

§ 932.230 Assessment rate.

On and after January 1, 1998, an assessment rate of \$17.10 per ton is established for assessable olives grown in California.

Dated: February 9, 1998.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

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DEPARTMENT OF AGRICULTURE**7 CFR Parts 3015, 3016 and 3019**

RIN 0503-AA16

Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

AGENCY: Department of Agriculture, USDA.

ACTION: Notice of proposed rulemaking.

SUMMARY: USDA is proposing to revise its grants management regulations in order to bring the entitlement programs it administers under the same regulations that already apply to nontitlement programs; and to identify exceptions to these general rules that apply only to entitlement programs. The effect of the first change would be that only one set of Federal administrative requirements would apply to awards that a grantee or subgrantee organization receives under USDA programs. That would be consistent with how most other Federal awarding agencies handle their codifications of governmentwide rules for grantees and subgrantees. In making the second change, this proposed rule would establish the following exceptions for entitlement programs: States and their governmental subgrantees would be required to conduct procurements under USDA entitlement programs in accordance with the specific procurement rules stated in the USDA regulations; the option to use State rules that differed from these Federal rules would not be available, as it is for procurements under nontitlement programs; States and their governmental subgrantees would be required to exclude from consideration for a contract award any contractor that had developed draft product specifications, requirements,

statements of work, invitations for bid, and/or requests for proposals for use by the grantee or subgrantee in conducting procurements under USDA entitlement programs; Financial reporting requirements under USDA entitlement programs would continue to be provided in the program-specific regulations rather than in the departmental regulations. This would not affect the reporting requirements themselves.

DATES: Written comments must be submitted on or before May 19, 1998.

ADDRESSES: Comments must be mailed or faxed to Gerald Miske, Supervisory Management Analyst, Fiscal Policy Division, Office of the Chief Financial Officer, USDA, Room 3022 South Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250; FAX (202) 690-1529. Written comments may be inspected at the above address from 8:00 a.m. to 5:00 p.m. A copy of the Regulatory Cost/Benefit Assessment referenced in the Regulatory Impact Analysis section of this preamble can be obtained from Gerald Miske, Supervisory Management Analyst, Fiscal Policy Division, Office of the Chief Financial Officer, USDA, Room 3022 South Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250. This assessment may be examined at the same address.

FOR FURTHER INFORMATION CONTACT: Gerald Miske, Supervisory Management Analyst, Fiscal Policy Division, Office of the Chief Financial Officer, USDA, at the above address; telephone (202) 720-1553.

SUPPLEMENTARY INFORMATION:**Background**

The administrative requirements for awards and subawards under all USDA entitlement programs are currently in 7 CFR Part 3015, "Uniform Federal Assistance Regulations." The corresponding requirements for awards and subawards to State and local governmental organizations under USDA nontitlement programs are in Subparts A through D of 7 CFR Part 3016, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;" and the administrative requirements for awards and subawards to nongovernmental, nonprofit organizations are in 7 CFR Part 3019, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations." This proposed rule would expand the scope

of Parts 3016 and 3019 to include entitlement programs, and delete administrative requirements for awards and subawards under such programs from the scope of Part 3015. It would also establish, in Subpart E to Part 3016, certain exceptions to the general administrative requirements that would apply only to the entitlement programs. The following text outlines the evolution of these proposed changes.

On March 11, 1988, USDA joined other Federal agencies in publishing a final grants management common rule applicable to assistance relationships established by grants and cooperative agreements, and by subawards thereunder, to State and local governments. Prior to that date, administrative requirements for awards and subawards under all USDA programs were codified at 7 CFR Part 3015. USDA implemented the common rule at 7 CFR Part 3016. At that time, the common rule did not apply to entitlement programs such as the Food Stamp and Child Nutrition Programs administered by the Food and Nutrition Service, USDA, and the public assistance programs administered by the Department of Health and Human Services (DHHS). However, Subpart E was reserved in the rule to subsequently address provisions specific to entitlement programs. Pending the publication of Subpart E to Part 3016, the USDA entitlement programs have remained under Part 3015. These programs included:

(1) Entitlement grants under the following programs authorized by the National School Lunch Act, as amended: (a) National School Lunch Program, General and Special Meal Assistance (sections 4 and 11 of the Act, respectively), (b) Commodity Assistance (section 6 of the Act), (c) Summer Food Service Program for Children (section 13 of the Act), and (d) Child and Adult Care Food Program (section 17 of the Act); (2) Entitlement grants under the following programs authorized by the Child Nutrition Act of 1966, as amended: (a) Special Milk Program for Children (section 3 of the Act), (b) School Breakfast Program (section 4 of the Act), and (c) State Administrative Expense Funds (section 7 of the Act); and (3) Entitlement grants for State Administrative Expenses under the Food Stamp Act of 1977, as amended (section 16 of the Act).

The exclusion of these programs from the scope of Part 3016 made that regulation apply only to USDA's nontitlement programs. The principal nontitlement programs administered by the Food and Nutrition Service include the Special Supplemental

Nutrition Program for Women, Infants and Children (WIC), the Commodity Supplemental Food Program (CSFP), the WIC Farmers' Market Nutrition Program (FMNP), the Nutrition Education and Training Program (NET), and the Emergency Food Assistance Program (TEFAP).

On August 24, 1995 (60 FR 44122), USDA published an interim rule at 7 CFR Part 3019 in order to implement the revised OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*. As with Part 3016, USDA did not include entitlement programs in the scope of Part 3019. Accordingly, a nonprofit private school operating the National School Lunch Program and the NET under subgrants from a State educational agency must currently apply Part 3015 to the former and Part 3019 to the latter. In excluding entitlements from the scope of Part 3019 at the time of its initial publication, USDA anticipated issuing a document that would provide a single set of grant and subgrant administrative rules for all types of organizations operating USDA entitlement programs.

This Notice of Proposed Rulemaking is USDA's first step in developing such a document. In publishing this proposed rule, USDA solicits comments on: (1) applying the provisions of Part 3016 to USDA entitlement program awards and subawards to State and local governmental organizations; (2) adopting proposed exceptions to be included in Subpart E of Part 3016; and (3) applying the provisions of Part 3019 to USDA entitlement program awards and subawards to nongovernmental, nonprofit organizations.

USDA is also making an editorial change in Part 3015 to correct the name of the USDA office responsible for Federal assistance policy.

Finally, USDA is making a technical change to recognize the recent reclassification of the Food Distribution Program on Indian Reservations (FDPIR) from nonentitlement to entitlement. This reclassification is based on the FDPIR's close relationship with the Food Stamp Program. The FDPIR is authorized by section 4(b) of the Food Stamp Act of 1977, as amended and, beginning in Fiscal Year 1997, awards made to States and Indian Tribal Organizations (ITOs) under this program have been funded from USDA's Food Stamp Program account. The program's characteristics place it in the same class with the entitlement programs, particularly the Food Stamp Program. The President's Budget for Fiscal year 1998 represents it as such.

This proposed rule would not affect USDA nonentitlement programs. As noted above, Part 3016 has covered grants and subgrants to State and local governments under these programs since its publication. Likewise, Part 3019 covers nonprofit organizations that operate nonentitlement programs.

In this proposed rule, USDA proposes those exceptions deemed most essential to establishing appropriate administrative requirements for grants and agreements under entitlement programs while bringing these programs under Parts 3016 and 3019. The promulgation of such rules would not, however, preclude the subsequent identification of additional exceptions for these programs.

In that regard, USDA has met with DHHS and the OMB to plan for the synchronization of administrative requirements for all entitlement programs. It was agreed that USDA would proceed with this limited scope rule because of its responsiveness to specific needs of program operators. The three agencies also agreed, however, that USDA and DHHS would collaborate in further refining administrative policies for entitlements programs. Such deliberations may lead to proposals for additional exceptions in Subpart E to Part 3016 and DHHS's parallel regulation.

At this time, USDA proposes the following specific exceptions for entitlement programs:

1. *Adoption of Standards for State and Subgrantee Procurements.* With certain qualifications discussed below, USDA proposes to adopt the rules found in section 3016.36(b) through (i) for procurements by States, and by local governments and ITOs operating as subgrantees of States, under USDA entitlement programs. This would differ from the general rules on State and subgrantee procurements under Federal awards. The general rule for States is stated in section 3016.36(a), which authorizes States to conduct procurements under Federal grants using the same procedures they apply to their procurements from nonfederal funds. Section 3016.37(a) extends this principle to States' administration of subgrants. This section instructs a State to "follow State law and procedures when awarding and administering subgrants of financial assistance (whether on a cost reimbursement or fixed amount basis) to local and Indian tribal governments." A State may therefore require its governmental subgrantees to conduct procurements under their subgrants in accordance with sections 3016.36(b) through (i),

with State procurement rules, or with any combination of the two.

These general rules were included in the common rule codified at 7 CFR Part 3016 in keeping with Executive Order 12612, Federalism, dated October 30, 1987. Under the Federalism principle, a Federal awarding agency should rely to the maximum extent possible on State processes rather than prescribe Federal ones. The preamble to the common rule expressed this principle as follows: "Federal agencies should refrain from establishing uniform, national standards, and, where possible, defer to the States to establish them." (53 FR 8035) With respect to subgrantees, the preamble clarified that "local governments and Indian tribal governments will administer direct Federal grants according to the standards in the common rule and Federal pass-through funds subgranted from the State according to State laws and procedures." (53 FR 8036)(Emphasis in original.)

In publishing this proposed rule, USDA proposes to depart from this principle by requiring both States and their governmental subgrantees to use sections 3016.36(b) through (i) in conducting procurements under USDA entitlement programs. The Federalism principle has never been applied to grants under these programs because of their budget impact. State and local governmental procurements under such programs are currently subject to a modicum of Federal regulation; governmental grantees and subgrantees follow their own procurement rules to the extent they do not contravene those procurement requirements stated in applicable Federal regulations. USDA believes the nature of the entitlement programs warrants continuing this policy.

Federal liabilities to make payments to States under these programs are created in a manner that gives USDA less control than is the case with discretionary awards and other nonentitlement programs. The following cases illustrate this concern:

Food Stamp Program. Under a Food Stamp Program administrative cost grant, the Federal Government pays a statutorily prescribed share (generally 50 percent) of the State's allowable costs. The program's authorizing statute does not set a ceiling on the State administrative costs for which USDA is required to fund its prescribed share. Accordingly, USDA has sought supplemental appropriations whenever there has been a possibility that existing appropriations would prove insufficient to support cumulative grant levels.

National School Lunch Program. A State's grant award under the National School Lunch Program is determined by applying a formula consisting of the number of lunches of each authorized type served to eligible children, multiplied by the applicable payment rate prescribed by law. Once a State and its subgrantees have incurred the cost of serving school lunches to eligible children, there is an obligation for USDA to make the payments generated by this formula. If more eligible meals are served than the Federal budget provided for, a funding shortfall may result. Where information has indicated the possibility that this may occur, USDA has sought supplemental appropriations or taken other measures to ensure that the formula-generated amount would be available.

Program size is another feature of most USDA entitlement programs that necessitates more stringent Federal regulation of procurements involving funds made available for them. In Fiscal Year 1996, USDA disbursed approximately \$1.9 billion for Food Stamp Program State administrative costs and \$5.4 billion in cash and commodity assistance under the National School Lunch Program. Approximately 25,000 schools and school districts operate the National School Lunch Program, most of them as subgrantees of States. Moreover, many program operators are not only purchasing goods and services for use in the program, but are also engaging food service management companies to assume much of the responsibility for program operations. If procurement rules are to control how large numbers of program operators specify to contractors their operational responsibilities for Federal programs, the rules applicable to such actions must contain a core of minimum, uniform requirements crafted to protect the public funds.

As discussed above, State and local governments administering USDA's entitlement programs must currently follow the Federal procurement rules stated in Part 3015, which had applied to all Federal grants and subgrants to State and local governments before the publication of Part 3016. (See 7 CFR Part 3015, Subpart S.) The procurement requirements of section 3016.36(b) through (i), in effect, comprise an updated version of these older rules. Accordingly, USDA believes this proposal represents continuity in the administration of entitlement programs. In any event, USDA's experience administering grants to States under entitlement and nonentitlement programs suggests that the procurement

rules found at section 3016.36(b) through (i) closely resemble the rules used by most States for their nonfederal procurements.

USDA believes the principal effect of adopting the procurement rules in section 3016.36(b) through (i) for procurements under USDA entitlement programs would be the strengthening of competition in such procurements. Existing rules at 7 CFR 3015.182 require States and other governmental organizations to conduct procurements under entitlement grants and subgrants in ways that maximize open and free competition.

However, some State and local procurement rules provide for preference in source selection for bidders located within the State or political subdivision, in order to promote the political entity's economic development. For example, State or local procurement rules may require that an outside bidder's bid be surcharged a prescribed percentage for price comparison purposes. Such geographical preferences are inherently noncompetitive because they can enable a local bidder to receive a contract without having submitted the lowest responsive bid. The old rules codified at 7 CFR Part 3015 proscribe certain practices as anti-competitive, but are silent on geographical preferences. By contrast, section 3016.36(c)(2) expressly prohibits them (except in certain cases that involve contracting for architectural and engineering services).

USDA is concerned that geographical preferences may have resulted in State agencies and local program operators obtaining goods and services for program purposes at more than the lowest available price. This represents an inefficient use of scarce program funds.

The Comptroller General has found such practices' restraining effects on competition acceptable only to the extent that their operation presents no more than a negligible obstacle to outside bidders' efforts to obtain contracts. Such determinations must be made on a case-by-case basis. For example, the Comptroller General found that a State rule requiring a two percent surcharge on outside bidders' bids satisfied this standard. (Matter of the Eagle Construction Company, B-191498, dated March 5, 1979) On the other hand, USDA has been asked to determine whether geographical preferences ranging from seven to 15 percent were consistent with the open and free competition requirements of section 3015.182. Such cases have placed USDA in the position of determining, on a case-by-case basis,

"how much preference is too much." One State even asked USDA to disclose in advance the preference level USDA would accept.

USDA believes that maximum open and free competition promotes the most effective use of public funds made available for entitlement programs. Accordingly, USDA's proposal to apply section 3016.36(b) through (i) to States and their subgrantees includes the express prohibition in section 3016.36(c)(2) against the use of in-State or local geographical preferences in procurements conducted under USDA entitlement programs. Commenters are requested to respond to this proposal, whether they support or oppose it.

In addition to adopting the procurement rules of section 3016.36(b) through (i), with their prohibition of geographical preferences, for procurements under entitlement programs, USDA proposes to expressly prohibit another practice that it believes restricts full and open competition. A governmental grantee or subgrantee making a procurement under a USDA entitlement program would be precluded from accepting an offer from, or awarding the contract to, a contractor that had developed or drafted specifications, requirements, statements of work, invitations for bids or requests for proposals related to the procurement. USDA believes that allowing contractors to participate in procurements for which they had developed some or all of the procurement documents would afford them an unfair competitive advantage, to the detriment of full and open competition. This proposed change would not prohibit governmental grantees and subgrantees from using contractors to prepare any or all elements of a procurement. It would only eliminate such contractors from consideration for the actual award.

USDA believes this proposed prohibition is already implicit in the text of section 3016.36(c)(1)(v), which identifies organizational conflicts of interest as a situation considered to be restrictive of competition. USDA has also considered the possibility that expressly stating the prohibition with respect to entitlement programs may be misconstrued to restrict its applicability to this class of program. On the other hand, past experience in administering entitlement programs suggests that stating the prohibition more explicitly would significantly strengthen USDA's efforts to enforce it. In addition, this proposal follows the language of a parallel requirement at section 3019.43. Part 3019 and its underlying circular, A-110, apply only to nongovernmental,

nonprofit organizations, but they do represent the OMB's "state of the art" pronouncement on grant and subgrant administrative requirements. The fact that the OMB saw fit to express in A-110 both the broad prohibition of organizational conflicts of interest, and the specific case thereunder that USDA now proposes to include in Subpart E, suggests that the need for clarification of this issue extends beyond USDA.

Given the foregoing, USDA requests commenters to address the issues of whether the proposed prohibition is necessary, and to recommend ways to state it in Subpart E while avoiding misconstruction of its intent.

2. Financial Reporting Requirements. USDA also proposes to clarify that the Food Stamp and Child Nutrition Programs are exempt from the financial reporting requirements found in section 3016.41, but are subject to financial reporting requirements stated in program-specific regulations. This would not entail any change in existing financial reporting requirements under these programs. Both programs use program-specific financial reports approved by the OMB under the Paperwork Reduction Act of 1995. The existing OMB clearances on these reports would not require renewal before their stated expiration dates.

Regulatory Impact Analysis

Executive Order 12866

The Office of Management and Budget has reviewed this rule and has determined the rule to be significant under Executive Order 12866. In accordance with the provisions of Executive Order 12866, USDA has prepared a cost benefit assessment which analyzes the economic impact of this proposed rule on States, other grantees, and subgrantees operating USDA entitlement programs. The economic impact has two discrete dimensions: bringing these programs under the umbrella of Parts 3016 and 3019, and establishing the deviations and exceptions stated in Subpart E to Part 3016.

USDA believes that both dimensions would have a negligible economic impact. The new administrative requirements would generally continue the old rules that grantees and subgrantees have been using for USDA entitlement programs since Part 3015 was first published in 1981. Differences between the old and new rules are generally attributable to the evolution of Federal grants policy since 1981, including the "closing of loopholes."

USDA's belief that adopting the rules stated in sections 3016.36(b) through (i)

for procurements by State and local governments under USDA entitlement programs would entail negligible economic impact or administrative burden is founded not only on the overall similarity between the new and old grants administrative rules, but also on the generic nature of procurement requirements themselves. USDA believes the requirements stated in sections 3016.36(b) through (i) comprise the minimum components of a sound procurement system. USDA's research on this issue suggests that most of these provisions are already universally applicable to grantee and subgrantee procurement systems.

Given the available evidence that State procurement rules generally follow those procurement rules stated in section 3016.36(b) through (i), USDA considered relying on State rules in accordance with section 3016.36(a). However, USDA decided to proceed with this aspect of the proposed rule for several reasons. First, State rules often allow geographical preference in source selection; the problems associated with that practice have already been explained. Second, Part 3016 expresses a standard for the kind of procurement systems USDA considers sufficient to protect the programs' interests. Without it, geographical preference and other anti-competitive practices by grantees and subgrantees would be more difficult to combat. Finally, Part 3016 contains a number of passages authorizing various aspects of awarding agency oversight. USDA believes the magnitude and nature of the entitlement programs necessitate retaining such explicit statements of oversight authority.

USDA does not have the database needed to quantify the foregoing generalizations about the costs and savings associated with this proposed rule. For example, USDA does not know how many procurements grantees and subgrantees currently make by the small purchase method and by formal advertising, how their mix of procurement methods might change under this proposed rule, how much they would save per transaction, how many businesses would be affected, whether insular territories and outlying areas would be disproportionately affected, etc. Accordingly, USDA requests commenters to provide feedback on the economic impact of this proposed rule.

As noted above, under this proposed rule financial reporting requirements would continue to be contained in the program-specific regulations rather than in Part 3016. Since the reporting requirements themselves would remain unchanged, this provision of the

proposed rule would have no economic impact on grantees and subgrantees.

Civil Rights Impact Analysis

USDA does not believe that this rule will have a significant civil rights impact and invites comments on this.

Paperwork Reduction Act of 1995

The information collection requirements of this rule have been previously approved under # 0505-0008 for entitlement and nonentitlement programs. USDA believes that adopting this proposed rule would not impose additional information collection requirements on grantees and subgrantees.

Regulatory Flexibility Act

In accordance with the requirements of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the USDA Acting Chief Financial Officer has reviewed this rule and certifies that it does not have a significant economic impact on a substantial number of small entities. The potential economic impact is discussed above in connection with Executive Order 12866.

List of Subjects

7 CFR Part 3015

Grant programs, Intergovernmental relations.

7 CFR Part 3016

Grant programs.

7 CFR Part 3019

Grant programs.

Issued at Washington, D.C.

Irwin T. David,

Acting Chief Financial Officer.

Approved:

Dan Glickman,

Secretary of Agriculture.

Accordingly, USDA is proposing to amend 7 CFR chapter XXX as set forth below.

PART 3015—UNIFORM FEDERAL ASSISTANCE REGULATIONS

1. The authority citation for Part 3015 continues to read as follows:

Authority: 5 U.S.C. 301, Subpart I; 31 U.S.C. 7505, unless otherwise noted.

2. In § 3015.1 revise paragraphs (a)(1), (a)(3), (a)(4) and (d) to read as follows:

§ 3015.1 Purpose and scope of this part.

(a)(1) This part specifies the set of principles for determining allowable costs under USDA grants and cooperative agreements to State and local governments, universities, non-profit and for-profit organizations as set

forth in OMB Circulars A-87, A-21, A-122, and 48 CFR 31.2, respectively; and the general provisions that apply to all grants and cooperative agreements made by USDA.

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(3) Rules for grants and cooperative agreements to State and local governments are found in Part 3016.

(4) Rules for grants and cooperative agreements to institutions of higher education, hospitals, and other non-profit organizations are found in part 3019.

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(d) Responsibility for developing and interpreting the material for this part and in keeping it up-to-date is assigned to the Office of the Chief Financial Officer.

3. In § 3015.2 revise paragraphs (d)(3), (d)(4), (d)(5), and (d)(6) to read as follows:

§ 3015.2 Applicability.

* * * * *

(d) * * *

(3) Agencies or instrumentalities of the Federal government,

(4) Individuals,

(5) State and local governments, and

(6) Institutions of higher education, hospitals and other non-profit organizations.

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PART 3016—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

4. The authority citation for Part 3016 continues to read as follows:

Authority: 5 U.S.C. 301.

5. In § 3016.4 remove paragraphs (a) (4) through (6), redesignate paragraphs (a) (7) through (10) as (a) (4) through (7) and revise paragraph (b) to read as follows:

§ 3016.4 Applicability.

* * * * *

(b) Entitlement programs. In USDA, the entitlement programs enumerated below are subject to subparts A-D and the modifications in subpart E.

(1) Entitlement grants under the following programs authorized by The National School Lunch Act:

(i) National School Lunch Program, General Assistance (section 4 of the Act),

(ii) Commodity Assistance (section 6 of the Act),

(iii) National School Lunch Program, Special Meal Assistance (section 11 of the Act),

(iv) Summer Food Service Program for Children (section 13 of the Act), and

(v) Child and Adult Care Food Program (section 17 of the Act);

(2) Entitlement grants under the following programs authorized by The Child Nutrition Act of 1966:

(i) Special Milk Program for Children (section 3 of the Act),

(ii) School Breakfast Program (section 4 of the Act), and

(iii) Entitlement grants for State Administrative Expense Funds (section 7 of the Act); and

(3) Entitlement grants under the following programs authorized by the Food Stamp Act of 1977:

(i) Food Distribution Program on Indian Reservations (section 4(b) of the Act), and

(ii) State Administrative Expense Funds (section 16 of the Act).

6. Subpart E is added to read as follows:

Subpart E—Entitlement

§ 3016.60 Special procurement provisions.

(a) Notwithstanding §§ 3016.36(a) and 3016.37(a) of this part, States and subgrantees of States shall conduct procurements under the USDA entitlement program grants or subgrants specified in § 3016.4(b) in accordance with § 3016.36(b) through (i) of this part.

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals for use by a grantee or subgrantee in conducting procurements under the USDA entitlement program grants or subgrants specified in § 3016.4(b) shall be excluded from competing for such procurements.

§ 3016.61 Financial reporting.

The financial reporting provisions found in § 3016.41 do not apply to any of the USDA entitlement programs listed in § 3016.4(b) except the Food Distribution Program on Indian Reservations. The financial reporting requirements for these entitlement programs are found in the following program regulations:

(a) For the National School Lunch Program, 7 CFR 210.20(a);

(b) For the Special Milk Program for Children, 7 CFR 215.11(c);

(c) For the School Breakfast Program, 7 CFR 220.13(b);

(d) For the Summer Food Service Program for Children, 7 CFR 225.8;

(e) For the Child and Adult Care Food Program, 7 CFR 226.7(d);

(f) For State Administrative Expense Funds under section 7 of the Child Nutrition Act of 1966, 7 CFR 235.7(b); and

(g) For State Administrative Expenses under section 16 of the Food Stamp Act of 1977, 7 CFR 277.11.

PART 3019—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NON-PROFIT ORGANIZATIONS

7. The authority citation for Part 3019 continues to read as follows:

Authority: 5 U.S.C. 301.

8. In § 3019.1 designate the existing text as paragraph (a) and add paragraph (b) to read as follows:

Subpart A—General

§ 3019.1 Purpose.

(b) In USDA, this part also applies specifically to the grants, agreements and subawards to institutions of higher education, hospitals, and other non-profit organizations that are awarded to carry out the entitlement programs identified below:

(1) Entitlement grants under the following programs authorized by The National School Lunch Act:

(i) National School Lunch Program, General Assistance (section 4 of the Act),

(ii) Commodity Assistance (section 6 of the Act),

(iii) National School Lunch Program, Special Meal Assistance (section 11 of the Act),

(iv) Summer Food Service Program for Children (section 13 of the Act), and

(v) Child and Adult Care Food Program (section 17 of the Act).

(2) Entitlement grants under the following programs authorized by The Child Nutrition Act of 1966:

(i) Special Milk Program for Children (section 3 of the Act), and

(ii) School Breakfast Program (section 4 of the Act).

(3) Entitlement grants for State Administrative expenses under The Food Stamp Act of 1977 (section 16 of the Act).

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