, with</p>



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		<p>the use of "any technology that has been approved by the Secretary or the Secretary of Health and Human Services" in acquiring commodities for distribution through domestic nutrition programs.</p> <p>[Section 442]</p>	<p>technical changes.</p> <p>[Section 4201(b)(3) &amp; (d)]</p>
<p><b>B4. Use of Commodities for Domestic Feeding Programs</b></p> <p>No provisions.</p> <p><a href="http://wikileaks.org/wiki/CRS-RL33690">http://wikileaks.org/wiki/CRS-RL33690</a></p>	<p>No provisions.</p>	<p>Provided that any commodities acquired in the conduct of Commodity Credit Corporation (CCC) operations and any "Section 32" commodities may be used for any domestic feeding program. Covered domestic programs include: TEFAP, and programs authorized under the Richard B. Russell National School Lunch Act, the Child Nutrition Act, the Older Americans Act, or other laws the Secretary determines appropriate.</p> <p>This authority would apply to the extent that the commodities involved are in excess of those needed to carry out other obligations (including quantities otherwise reserved for specific purposes).</p> <p>[Section 457]</p>	<p>Adopted the Senate provisions on use of commodities.</p> <p>[Section 4202]</p>
<p><b>C. CHILD NUTRITION PROGRAMS</b></p> <p><b>C1. Commodities for the school lunch program</b></p> <p>Beginning with FY2002, any commodities supplied to the School Lunch program must be counted in meeting the requirement that 12% of all federal school lunch support (cash + commodities) be in the form of</p>	<p>No provisions.</p>	<p>Delayed, until FY2004, the date by which bonus commodities supplied to the School Lunch program will begin counting toward the 12% requirement—in effect, mandating that only entitlement</p>	<p>Adopted the Senate provisions.</p>

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<p>commodities. This would include commodities provided to meet schools' "entitlement" (15 cents in value per lunch) and "bonus" commodities provided at the Secretary's discretion from stocks acquired to support the agricultural economy.</p> <p><i>[Section 6(e)(1) of the Richard B. Russell National School Lunch Act]</i></p> <p><b>C2. Eligibility for Free and Reduced-Price School Meals and WIC Benefits: Military Housing</b></p> <p><b>a. School meals.</b> All military housing allowances reported on leave and earnings statements are counted as income in determining eligibility for free and reduced-price school meals. The value of on-base (free) housing is not. For "privatized" military housing—where formerly free housing is converted to privately operated housing (or families are moved from free housing to privately operated housing) and military personnel are given a housing allowance to pass on to the housing operator—the allowance is counted.</p> <p><i>[Regulations under Section 9 of the Richard B. Russell National School Lunch Act]</i></p> <p><b>b. The WIC program.</b> In determining income eligibility for the Special</p>	<p>a. No provisions.</p> <p><b>[Note:</b> H.R. 3216—passed by the House on December 11, 2001—contained the provision included in the Senate's measure.]</p> <p>b. No provisions.</p>	<p>commodities count toward meeting the requirement until then. This was the case under pre-FY2002 law.</p> <p><i>[Section 453]</i></p> <p><b>[Note:</b> Section 166 of the Senate amendment required the Secretary to provide at least \$50 million a year through FY2006 to the Defense Department (DoD) for the purchase and distribution of fresh fruits and vegetables to schools and institutions participating in child nutrition programs.]</p> <p>a. Through FY2003, required that, in cases where military personnel live in "privatized" housing, their housing allowance will not be counted in determining eligibility for free and reduced-price school meals.</p> <p><i>[Section 454]</i></p> <p>b. Added an option for states to exclude any housing allowance provided to</p>	<p><i>[Section 4301]</i></p> <p><b>[Note:</b> Section 10603 of the enacted law provided for at least \$50 million a year in fresh fruit and vegetable purchases (through the DoD) for schools and institutions in child nutrition programs.]</p> <p>a. Adopted the Senate provisions as to school meal eligibility and military personnel in "privatized" housing.</p> <p><i>[Section 4302]</i></p> <p>b. Adopted the Senate provisions as to WIC eligibility and military personnel in</p>

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<p>Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), states may choose to exclude any housing allowance received by military personnel residing “off-base.”</p>		<p>military personnel living in <i>on-base</i> “privatized” housing.</p>	<p>“privatized” housing.</p>
<p>[Section 17(d)(2)(B) of the Child Nutrition Act]</p>		<p>[Section 455]</p>	<p>[Section 4306]</p>
<p><b>C3. Funding for the WIC Farmers’ Market Nutrition Program</b></p>			
<p>No comparable provisions. [Note: For FY2002, some \$11 million was made available for the farmers’ market program from regular WIC appropriations and funds carried over from FY2001.]</p>	<p>No provisions.</p>	<p>Made available an additional \$15 million in mandatory funding for the FY2002 WIC farmers’ market nutrition program—no later than 30 days after enactment.</p>	<p>Adopted the Senate provisions for added FY2002 funding for the WIC farmers’ market nutrition program.</p>
		<p>[Section 460]</p>	<p>[Section 4307]</p>
<p><b>D. SPECIAL PROJECTS</b></p>			
<p><b>D1. Nutrition education clearinghouse</b></p>			
<p>No provisions.</p>	<p>No provisions.</p>	<p>Required the Secretary to establish (on the Agriculture Department’s website) a nutrition education clearinghouse.</p>	<p>No provisions. [Note: In March 2002, the Department established a website that features a clearinghouse for nutrition education initiatives.]</p>
		<p>[Section 428]</p>	
<p><b>D2. Community food projects and innovative programs addressing common community problems</b></p>			
<p><b>a. Community food projects.</b> Through FY2002, the Secretary was authorized to make grants to private nonprofit entities for “community food projects.” Funding was reserved from Food Stamp Act appropriations, and grants could not exceed a total of \$2.5 million a year.</p>	<p><b>a.</b> Extended authority for community food project grants through FY2011. Increased the amount reserved to \$7.5 million a year.</p>	<p><b>a.</b> Extended authority for community food project grants through FY2006. Maintained the amount reserved at \$2.5 million a year. Increased the federal share of project costs from 50% to 75%. Modified the list of projects that must be given preference for grants.</p>	<p><b>a.</b> Extended authority for community food project grants through FY2007. Increased the amount reserved to \$5 million a year. Modified the list of goals that projects are designed to achieve and the list of projects that must be given preference for grants.</p>
<p>[Section 25 of the Food Stamp Act]</p>	<p>[Section 406(h) &amp; (j)]</p>	<p>[Section 440]</p>	

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<p><b>D2. Community food projects and innovative programs addressing common community problems (continued)</b></p> <p><b>b. Innovative programs addressing common community problems.</b></p> <p>No provisions.</p> <p style="text-align: center;"><a href="http://wikileaks.org/wiki/CRS-RL33690">http://wikileaks.org/wiki/CRS-RL33690</a></p>	<p>b. No provisions.</p>	<p>b. Required the Secretary to contract with a non-governmental organization to recommend innovative programs for addressing “common community problems”—including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime, and individuals’ and communities’ need for self-sufficiency. Made available \$400,000 for the contract.</p> <p>[Section 443]</p>	<p>b. Required that the Secretary contract with (or make a grant to) a non-governmental organization to coordinate with federal agencies, states and political subdivisions, and non-governmental organizations in order to gather information (and make recommendations) about innovative programs for addressing “common community problems”—including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, and individuals’ and communities’ need for self-sufficiency. Reserved \$200,000 a year (from the \$5 million a year total) for this initiative.</p> <p>[Section 4125]</p>
<p><b>D3. Report on Electronic Benefit Transfer (EBT) systems</b></p> <p>No provisions.</p>	<p>No provisions.</p>	<p>Required the Secretary to submit a report to Congress on EBT systems (e.g., difficulties relating to their use, fraud, efforts to address difficulties).</p> <p>[Section 444]</p>	<p>Adopted the Senate provisions for a report on EBT systems and revised and expanded the elements to be included in the report.</p> <p>[Section 4111]</p>
<p><b>D4. Report on conversion of the WIC program into an individual entitlement program</b></p> <p>No provisions.</p>	<p>No provisions.</p>	<p>No later than December 31, 2002, required a report from the Secretary—</p>	<p>No provisions.</p>

LAW/POLICY	HOUSE BILL	SENATE BILL	CONFERENCE AGREEMENT AND ENACTED LAW
<p><b>D5. Purchase of locally produced foods</b></p> <p><b>a. Policy &amp; Grants.</b> No provisions.</p> <p><b>b. School food purchases in Hawaii and Puerto Rico.</b> Requires—to the maximum extent practicable—that school food authorities in <i>Hawaii</i> purchase commodities or food products that are produced in <i>Hawaii</i> if produced in sufficient quantities to meet their meal program needs.</p> <p><i>[Section 12(n)(3) of the Richard B. Russell National School Lunch Act]</i></p>	<p>a. No provisions.</p> <p>b. No provisions.</p>	<p>to the House Committee on Education and the Workforce and the Senate Committee on Agriculture, Nutrition, and Forestry—that analyzes conversion of the WIC program from a <i>discretionary</i> program into an <i>individual entitlement</i> program.</p> <p><i>[Section 456]</i></p> <p>a. Required Secretary to encourage the purchase of locally produced foods in school meal programs and authorized appropriations for start-up grants (\$400,000 a year) to defray costs incurred in carrying out this policy.</p> <p><i>[Section 458]</i></p> <p>b. No provisions.</p>	<p>a. Adopted the Senate provisions as to grants to encourage the purchase of locally produced foods.</p> <p><i>[Section 4303]</i></p> <p>As with <i>Hawaii</i> under pre-existing law, required—to the maximum extent practicable—that school food authorities in <i>Puerto Rico</i> purchase commodities or food products that are produced in <i>Puerto Rico</i> if produced in sufficient quantities to meet their meal program needs.</p> <p><i>[Section 4304]</i></p>
<p><b>D6. Seniors farmers' market nutrition program</b></p> <p>Using funding available under Commodity Credit Corporation authorities, a seniors farmers' market nutrition program was instituted by the Secretary in January 2001. Initial funding was set at \$15 million.</p>	<p>For (FY2002 - FY2011), authorized a seniors farmers' market nutrition program and required the Secretary to support it with \$15 million a year from Commodity Credit Corporation funds.</p>	<p>For (FY2002 - FY2006), required the Secretary to carry out and expand a seniors farmers' market nutrition program. Provided mandatory funding of \$15 million a year. Authorized the</p>	<p>Adopted the House provisions as to the seniors farmers' market nutrition program, but (1) reduced the <i>FY2002</i> amount to \$5 million (in addition to the \$10 million already appropriated) and</p>

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<p>Under the FY2002 Agriculture Department appropriations law, \$10 million was provided as a direct appropriation for a seniors farmers' market nutrition program.</p>	<p>Authorized the Secretary to issue regulations to carry out the program.</p>	<p>Secretary to issue regulations to carry out the program.</p>	<p>(2) authorized the program through FY2007.</p>
	<p>[Section 925]</p>	<p>[Section 459]</p>	<p>[Section 4402]</p>
	<p>[<b>Note:</b> These provisions were located in Title IX of the House measure.]</p>		
<p><b>D7. Fruit and vegetable pilot program</b></p>			
<p>No provisions.</p>	<p>No provisions.</p>	<p>In the 2002-2003 school year, required the Secretary to use "Section 32" funds to conduct and evaluate a pilot program to make free fruit and vegetables available to elementary and secondary school students. Provided \$200,000 for the pilot.</p>	<p>Adopted the Senate provisions with technical changes; increases funding to a total of \$6 million.</p>
		<p>[Section 461]</p>	<p>[Section 4305]</p>
<p><b>D8. Congressional hunger fellows</b></p>			
<p>Bill Emerson and Mickey Leland Hunger Fellowships are provided through the Congressional Hunger Center and given funding through annual Agriculture Department appropriations laws (e.g., \$2.496 million in FY2002).</p>	<p>Established—as an independent agency in the legislative branch—the Congressional Hunger Fellows Program to offer fellowships providing training and placements with domestic and international organizations. The program's purposes would be to: encourage careers in humanitarian service; recognize the needs of poor and hungry persons; provide aid to those in need, increase awareness of the importance of public service, and provide training and development opportunities for future leaders. The program would be funded from the earnings of a trust fund invested in federal securities (an \$18 million appropriation is <i>authorized</i>) and gifts.</p>	<p>Same as the House bill, with minor and technical differences.</p>	<p>Adopted the House provisions, with minor and technical revisions.</p>

<https://www.crs.org/wiki/CRS-RL33690>

LAW/POLICY	HOUSE BILL	SENATE BILL	CONFERENCE AGREEMENT AND ENACTED LAW
<b>D9. Fresh fruit and vegetables</b>	[Section 461]	[Section 462]	[Section 4404]
No provisions.	No provisions.	Authorized a pilot program to increase domestic consumption of fresh fruit and vegetables. The federal share of project costs would be 50%, and \$25 million a year was authorized to be appropriated.	Adopted Senate provisions, but reduced the number of pilot states from 15 to 5 and lowered the annual appropriations authorization to \$10 million.
		[Section 463]	[Section 4403]
<b>E. COST ESTIMATES</b>			
<b>a. 6-year CBO estimates: April 2001 “baseline”</b>			
	<b>Title IV (nutrition):</b> \$1.94 billion (budget authority); \$1.92 billion (outlays).	<b>Title IV (nutrition):</b> \$3.11 billion (budget authority); \$3.63 billion (outlays).	<b>Title IV (nutrition):</b> \$2.66 billion (budget authority); \$3.17 billion (outlays).
	<b>Food stamp program:</b> \$1.65 billion (budget authority/outlays).	<b>Food stamp program:</b> \$2.85 billion (budget authority); \$3.37 billion (outlays).	<b>Food stamp program:</b> \$2.19 billion (budget authority); \$2.71 billion (outlays).
	<b>Commodity assistance programs (TEFAP):</b> \$240 million (budget authority); \$238 million (outlays).	<b>Commodity assistance programs (TEFAP):</b> \$260 million (budget authority); \$258 million (outlays). [Note: \$200 million of these amounts is for TEFAP commodity purchases under Title I.]	<b>Commodity assistance programs (TEFAP &amp; CSFP):</b> \$241 million (budget authority/outlays).
	<b>Child nutrition programs:</b> No provisions.	<b>Child nutrition programs (commodity purchases, WIC farmers’ markets):</b> \$115 million (budget authority/outlays).	<b>Child nutrition programs (commodity purchases, WIC farmers’ markets):</b> \$115 million (budget authority/outlays).
	<b>Special projects (community food projects, senior farmers’ markets):</b> \$118 million (budget authority); \$110 million (outlays). [Note: \$75 million of these amounts is attributable to senior	<b>Special projects (community food projects, senior farmers’ markets, fruit &amp; vegetable pilots):</b> \$85 million (budget authority); \$90 million (outlays).	<b>Special projects (community food projects, senior farmers’ markets, fruit &amp; vegetable pilots):</b> \$107 million (budget authority); \$103 million (outlays).

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LAW/POLICY	HOUSE BILL	SENATE BILL	CONFERENCE AGREEMENT AND ENACTED LAW
<p>b. 6-year CBO estimates: March 2002 “baseline”</p>	<p>farmers’ market provisions in Title IX).</p>	<p>None available.</p>	<p><b>Title IV (nutrition):</b> \$2.79 billion (budget authority); \$3.18 billion (outlays).</p> <p><b>Food stamp program:</b> \$2.33 billion (budget authority); \$2.72 billion (outlays).</p> <p><b>Commodity assistance programs (TEFAP &amp; CSFP):</b> \$241 million (budget authority/ outlays).</p> <p><b>Child nutrition programs (commodity purchases, WIC farmers’ markets):</b> \$115 million (budget authority/outlays).</p> <p><b>Special projects (community food projects, senior farmers’ markets, fruit &amp; vegetable pilots):</b> \$108 million (budget authority); \$103 million (outlays).</p>

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