

affected by this document was quarantined to prevent the Medfly from spreading to noninfested areas of the United States. Because the Medfly has been eradicated from this area, and because the continued quarantined status of that portion of Orange County, CA, would impose unnecessary regulatory restrictions on the public, immediate action is warranted to relieve restrictions.

Because prior notice and other public procedures with respect to this action are impracticable and contrary to the public interest under these conditions, we find good cause under 5 U.S.C. 553 to make this action effective less than 30 days after publication in the **Federal Register**. We will consider comments that are received within 60 days of publication of this rule in the **Federal Register**. After the comment period closes, we will publish another document in the **Federal Register**. The document will include a discussion of any comments we receive and any amendments we are making to the rule as a result of the comments.

Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. For this action, the Office of Management and Budget has waived its review process required by Executive Order 12866.

This interim rule amends the Medfly regulations by removing a portion of Orange County, CA, from quarantine for Medfly. This action affects the interstate movement of regulated articles from this area. We estimate that there are 77 entities in the quarantined area of Orange County, CA, that sell, process, handle, or move regulated articles; this estimate includes 55 fruit sellers, 12 growers, and 10 nurseries. The number of these entities that meet the U.S. Small Business Administration's (SBA) definition of a small entity is unknown, since the information needed to make that determination (i.e., each entity's gross receipts or number of employees) is not currently available. However, it is reasonable to assume that most of the 77 entities are small in size, since the overwhelming majority of businesses in California, as well as the rest of the United States, are small entities by SBA standards.

The effect of this action on small entities should be minimally positive, as they will no longer be required to treat articles to be moved interstate for Medfly.

Therefore, termination of the quarantine of that portion of Orange County, CA, should have a minimal economic effect on the small entities

operating in this area. We anticipate that the economic effect of lifting the quarantine, though positive, will be no more significant than was the minimal effect of its imposition.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V.)

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are inconsistent with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This rule contains no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 7 CFR Part 301

Agricultural commodities, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Transportation.

Accordingly, we are amending 7 CFR part 301 as follows:

PART 301—DOMESTIC QUARANTINE NOTICES

1. The authority citation for part 301 continues to read as follows:

Authority: 7 U.S.C. 147a, 150bb, 150dd, 150ee, 150ff, 161, 162, and 164–167; 7 CFR 2.22, 2.80, and 371.2(c).

2. In § 301.78–3, paragraph (c) is revised to read as follows:

§ 301.78–3 Quarantined areas.

* * * * *

(c) There are no areas in the continental United States quarantined because of the Mediterranean fruit fly.

Done in Washington, DC, this 27th day of August 1999.

Bobby R. Acord,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 99–23011 Filed 9–2–99; 8:45 am]

BILLING CODE 3410–34–P

DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

7 CFR Parts 272 and 273

[Amt. No. 379]

RIN Number: 0584–AC63

Food Stamp Program: Food Stamp Provisions of the Balanced Budget Act of 1997

AGENCY: Food and Nutrition Service, USDA.

ACTION: Interim rule.

SUMMARY: This rule will implement two food stamp provisions of the Balanced Budget Act of 1997. The first provision provides State agencies the authority to exempt from the food stamp time-limit at section 6(o)(2) of the Food Stamp Act of 1977 up to 15 percent of the State's caseload that is subject to the requirement. The second provision provides additional funding for administration of Food Stamp Employment and Training programs. These two provisions enhance State flexibility in exempting portions of a State agency's caseload from the food stamp time limit and increase significantly the funding available to create work opportunities for recipients that are subject to the time limit.

DATES: This rule is effective November 2, 1999. Comments must be received by November 2, 1999, in order to be assured of consideration.

ADDRESSES: Comments concerning this interim rule should be submitted to John Knaus, Branch Chief, Program Development Division, Food Stamp Program, Food and Nutrition Service, USDA, 3101 Park Center Drive, Alexandria, Virginia 22302; telephone: (703) 305–2519. Comments may also be datafaxed to the attention of Mr. Knaus at (703) 305–2486 or sent electronically through the internet to: John_Knaus@FNS.USDA.GOV. All written comments will be open for public inspection at the office of the Food and Nutrition Service during regular business hours (8:30 a.m. to 5 p.m., Monday through Friday) at 3101 Park Center Drive, Alexandria, Virginia, 22302, Room 720.

FOR FURTHER INFORMATION CONTACT:

Questions regarding this interim rulemaking should be addressed to John Knaus, Branch Chief, at the above address or by telephone at (703) 305-2519.

SUPPLEMENTARY INFORMATION:**Executive Order 12866**

This interim rule has been determined to be economically significant under Executive Order 12866 and Major under Public Law 104-121, and was reviewed by the Office of Management and Budget.

Executive Order 12372

The Food Stamp Program is listed in the Catalog of Federal Domestic Assistance under No. 10.551. For the reasons set forth in the final rule in 7 CFR part 3015, subpart V and related Notice (48 FR 29115, June 24, 1983), this Program is excluded from the scope of Executive Order 12372 which requires intergovernmental consultation with State and local officials.

Regulatory Flexibility Act

This action has been reviewed with regard to the requirements of the Regulatory Flexibility Act of 1980 (5 U.S.C. 601-612). Shirley Watkins, Under Secretary for Food, Nutrition and Consumer Services has certified that this action will not have a significant economic impact on a substantial number of small entities. State welfare agencies and political subdivisions will be affected to the extent they must implement the provisions described in this action.

Executive Order 12988

This interim rulemaking has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations or policies which conflict with its provisions or which would otherwise impede its full implementation. This rule is not intended to have retroactive effect unless so specified in the "Effective Date" paragraph of this preamble. Prior to any judicial challenge to the provisions of this rule or the application of its provisions all applicable administrative procedures must be exhausted.

Unfunded Mandate Analysis

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA), Pub. L. 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private

sector. Under section 202 of UMRA, the Department generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) which impose costs on State, local, or tribal governments or to the private sector of \$100 million or more in any one year. Thus this rule is not subject to the requirements of section 202 and 205 of the UMRA.

Paperwork Reduction Act

This interim rule contains information collections which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (Pub. L. 104-13) (44 U.S.C. 3507).

The reporting and recordkeeping burdens associated with the 15 percent exemption and the increased funding for State food stamp employment and training programs authorized by the Balanced Budget Act of 1997 (Balanced Budget Act) and addressed in this rule necessitated a revision to a previously approved information collection activity, the Employment and Training Program Report (FNS-583), approved under OMB No. 0584-0339. Because the Balanced Budget Act mandated implementation of the food stamp provisions addressed in this rule effective October 1, 1997, without regard as to whether regulations were promulgated to implement them, FNS submitted an emergency request to OMB on February 17, 1998, to revise the information collection for the FNS-583 form to reflect the requirements of the statute. FNS estimated the total annual burden hours associated with the revised FNS-583 to be 195,363 hours—182,643 hours for the work registration process, 2,762 hours for the 15 percent ABAWD exemption, and 9,958 hours for the E&T funding requirements. OMB approved the burden estimate for the revised form for six months, with an expiration date of August 31, 1998.

On April 27, 1998, FNS issued a notice in the **Federal Register** (63 FR 20567) describing in detail the revised

collection of information and requesting comments. FNS received no comments from the general public or other public agencies about the information collection.

On September 23, 1998, FNS received an extension of OMB's approval of the revised burden estimate for the FNS-583 through September 30, 2001.

Public Participation and Effective Date

The amendments to sections 6(o) and 16(h) of the Food Stamp Act of 1977 (Food Stamp Act) which are reflected in this rule were enacted on August 5, 1997, as sections 1001 and 1002, respectively, of the Balanced Budget Act, Title I, Pub. L. 105-33. The amendments were effective October 1, 1997. Section 1005 of the Balanced Budget Act required that regulations implementing sections 1001 and 1002 of the Act be promulgated no later than one year after the date of enactment of the amendments to the Food Stamp Act. In order to meet the requirement of section 1005 of the Balanced Budget Act, Shirley Watkins, Under Secretary for Food, Nutrition and Consumer Services, has determined, pursuant to 5 U.S.C. 533(b)(3)(B), that public comment on this rule prior to implementation is impracticable and that good cause exists for making this rule effective less than 30 days after its publication. However, because we believe that administration of the rule may be improved by public comment, comments are solicited on this rule for 60 days after publication. All comments received within the comment period will be analyzed, and any appropriate changes will be incorporated in the subsequent publication of a final rule.

Regulatory Impact Analysis*Need for Action*

This action is needed to implement section 1005 of the Balanced Budget Act. That section requires the Secretary of Agriculture to promulgate regulations implementing the amendments made to the Act by Title I of the Balanced Budget Act.

Benefits

The provisions of this rule will provide State agencies the ability to exempt from the time limits at section 6(o)(2) of the Food Stamp Act (7 U.S.C. 2015(o)(2)) an additional 15 percent of the State's caseload subject to the requirement. It will also increase significantly the funding available to State agencies to create work opportunities for recipients subject to the time limit. Together the provisions, to the extent that they are fully

implemented by the States, will permit an estimated 84,000 recipients a month who are subject to the time limit at section 6(o)(2) of the Food Stamp Act to continue to receive Food Stamp Program benefits. Of these recipients, 64,000 will be exempted under the 15 percent waiver authority, with an additional 20,000 able to meet the work requirement and thus retain eligibility due to the expanded E&T funding.

Costs

The amendments made by this rule will increase Food Stamp Program expenditures by \$1.4 billion over the next five years.

Background

On August 5, 1997, the President signed Public Law 105-33, the Balanced Budget Act of 1997. The Balanced Budget Act includes several provisions that affect the Food Stamp Program. This rule implements two provisions of the Balanced Budget Act. The first provision provides State agencies the authority to exempt from the time limit at section 6(o)(2) of the Food Stamp Act up to 15 percent of the State's caseload subject to the requirement. The second provision provides additional funding for administration of Food Stamp Program Employment and Training (E&T) programs.

15 Percent Exemption

Background

On August 22, 1996 the President signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Pub. L. 104-193). Section 824 of the PRWORA amended section 6(o) of the Food Stamp Act to provide that able-bodied adults without dependents (ABAWDs) can only receive food stamps for 3 months in 3 years unless they are working, participating in a work program 20 hours per week, or participating in a workfare program. It exempts individuals from the time limit if they are under 18 or over 50, medically certified as physically or mentally unfit for employment, a parent or other household member with responsibility for a dependent child, exempt from work registration under 6(d)(2) of the Act, or pregnant. It provides that individuals can regain eligibility if they work 80 hours in a 30 day period. Individuals maintain eligibility as long as they are satisfying the work requirement. If the individual later loses the job, he/she can receive an additional 3 months of food stamps while not working. The additional 3 months must be consecutive and begins on the date the individual notifies the

State that he/she is no longer working. It should be emphasized that PRWORA provides an individual the opportunity to receive a maximum of 6 months of food stamps in a 3-year period without meeting the work requirement, if the two 3-month periods are interrupted by a period of work.

The Food Stamp Act, as amended by PRWORA, allows waivers of the time limit for groups of individuals living in areas with an unemployment rate of more than 10 percent or where there are not a "sufficient number of jobs to provide employment for the individuals." 7 U.S.C. 2015(o)(4)(A)(ii). Subsequent to the enactment of PRWORA, the President signed the Balanced Budget Act. Section 1001 of the Balanced Budget Act amended section 6(o) of the Food Stamp Act to allow State agencies to provide an exemption from the PRWORA-imposed time limits of section 6(o) of the Food Stamp Act for up to 15 percent of covered individuals. "Covered individuals," as defined in section 6(o)(6)(ii), are those ABAWDs who are not: excepted under paragraph 6(o)(3) of the Food Stamp Act, covered by a waiver, complying with the work requirement, or in their first or second three months of eligibility. Section 1001 of the Balanced Budget Act gives the Secretary the authority to estimate for Fiscal Year (FY) 1998 the number of covered individuals in the State based on FY 1996 Quality Control data and other factors the Secretary considers appropriate due to the timing and the limitations of the data. It provides that beginning in FY 1999, the number of exemptions will be adjusted to reflect changes in (1) the State's entire caseload and (2) changes in the proportion of the State's food stamp caseload covered by the ABAWD-related waivers. Section 1001 of the Balanced Budget Act also amended the Food Stamp Act to require that the Food and Nutrition Service (FNS) adjust the number of exemptions assigned for a current fiscal year based on the actual number of exemptions granted by the State agency in the preceding year. Finally, it gives FNS the authority to require whatever State reports it deems necessary to ensure compliance with the 15 percent exemption provisions. FNS has no discretion in implementing this provision.

Because there are many requirements of the PRWORA and the Balanced Budget Act which apply only to ABAWDs and the time limit, FNS is creating a new regulatory section, § 273.24 in this interim rule. This interim rule will incorporate the Balanced Budget Act provisions

regarding the 15 percent exemptions into § 273.24. All the PRWORA provisions regarding ABAWDs and the time limit will be incorporated into § 273.24 once the proposed rule implementing those provisions is finalized.

Determining How To Use the Exemptions

The Balanced Budget Act provides that State agencies may allow an exemption from the time limits of section 6(o) of the Food Stamp Act of up to 15 percent of covered individuals. The law does not prescribe how the State agencies shall use the exemption authority. FNS recognizes that there are many ways a State agency may want to use the exemption authority. A State agency can, for example, exempt individuals pursuing their General Equivalency Diploma (GED), individuals residing in the balance of a county when only a partial county received a waiver under section 6(o)(4) of the Food Stamp Act, or individuals in an area that is geographically remote from the State's workfare sites. States could also use the exemptions to extend for a certain time the eligibility of individuals who have exhausted the time limit. Therefore, FNS will not be prescribing categories or geographic areas for which these exemptions must be used. Instead FNS will allow State agencies maximum flexibility regarding the 15 percent exemption authority. State agencies may apply the exemptions as they deem appropriate. At the same time FNS would like to remind State agencies that along with the flexibility they are afforded in terms of determining the exemption criteria comes the responsibility for developing exemption policies that comport with their number of exemptions. A State agency should maximize the number of exemptions without exceeding the number of exemptions allocated for the year.

Covered Individuals

Section 1001 of the Balanced Budget Act amended section 6(o)(6)(ii) of the Food Stamp Act to provide that a State agency may provide an exemption from the time limits of section 6(o) for covered individuals. The Balanced Budget Act defined "covered individuals" as those ABAWDs who are not: excepted under paragraph 6(o)(3) of the Food Stamp Act, covered by a waiver under 6(o)(4) of the Food Stamp Act, complying with the work requirement of 6(o)(2) of the Food Stamp Act, or in their first or second three months of eligibility. FNS would like to clarify that it is up to the State

agency to decide whether or not an individual has to exhaust his/her first and second three months in order to qualify for an exemption under this provision. For example, a State agency may exempt every ABAWD who resides in the part of a county that was not already waived under 6(o)(4) regardless of whether or not they have exhausted their first and second three months. However, a State agency may determine that the best way to manage their finite number of 15 percent exemptions is to require individuals to exhaust their first and second three months before receiving an exemption under this provision.

Arriving at the By-State Numbers of Exemptions for FY 1998

The Balanced Budget Act also amended section 6(o) of the Food Stamp Act to provide in paragraph (6)(C) that for FY 1998, a State agency may provide a number of exemptions such that the average monthly number of exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State in FY 1998, as estimated by the Secretary, based on the FY 1996 Quality Control (QC) data and other factors the Secretary considers appropriate due to the timing and limitations of the survey.

In a memorandum dated September 4, 1997, FNS advised the State agencies what their average number of monthly exemptions were for FY 1998. To arrive at the number of covered individuals for each State, FNS began with the entire FY 96 QC data file, and then made adjustments by:

- Excluding recipients exempted from the ABAWD provisions
- Excluding to the extent possible those non-citizens made ineligible for food stamps after August 22, 1997
- Excluding the number of recipients who were complying with the work requirements
- Excluding to the extent possible those people who were at the time in their initial first three months of eligibility
- Adjusting this data to reflect the actual change in each State's caseload between FY 96 and FY 97 and the expected national caseload change between FY 97 and FY 98, and
- Excluding those individuals living in waived areas.

To arrive at 15 percent of the covered individuals, FNS multiplied the number of covered individuals for each State by 15 percent.

Based on this methodology, FNS authorized for FY 1998 approximately 64,000 average monthly exemptions for ABAWDs nationwide and made

allocations from this total to the States. It is important to note that the average number of exemptions allocated to each State for FY 1998 was based on the number of covered individuals in FY 1996 (before the ABAWD time limits took effect) and, therefore, was likely greater than 15 percent of the number of covered individuals in areas that have implemented the time limits.

Subsequent Fiscal Years

Determining the Number of Exemptions

The Balanced Budget Act amended section 6(o) of the Food Stamp Act by adding paragraph (6)(D) (7 U.S.C. 2015(o)(6)(D)) to provide that for FY 1999 and subsequent fiscal years, a State agency may exempt up to 15 percent of their unwaived, unemployed, childless able-bodied population from the three-month time limit. The number of exemptions allotted each State will reflect changes in the State's caseload and the proportion of food stamp recipients covered by waivers granted under paragraph 6(o)(4) of the Food Stamp Act. FNS would like to clarify that the amendment to section 6(o) of the Food Stamp Act made by section 1001 of the Balanced Budget Act requires that the adjustments be based on changes in States' entire caseloads and not just ABAWD caseloads as stipulated in the Balanced Budget Act definition of caseload.

Adjusting the Exemptions Based on the Previous Year's Use

The Balanced Budget Act also amended section 6(o) of the Food Stamp Act, again in paragraph (6)(D), to provide that for FY 1999 and each subsequent fiscal year, the Secretary shall increase or decrease the number of individuals who may be granted an exemption by a State agency to the extent that the average monthly number of exemptions in effect in the State for the preceding fiscal year is different than the average monthly number of exemptions estimated for the State agency for the preceding fiscal year. Therefore, if this level of exemptions is not used by the end of the fiscal year, the State may carry over the balance. If more exemptions are used than authorized in a fiscal year, the State's allocation for the next year will be reduced. Final information to make these adjustments will not be available until after the start of each fiscal year. Therefore, based on preliminary information, FNS will provide the State agencies with their average monthly number of exemptions prior to the start of each fiscal year, and will make

adjustments based on final information if necessary.

Caseload Adjustments

Section 1001 of the Balanced Budget Act also amended section 6(o) of the Food Stamp Act to provide that the Secretary shall adjust the estimated number of covered individuals allocated for a State during a fiscal year if the number of actual food stamp recipients in the State varies by more than 10 percent, as determined by the Secretary, from the State's average caseload for the 12-month period preceding June 30 (7 U.S.C. 2015(o)(6)(E)). FNS would like to clarify that the adjustment will be based on the entire caseload and not just the ABAWD caseload. FNS will make only one adjustment a year. If an adjustment is necessary, FNS shall advise the State agencies during the third quarter of each fiscal year.

Reporting

Finally, the Balanced Budget Act amended section 6(o) of the Food Stamp Act by adding paragraph (6)(G) to provide that the State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this provision. In order to monitor State's use of the exemptions and to provide assistance if necessary, FNS has determined that the State agency shall track and report the number of cases exempt under the 15 percent criteria. State agencies shall track the exemptions any way they deem appropriate. State agencies shall report the numbers to the FNS regional offices on a quarterly basis on the employment and training report (Form FNS-583), as provided for in § 273.7(c)(6).

Quality Control Issues

Since State agencies have complete discretion in determining which recipients will receive exemptions, FNS will not be proscribing categories or geographic areas. Therefore, QC will not evaluate States' actual exemption decisions against the exemption criteria they have adopted under the 15 percent criteria. However, in order to distinguish cases that are exempt under the 15 percent criteria from cases that are exempt under section 6(o) of the Food Stamp Act, covered by a waiver, or fulfilling the work requirement (which will be evaluated by QC), State agencies need to clearly identify those cases that are exempt under the 15 percent criteria. For example, a State agency decides to exempt everyone over the age of 45. QC pulls a case where the State agency exempted someone who is 43. Even though the State agency

exempted someone under 45, the case would not be in error because the State agency can use the 15 percent exemption anyway it chooses. To avoid an error, however, the State agency must have documented in the casefile that the person was exempted under the 15 percent criteria.

Additional Funding for Food Stamp Employment and Training Programs

Background

Current Food Stamp Program regulations at section 273.7(d) contain rules governing State agency use of Federal E&T grants. Current regulations require FNS to allocate an annual Federal E&T grant to State agencies based on the number of work registrants in each State compared to the number of work registrants nationwide. The grant is 100 percent Federally funded and requires no State match. Under current regulations, each State agency must receive at least \$50,000 in 100 percent Federal funds. State agencies are required to use their E&T grants to fund the administrative costs of planning, implementing and operating E&T programs. FNS pays 50 percent of all other administrative costs above those covered by the 100 percent Federal grant that State agencies incur in operating their E&T programs.

Section 1002 of the Balanced Budget Act provided an additional \$599 million over five years in 100 percent Federal funding for the operation of the E&T programs. It also amended section 16(h)(1) of the Food Stamp Act (7 U.S.C. 2025(h)(1)), to require that all 100 percent Federal E&T funding remain available to FNS to allocate to States until expended.

The apparent intent behind the additional E&T funding provided by the Balanced Budget Act is to enable State agencies to provide additional work opportunities for individuals subject to the 3-month Food Stamp Program time limit discussed in the first section of this preamble. By providing State agencies with the resources to create more work opportunities, the supplemental funding will help insure that it is only those individuals who deliberately choose not to satisfy the program's work requirements who lose their eligibility and not those who are willing to work but cannot find opportunities to do so.

Increased Funding Levels

Section 1002 of the Balanced Budget Act significantly increased the amount of 100 percent Federal funding available to State agencies for the operation of Food Stamp E&T programs. Section 817

of PRWORA amended section 16(h)(1) of the Food Stamp Act to provide \$405 million in 100 percent Federal E&T funding for FYs 1998 through 2002. The Balanced Budget Act further amended section 16(h)(1) of the Food Stamp Act to increase that amount by \$599 million. It also amended section 16(h)(1) of the Food Stamp Act to require that all 100 percent Federal E&T funding remain available to FNS to allocate to States until expended.

Whereas all State agencies are eligible to receive some percentage of the 100 percent Federal E&T funding provided under PRWORA, section 1002 of the Balanced Budget Act further amended section 16(h)(1) to require that for a State agency to receive an allocation of the additional or "supplemental" funding provided under that Act, the State agency must maintain its level of expenditure of State funds on E&T and optional workfare programs at a level that is not less than the level of State agency expenditures on such programs in FY 1996. Therefore, only State agencies that choose to meet this maintenance of effort requirement are eligible to receive a portion of the supplemental Federal E&T funding provided by the Balanced Budget Act. The Balanced Budget Act's maintenance of effort requirement is discussed in greater detail below.

Allocation of E&T Grants

Current regulations at § 273.7(d)(1)(i)(A) require that nonperformanced-based, 100 percent Federal E&T funding be allocated among States based on the number of work registrants in each State relative to the total number of work registrants nationwide. In order to target Federal E&T funding toward serving recipients subject to the time limit at section 6(o)(2) of the Food Stamp Act, the Balanced Budget Act amended section 16(h)(1) of the Food Stamp Act to require that in FY 1998 E&T grants be allocated among States based on (1) changes in each State's caseload (defined as the average monthly number of individuals receiving food stamps during the 12-month period ending the preceding June 30); and (2) each State's portion of food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act to the work requirement at section 6(o)(2). The Balanced Budget Act further amended section 16(h) to require that in FYs 1999 through 2002, E&T grants be allocated to States based on (1) changes in each State's caseload; and (2) each State's portion of food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp

Act who (A) do not reside in an area of the State granted a waiver to the work requirement under section 6(o)(4) of the Food Stamp Act, or (B) do reside in an area of the State granted a waiver to the work requirement under section 6(o)(4) of the Food Stamp Act if the State agency provides E&T services in the area to food stamp recipients who are subject to the work requirement. This rulemaking amends food stamp regulations at § 273.2(d)(1)(i)(C) to describe the new procedures for allocating Federal E&T grants.

Section 1002 of the Balanced Budget Act further amended section 16(h) of the Food Stamp Act to require that, for purposes of determining each State's allocation of the Federal E&T grant in a fiscal year, FNS estimate the portion of food stamp recipients residing in each State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act using the 1996 QC survey data. This rulemaking amends food stamp regulations at § 273.2(d)(1)(i)(D) to incorporate this requirement.

In accordance with the requirements of the Balanced Budget Act, FNS used the following three-step process to determine each State's allocation of Federal E&T funds in FY 1998:

1. Determine Population Not Excepted from Work Requirement. FNS estimated the portion of food stamp recipients residing in each State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act to the work requirement at section 6(o)(2) of that Act using the 1996 QC survey data.

2. Adjust for Expected Caseload Changes. FNS determined the actual changes in each State's caseload between FY 96 and FY 97 and the expected change in national caseload between FY 97 and FY 98. These adjustments provided a caseload adjustment percentage for each State that FNS used to modify the FY 96 QC data to represent, as closely as possible, the population in each State in FY 98 that is not eligible for an exception under section 6(o)(3) of the Food Stamp Act.

3. Determine the State-By-State Allocation of the 100 percent Federal E&T Grant. FNS established the percentage basis for the E&T allocation by dividing each State's estimated FY 98 population of recipients not eligible for an exception under section 6(o)(3) of the Food Stamp Act by the national estimate of that population in FY 98. FNS then multiplied the resulting percentage by both the base Federal E&T appropriation of \$81 million provided under PRWORA and the supplemental appropriation of \$131 million provided

under the Balanced Budget Act to determine each State's share of base and supplemental E&T funds. All State agencies were eligible for the base allocation. To receive a supplemental allocation, a State agency must meet its maintenance of effort requirement as described below.

To determine each State agency's allocation of 100 percent Federal E&T funds in FYs 1999 through 2002, FNS will follow the same three-step procedure as described above, except that in estimating the number of recipients in each State not eligible for an exception under section 6(o)(3) of the Food Stamp Act, FNS will adjust FY 96 QC data by eliminating recipients eligible for an exception under section 6(o)(3) who reside in an area of the State granted a waiver to the work requirement under section 6(o)(4) of the Food Stamp Act except if the State agency provides E&T services in the area to food stamp recipients who are subject to the work requirement. (FNS estimates that 30 out of the 39 State agencies which had waivers under section 6(o)(4) in April 1998 provided E&T services in at least some of the waived areas). FNS will also adjust QC data to reflect caseload changes for the appropriate fiscal years.

Current regulations at § 273.7(d)(1)(i)(B) require that each State agency receive at a minimum \$50,000 in 100 percent Federal E&T funding a year. The Balanced Budget Act left this requirement unchanged. In order to ensure that each State agency receives a minimum allocation of \$50,000, FNS shall reduce the grant of each State agency that is allocated to receive more than \$50,000, if necessary, proportionate to the number of food stamp recipients not eligible for an exception under section 6(o)(3) of the Food Stamp Act that reside in the State as compared to the total number of such recipients in all the State agencies receiving more than \$50,000. The funds from the reduction shall be distributed to State agencies initially allocated to receive less than \$50,000 so that they receive the \$50,000 minimum. This rulemaking amends Food Stamp Program regulations at § 273.2(d)(1)(i)(E) to incorporate this requirement.

Current regulations at § 273.7(d)(1)(i)(D) provide that FNS may reallocate unexpended 100 percent Federal E&T grants during a fiscal year if a State agency will not expend all of its E&T grant. The Balanced Budget Act contains the same requirement except it provides FNS the authority to reallocate unexpended funds in the fiscal year that those funds are allocated or the next fiscal year. This rulemaking amends

Food Stamp Program regulations at § 273.2(d)(1)(i)(F) to incorporate this requirement.

Use of Funds

The Balanced Budget Act amended section 16(h)(1)(E) of the Food Stamp Act to require that at least 80 percent of the 100 percent Federal E&T grant a State agency receives in a fiscal year, including both the base allocation for which each State agency is eligible and the supplemental allocation available only to State agencies that choose to meet their maintenance of effort requirement, be earmarked to serve food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act and who are placed in and comply with either a workfare program that meets the requirements of section 20 of the Food Stamp Act, 7 U.S.C. 2029, or a comparable program established by a State or political subdivision of a State, or a work program for 20 hours or more per week. The 80 percent use of funds requirement applies to any grant of 100 percent Federal E&T funds a State receives in a fiscal year, including both the initial grant received by a State at the beginning of a fiscal year and any grant composed of reallocated funding which a State receives during a fiscal year. State funds, including State monies expended to satisfy a State agency's maintenance of effort requirement as described in the next section, are not subject to the requirement.

The remaining 20 percent of a State's 100 percent Federal E&T grant may be used to provide work activities for food stamp recipients who are eligible for an exception under section 6(o)(3) of the Food Stamp Act, or on work activities that do not qualify either as work or workfare programs under sections 6(o)(2)(B) and (C) of the Food Stamp Act, such as job search or job search training programs for any food stamp recipient.

Although the language of section 1002 of the Balanced Budget Act which amends section 16(h)(1)(E) of the Food Stamp Act might be interpreted as requiring that a specified dollar amount (not less than 80 percent of the funds actually received by a given State agency) must be expended by the State agency to serve ABAWDs in qualifying activities, such an interpretation would necessitate an accounting of each dollar expended by a State so that no less than 80 cents could be used to serve ABAWDs in qualifying activities and, conversely, not more than 20 cents could be expended for other allowable E&T costs. In addition, if a State agency wished to expend the full 20 percent of

its allocation permitted to be used for unrestricted E&T activities, it would be required to expend all of the amount allocated to it in order to meet the 80 percent requirement. However, because nothing in the Balanced Budget Act specifies that 80 percent of the funds which are restricted to serving ABAWDs in qualifying activities must be expended before a State agency may expend any of the 20 percent which may be used for other E&T purposes, the Department is permitting State agencies to spend the 20 percent of their E&T allocations that are available for non-ABAWD activities independent of whether they spend any of the 80 percent of their E&T grants that are earmarked for ABAWDs. This interpretation of Section 1002 of the Balanced Budget Act will significantly increase State flexibility in operating their E&T programs.

State agencies, therefore, are not required to utilize all or any of the 80 percent of their 100 percent E&T grant earmarked to serve participants subject to the work requirement but may operate their E&T programs utilizing only the 20 percent of their grant available to serve non-ABAWDs and to be spent on non-qualifying activities. If a State agency chooses not to spend some or any of the 80 percent of its E&T grant earmarked for ABAWDs and ABAWD qualifying activities, however, FNS may reallocate the unexpended funds to other State agencies as it considers appropriate and equitable in accordance with regulations at § 273.2(d)(1)(i)(F).

If a State agency spends more than 20 percent of the 100 percent E&T grant it receives for a fiscal year to provide work activities for food stamp recipients eligible for an exception under section 6(o)(3) of the Act, or on activities that do not qualify either as work or workfare programs under sections 6(o)(2)(B) and (C) of the Food Stamp Act, the allowable costs incurred that are in excess of the 20 percent threshold will be reimbursed at the normal administrative 50-50 match rate.

One hundred percent E&T funds that a State expends on ABAWDs who reside in an area of a State granted a waiver under section 6(o)(4) of the Food Stamp Act or on ABAWDs who have been granted an exemption under section 6(o)(6) of the Act will count toward the 80 percent expenditure requirement so long as the funds are spent creating activities that meet the requirements of sections 6(o)(2)(B) and (C).

This rulemaking amends food stamp regulations to add a new section that contains the requirements for State agency use of Federal 100 percent E&T

funding established by the Balanced Budget Act. The new section will be designated § 273.7(d)(1)(ii) and titled "Use of funds." Former § 273.7(d)(1)(ii), which contained requirements for reimbursements for E&T program participants, will be redesignated § 273.7(d)(1)(v) and remain unchanged except for changes to several cite references.

Regulations currently contained at § 273.7(d)(1)(i)(E), (F), and (G), list additional requirements for use of Federal 100 percent E&T funds. Current regulations at § 273.7(d)(1)(i)(E) require that Federal 100 percent E&T grants be used only for the purposes of funding the administrative costs of planning, implementing, and operating E&T programs and not for funding other activities, such as work registration or sanctioning activities. Current regulations at § 273.7(d)(1)(i)(F) require that State agencies have an E&T plan approved by FNS prior to receiving any Federal 100 percent E&T funding. Current regulations at § 273.7(d)(1)(i)(G) prohibit State agencies from using Federal 100 percent E&T funding to supplant nonfederal funds for existing educational services and activities that are part of allowable E&T components. This rulemaking makes no changes to the content of any of the three provisions but moves them all to revised § 273.7(d)(1)(ii) in order that all requirements concerning use of Federal 100 percent E&T funds may be in the same location. Current regulations at § 273.7(d)(1)(i)(E), (F), and (G) will be redesignated as § 273.7(d)(1)(ii)(E), (F), and (G), respectively.

As noted above, section 824 of the PRWORA amended section 6(o) of the Food Stamp Act to provide that ABAWDs can only receive food stamps for 3 months in 3 years unless they are working, participating in a workfare program, or participating in a work program for 20 hours or more per week. Section 824 defined a work program as a program operated under the Job Training Partnership Act (JTPA), a program under section 236 of the Trade Act of 1974, or an E&T program operated or supervised by the State or a political subdivision that meets standards approved by the Governor of the State, other than a job search or job search training program. On August 7, 1998, President Clinton signed the Workforce Investment Act of 1998 (WIA) (Pub. L. 105-220). Section 199 of the WIA repeals the JTPA effective July 1, 2000. Section 199(A) of that Act requires that all references in any other law to the JTPA be deemed to refer to the corresponding provision in the WIA. To address this change, the new

regulations at § 273.7(d)(1)(ii)(A) define a qualifying work program as one operated under the JTPA or, after July 1, 2000, one that was previously operated under the JTPA that is now operated under the WIA, a program under section 236 of the Trade Act of 1974, or an E&T program operated or supervised by the State or a political subdivision that meets standards approved by the Governor of the State, other than a job search or job search training program.

Maintenance of Effort

Section 1002 of the Balanced Budget Act also amended section 16(h)(1)(F) of the Food Stamp Act to require that, in order for a State agency to receive its portion of the supplemental E&T funds allocated under the Balanced Budget Act in any fiscal year, that State agency must spend in that fiscal year at least the same amount of State funds it spent in FY 96 to administer E&T and the optional workfare program (if one was available).

State agencies are required to meet the maintenance of effort requirement only if they wish to spend some or all of the supplemental E&T allocation provided under the Balanced Budget Act. State agencies that chose not to utilize any of the supplemental allocation for which they are eligible are not required to satisfy the maintenance of effort requirement. If a State agency chooses not to meet its maintenance of effort requirement, the supplemental allocation for which it was eligible will be reallocated to other States in accordance with regulations at § 273.7(d)(1)(i)(F).

In order to increase State flexibility in operating E&T programs, FNS is not requiring State agencies to expend all of their required maintenance of effort funds before they begin spending their supplemental E&T grants. Instead, FNS is requiring those State agencies which plan to spend the supplemental allocation for which they are eligible in a fiscal year to provide in their annual State E&T plans good faith assurance that they will meet their maintenance of effort requirement. This rulemaking amends E&T State plan requirements at § 273.7(c)(4)(ii) to add this requirement. At the end of each fiscal year, FNS will review State expenditures for operating food stamp E&T programs to ensure that State agencies which noted in their E&T plans that they intended to meet their maintenance of effort (MOE) requirements did in fact do so.

In accordance with the requirements of section 1002 of the Balanced Budget Act, State funds that are expended to meet a State's MOE requirement are not subject to the use of funds requirement

that at least 80 percent of a State agency's E&T grant be earmarked to serve individuals subject to the work requirement at section 6(o)(2) of the Food Stamp Act and to operate activities that meet the requirements of sections 6(o)(2)(B) and (C).

State agencies may not count participant reimbursements as part of their maintenance of effort expenditure, as this is prohibited under section 16(h)(3) of the Food Stamp Act. The only exception is in the case of optional workfare programs in which reimbursements to participants for work-related expenses are counted as part of the State agency's administrative expenses. The only State agencies that operated optional workfare programs in FY 96 were Florida, North Carolina, Wisconsin, Arkansas, and Colorado. They are the only State agencies that may apply this exception.

This rulemaking amends food stamp regulations to add a new section that contains the maintenance of effort requirements established by the Balanced Budget Act. The new section will be designated § 273.7(d)(1)(iii) and titled "Maintenance of Effort." Former § 273.7(d)(1)(iii), which provided for a 50 percent Federal match for administrative costs incurred by State agencies in operating E&T programs, will be redesignated § 273.7(d)(1)(vi).

Component Costs

Section 1002 of the Balanced Budget Act amended section 16(h)(1) of the Food Stamp Act to require FNS to monitor State expenditures of 100 percent Federal E&T funding, including the costs of individual components of State E&T programs. The Balanced Budget Act also provided FNS the discretion to set reimbursable costs for individual components of State E&T programs, making sure that the amount spent or planned to be spent on the components reflect the reasonable cost of efficiently and economically providing components appropriate to recipients' employment and training needs.

FNS has determined that setting reimbursement rates for E&T activities is necessary to promote the intent of the increased E&T funding, which was to create a sufficient number of work opportunities so that as many food stamp recipients as possible who are subject to the work requirement that wish to work can be given the opportunity to do so before losing eligibility for the program. Use of the reimbursement rates will help to ensure that the maximum number of work opportunities can be created with the available funds, thus potentially

keeping as many ABAWDs as possible eligible for the program.

FNS recognizes, however, that use of the reimbursement rates will significantly increase State administrative burdens. Therefore, FNS is operating a one-year demonstration to test an alternative to the reimbursement rates. Under the alternative, a State agency may spend its Federal 100 percent E&T allocation without consideration of per slot costs if the State agency commits to offering a work opportunity to every ABAWD applicant or recipient who has exhausted the food stamp time limit. The alternative to the reimbursement rates is discussed in more detail below.

The reimbursement rates represent FNS' estimate of the reasonable cost of efficiently and economically providing the work opportunities. The rates apply to all 100 percent Federal E&T funds which a State expends to provide work activities that meet the requirements of section 6(o)(2)(B) and (C) of the Food Stamp Act for food stamp recipients who are (1) subject to the work requirement at section 6(o)(2), exempt from the requirement because they reside in an area of a State granted a waiver under section 6(o)(4), or (3) granted an exemption from the requirement under section 6(o)(6) of the Act. The rates do not apply to expenditures of the 20 percent of a State's 100 percent E&T grant that is not earmarked for ABAWDs, unless those funds are used to create qualifying workfare and education and training slots for ABAWDs.

The reimbursement rates went into effect on October 1, 1998. For FY 1998, the reimbursement rates did not apply and State agencies were reimbursed for their actual costs in creating work slots. States were notified of the reimbursement rates by memorandum from FNS regional offices in February 1998. The amount of the reimbursement rates, which is discussed below, may be revised based on cost data submitted by State agencies. If the rates are revised, FNS will inform States of the new rates through a policy memorandum.

In determining the reimbursement rates, FNS utilized available information on the costs of providing E&T components that meet the requirements of section 6(o)(2)(B) and (C). Because State agencies have generally emphasized in their E&T programs activities such as job search and job club that are expressly prohibited as qualifying work programs under sections 6(o)(2)(B) and (C), FNS had little information that is directly applicable in establishing reimbursement rates for qualifying work

activities. However, information from job search activities was used as a basis for extrapolating certain costs, such as for intake and monitoring, that are common to workfare and education and training programs. FNS, therefore, has been able to use the information it has available, in combination with information from other sources, including a study of workfare programs conducted by the Manpower Demonstration Research Corporation,¹ to establish what it believes to be a reasonable estimate of the maximum costs State agencies will need to spend to provide workfare and education and training slots for recipients not eligible for an exception under section 6(o)(3).

FNS has established one reimbursement rate for both workfare and 20-hour a week work program components. However, because FNS recognizes the uncertain level of compliance with various work requirements among the childless, able-bodied adult population subject to the work requirement at section 6(o)(2), it has set two levels for the reimbursement rate—one level for filled work slots and the other for unfilled or "offered" work slots. A slot is "filled" when a participant reports to a work or training site to begin his or her work activities. A slot is "offered" when a bona fide workfare or training opportunity is made available to a participant (i.e., the participant is told to report to a work site at a given date and time) but the participant either refuses the assignment or does not report. This two-tiered rate structure insures that a State agency is not denied reimbursement for costs it incurred in creating work opportunities when program participants choose not to comply with program work requirements.

It should be noted that under the reimbursement rate structure State agencies are reimbursed not for simply creating qualifying workfare or 20-hour-a week education/training slots but for placing, or offering to place, participants who are subject to the food stamp work requirement in those slots. A State agency that assigns two ABAWDs to the same work slot (one to work four hours in the morning, the other four hours in the afternoon), would claim reimbursement for two filled slots since two ABAWDs are retaining eligibility for the program. A State agency that assigns one ABAWD to two slots in one month, a workfare slot and a 20-hour-a-week education and training slot, may only claim reimbursement for one filled

slot for that month because only one ABAWD is retaining eligibility for the program.

The reimbursement rates currently are as follows:

Offered Work Slot: \$30

Filled Work Slot: \$175

These rates represent the maximum amount of 100 percent Federal funds that FNS will reimburse State agencies for their expenditures in providing workfare and work program slots that meet the requirements of section 6(o)(2)(B) and (C). The rates represent a monthly average per slot cost, although reconciliation will be conducted on a yearly, not monthly, basis.

To apply the rates, FNS will sum the number of filled and unfilled slots a State agency reports at the end of a fiscal year and multiply each by the appropriate rate. FNS will add the two resulting sums and compare that against the State's actual expenditure of Federal E&T money for that year. If the amount spent is less than the amount allowed under the rates, the actual amount would be paid out of the E&T grant. If the amount spent by the State agency exceeds the amounts allowed under the rates, the State agency will be required to pay that excess amount out of their own funds (which would be eligible for the standard 50 percent administrative cost Federal match). This procedure allows State agencies to average the cost of creating slots—i.e., balance the cost of higher priced slots with lower costing slots—and still fall within the rate structure.

FNS is confident that State agencies will be able to create work opportunities within the fiscal constraints set by the rates. Not only will State agencies be able to average the costs of more expensive and less expensive work slots over a fiscal year, but the two-tiered rate structure enables State agencies to effectively claim reimbursement for more than the fixed rate for a filled slot. Although the reimbursement rate for a filled slot is \$175, State agencies can claim an additional \$30 reimbursement if the slot is turned down by one participant before being accepted by another. For example, if a work slot is refused by four participants before being accepted by a fifth, the State agency may claim reimbursement for offering the slot four times, or \$120, in addition to claiming a \$175 reimbursement for filling the slot. In other words, the State agency could claim \$295 under this example for the cost of creating one work slot.

A State agency may not claim reimbursement for a filled slot for a participant who is satisfying the work

¹ Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research, 1993. Thomas Brock, David Butler, David Long.

requirement by working 20 hours or more a week. In this case, the State agency is incurring no reimbursable E&T cost (costs associated with monitoring the participant's employment would be included as certification costs).

As noted above, FNS may revise the amount of the reimbursement rates based on actual data on the cost of creating work slots compiled by State agencies. This information may be forwarded to FNS at the address noted earlier in this document. FNS would also be interested in obtaining from States examples of the types of E&T components that States would like to operate for ABAWDs which they are not currently operating, either because the components cannot be supported under the existing reimbursement rate structure or for some other reason. States should provide estimates of the costs of these components.

This rulemaking amends food stamp regulations to add a new section that contains requirements regarding E&T components costs. The new section will be designated § 273.7(d)(1)(iv) and titled "Component Costs." Former § 273.7(d)(1)(iii), which provides that enhanced cost-sharing for placement of workfare participants in paid employment be available only for placements that occur through optional workfare programs funded under § 273.22(g), will be redesignated § 273.7(d)(1)(vii).

Reporting Requirements

Current regulations at § 273.7(c)(6) contain requirements for State agency reporting of monthly figures for E&T program participants. Current regulations at § 273.7(d)(3) contain the requirements for State agency reporting of expenditures on food stamp E&T programs.

Because of the new restrictions on the use of Federal 100 percent E&T funding imposed by the Balanced Budget Act and described in this rulemaking, FNS is increasing the reporting burden on State agencies with regard to E&T programs. Although increased reporting requirements impose increased administrative burdens on States, FNS concluded that increasing State reporting requirements for E&T activities was the simplest and most efficient means for monitoring State compliance with the 80–20 use of funds requirement and the component cost reimbursement rates, both described earlier in this memorandum.

In addition to submitting all the information previously required under § 273.7(c)(6) and § 273(d)(3), State agencies must report the number of

workfare and 20-hour-a-week education and training slots they created to serve recipients subject to the work requirement at section 6(o) of the Food Stamp Act. This information must be broken out to show the number of slots that were filled and the number that were offered. State agencies must further break out the information to show the number of slots that were created in areas of a State that have received a waiver in accordance with section 6(o)(4) and in non-waived areas (this information will be used by FNS to evaluate the impact on participants subject to the work requirement of allowing State agencies to spend the 80 percent of their 100 percent Federal E&T grant on ABAWDs not in danger of losing eligibility). State agencies must also report the amount of Federal 100 percent E&T funding spent on workfare slots and on qualifying 20-hour-a-week work program slots that were created to serve recipients subject to the work requirement at section 6(o). This information must be included on the Employment and Training Program Report (FNS–583).

In this rulemaking we are amending food stamp regulations at § 273.7(c)(6) and § 273(d)(3) to incorporate the new reporting requirements.

Alternative to the Reimbursement Rates

Although FNS believes that the reimbursement rate structure will be effective in creating a sufficient number of work opportunities to insure that most ABAWDs who want to work will be provided the opportunity to do so before losing eligibility for the Food Stamp Program, we are also interested in exploring alternatives to the rate structure which will provide State agencies greater flexibility while at the same time satisfying the intent behind the increased funding provided under the Balanced Budget Act. To this end, FNS will operate in FY 1999 a one-year demonstration under which a State agency may spend its Federal 100 percent E&T allocation without consideration of per slot costs if the State agency commits to offering a work opportunity to every ABAWD applicant or recipient who has exhausted the time limit and does not reside in an area of a State that has a received a waiver in accordance with section 6(o)(4) or has not already received an exemption from the work requirement in accordance with section 6(o)(6).

FNS will monitor whether State agencies approved for this alternative are meeting their commitment to offer work opportunities to all ABAWDs that have exhausted the time limit. In addition, QC errors will be cited against

a State agency operating under this alternative if it terminated an ABAWD from the program, denied his or her application because of the time limit without offering the ABAWD a work slot, or issued benefits to an individual that had exhausted his or her three months of eligibility but was not offered a slot. A State agency that does not appear to be meeting its commitment, or that has a significant number of such QC errors will be required to correct its operation or be denied this alternative if FNS allows it in future years.

The State agencies that operate under this alternative must still meet the requirement that not less than 80 percent of the 100 percent Federal funds the State agency expends in a fiscal year be spent on activities that meet the requirements of sections 6(o)(2)(B) and (C) of the Food Stamp Act.

The criteria FNS shall use to select the State agencies that may participate in the alternative shall include the following factors:

The size of a State agency's ABAWD caseload;

The State agency's ability to offer a work opportunity to every ABAWD applicant and participant that has exhausted the time limit;

The State agency's procedures for monitoring its compliance with the requirements of the demonstration; and

The State agency's plans for taking corrective action if compliance is not being met.

FNS welcomes comments from States on the alternative program. FNS would also be interested in obtaining from States other proposals for alternatives or modifications to the rate structure, such as providing States a temporary exemption from the rates to start new food stamp E&T programs in areas not previously served or to expand the capacity of existing programs so that all ABAWDs reaching the time limit can be provided with qualifying work opportunities.

Because FNS is operating the reimbursement rate alternative as a one year demonstration that began on October 1, 1998, we are not including in this interim rule regulations on the alternative program. However, depending on the comments received on this program and FNS' evaluation of the demonstration, FNS may elect to implement the reimbursement rate alternative as a permanent program available to all States. If a permanent program is implemented, regulations will be issued, possibly in the final version of this interim rule.

Report to Congress

Section 1002(b) of the Balanced Budget Act requires that not later than 30 months after the date of enactment of the Act, The Secretary of Agriculture must submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding whether the increased E&T funds provided under section 1002 of the Balanced Budget Act have been used by State agencies to increase the number of work slots for recipients subject to the food stamp time limit at section 6(o) of the Food Stamp Act (7 U.S.C. 2015(o)) in employment and training programs and workfare in the most efficient and effective manner practicable.

In order to complete the required report, the Department of Agriculture released a Request for Proposals in April 1998 in which it solicited bids from parties interested in conducting the study. In September 1998, the contract to complete the E&T study was awarded to Health Systems Research, an independent research group.

Implementation

State welfare agencies have been instructed through agency directive to implement the provisions of the BBA without waiting for formal regulations. Sections 1001 (15 percent exemption) and 1002 (increased E&T funding) were required to be implemented as of October 1, 1997. The changes in this rule are effective and must be implemented November 2, 1999. Any variances resulting from implementation of the provisions of this amendment shall be excluded from error analysis for 120 days from this required implementation date in accordance with § 275.12(d)(2)(vii).

List of Subjects*7 CFR Part 272*

Alaska, Civil rights, food stamps, Grant programs—social programs, Reporting and recordkeeping requirements.

7 CFR Part 273

Administrative practice and procedures, Aliens, Claims, Food Stamps, Fraud, Grant Programs—social programs, Penalties, Reporting and recordkeeping requirements, Social Security, Students.

Accordingly, 7 CFR parts 272 and 273 are amended as follows:

1. The authority citation for 7 CFR parts 272 and 273 continues to read as follows:

Authority: 7 U.S.C. 2011–2036.

PART 272—REQUIREMENTS FOR PARTICIPATING STATE AGENCIES

2. In § 272.1, paragraph (g)(156) is added to read as follows:

§ 272.1 General terms and conditions.

* * * * *

(g) *Implementation.* * * * (156) *Amendment No. 379.* The provision of *Amendment No. 379* regarding the 15-percent exemption and additional funding for E&T is effective and must be implemented no later than November 2, 1999. Any variances resulting from implementation of the provisions of this amendment shall be excluded from error analysis for 120 days from this required implementation date in accordance with § 275.12(d)(2)(vii) of this chapter.

PART 273—CERTIFICATION OF ELIGIBLE HOUSEHOLDS

3. In § 273.7:

a. A fourth sentence is added to the end of paragraph (c)(4)(ii).

b. New paragraphs (c)(6)(vi) and (c)(6)(vii) are added;

c. Paragraph (d)(1)(i) is revised.

d. Paragraphs (d)(1)(ii), (d)(1)(iii), and (d)(1)(iv) are redesignated as (d)(1)(v), (d)(1)(vi) and (d)(1)(vii), respectively;

e. Newly redesignated paragraph (d)(1)(v) is amended by removing references to “(d)(1)(ii)(A)” and “(d)(1)(ii)(B)” wherever they appear, and by adding in their place references to “(d)(1)(v)(A)” and “(d)(1)(v)(B)”.

f. New paragraphs (d)(1)(ii), (d)(1)(iii), and (d)(1)(iv) are added;

g. A fourth sentence is added to paragraph (d)(3).

The revisions and additions read as follows:

§ 273.7 Work requirements.

* * * * *

(c) *State agency responsibilities.* * * *

(4) * * * (ii) * * * A State agency which intends to spend the supplemental E&T grant allocation for which it is eligible in a fiscal year in accordance with paragraph (d)(1)(i)(B) of this section must declare its intention to maintain its level of expenditures for E&T and workfare at a level not less than the level of such expenditures in FY 1996.

* * * * *

(6) * * * (vi) The number of filled and offered slots created under a workfare program as described in § 273.22 or a comparable program that are intended to serve recipients subject to the work requirement at section 6(o) of the Food Stamp Act. This information must be

broken out to show the number of slots that were created in areas of the State that have received a waiver in accordance with section 6(o)(4) of the Food Stamp Act and in non-waived areas;

(vii) The number of filled and offered slots created under a 20-hour-a-week work program as described in paragraph (d)(1)(ii)(A) of this section that are intended to serve recipients subject to the work requirement at section 6(o) of the Food Stamp Act. This information must be broken out to show the number of slots that were created in areas of the State that have received a waiver in accordance with section 6(o)(4) of the Food Stamp Act and in non-waived areas;

* * * * *

(d) *Federal financial participation.* (1) *Employment and training grants.*—(i) *Allocation of grants.* Each State agency will receive an E&T program grant for each fiscal year to operate an E&T program. The grant will consist of a base amount that requires no State matching and a supplemental amount which will be available only to those State agencies that elect to meet their maintenance of effort requirements as described in paragraph (d)(1)(iii) of this section.

(A) In determining each State agency's base 100 percent Federal E&T grant amount for FYs 1998 through 2002, FNS will apply the percentage determined in accordance with paragraph (d)(1)(i)(C) of this section to the total amount of 100 percent Federal E&T grant provided under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 for each fiscal year.

(B) In determining each State agency's supplemental 100 percent Federal E&T grant amount for FYs 1998 through 2002, FNS will apply the percentage determined in accordance with paragraph (d)(1)(i)(C) of this section to the total amount of 100 percent Federal E&T grant provided under the Balanced Budget Act of 1997 for each fiscal year.

(C) Except as otherwise provided in paragraph (d)(1)(i)(F) of this section, effective in FY 1998, Federal funding for E&T grants, including both the base and supplemental amounts, shall be allocated on the basis of food stamp recipients in each State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act as a percentage of such recipients nationwide. Effective in FY 1999, Federal funding for E&T grants shall be allocated on the basis of food stamp recipients in each State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act and who either do not reside in an area subject

to a waiver granted in accordance with section 6(o)(4) of the Food Stamp Act or do reside in an area subject to a waiver in which the State agency provides employment and training services to food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act as a percentage of such recipients nationwide.

(D) FNS shall determine each State's percentage of food stamp recipients not eligible for an exception under section 6(o)(3) of the Food Stamp Act using FY 1996 Quality Control survey data adjusted for changes in each State's caseload.

(E) Effective in FY 1998, no State agency shall receive less than \$50,000 in Federal E&T funds. To insure that no State agency receives less than \$50,000 in FY 1998, each State agency that is allocated to receive more than \$50,000 shall have its grant reduced, if necessary, proportionate to the number of food stamp recipients in the State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act as compared to the total number of such recipients in all the State agencies receiving more than \$50,000. The funds from the reduction shall be distributed to State agencies initially allocated to receive less than \$50,000. To insure that no State agency receives less than \$50,000 in FY 1999 and subsequent years, each State agency that is allocated to receive more than \$50,000 shall have its grant reduced, if necessary, proportionate to the number of food stamp recipients in the State who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act, and who do not reside in an area subject to a waiver granted in accordance with section 6(o)(4) of the Food Stamp Act or who do reside in an area subject to a waiver in which the State agency provides employment and training services to food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act as compared to the total number of such recipients in all the State agencies receiving more than \$50,000. The funds from the reduction shall be distributed to State agencies initially allocated to receive less than \$50,000 so that they receive the \$50,000 minimum.

(F) If a State agency will not expend all of the funds allocated to it for a fiscal year under paragraph (d)(1)(i)(C) of this section, FNS shall reallocate the unexpended funds to other States during the fiscal year or the subsequent fiscal year as it considers appropriate and equitable.

(ii) *Use of funds.* (A) Not less than 80 percent of the funds a State agency

receives in a fiscal year under paragraph (d)(1)(i) of this section shall be used to serve food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act and who are placed in and comply with either a workfare program as described in § 273.22 or a comparable program, or a work program for 20 hours or more per week. A qualifying work program is a program operated under the JTPA or, after July 1, 2000, a program that was previously operated under the JTPA that is now operated under the Workforce Investment Act, a program under section 236 of the Trade Act of 1974, or an E&T program operated or supervised by the State or a political subdivision that meets standards approved by the Governor of the State, including programs described in paragraphs (f)(1)(iv), (f)(1)(v), (f)(1)(vi) and (f)(1)(vii) of this section. Job search and job search training programs as described in paragraphs (f)(1)(i) and (f)(1)(ii) of this section do not meet the definition of qualifying work program.

(B) Funds which a State agency receives in a fiscal year under paragraph (d)(1)(i) of this section which are used to serve food stamp recipients who are not eligible for an exception under section 6(o)(3) of the Food Stamp Act but who either reside in an area of a State granted a waiver under section 6(o)(4) of the Food Stamp Act or have been granted an exemption under section 6(o)(6) of that Act and which are expended on qualifying work activities as described in paragraph (d)(1)(ii)(A) of this section shall count toward a State's 80 percent expenditure.

(C) Not more than 20 percent of the funds a State agency receives in a fiscal year under paragraph (d)(1)(i) of this section may be used to serve households eligible for an exception under section 6(o)(3) of the Food Stamp Act or on work activities that do not meet the definition of qualifying work activities as described in paragraph (d)(1)(ii)(A) of this section. E&T funds expended in accordance with this paragraph (d)(1)(ii)(C) may be spent independent of whether or not the State agency expends any Federal funds that meet the requirements of paragraph (d)(1)(ii)(A) of this section. E&T funds expended in accordance with this paragraph (d)(1)(ii)(C) are not subject to the component cost reimbursement rates described in paragraph (d)(1)(iv) of this section.

(D) If at the end of a fiscal year, FNS determines that a State agency has spent more than 20 percent of the Federal E&T funds it receives for that fiscal year under paragraph (d)(1)(i) of this section to serve food stamp recipients who are

eligible for an exception under section 6(o)(3) of the Food Stamp Act or on work activities that do not meet the definition of qualifying work activities as described in paragraph (d)(1)(ii)(A) of this section, it shall reimburse States for allowable costs incurred in excess of the 20 percent threshold at the normal administrative 50-50 match rate.

(E) State agencies must use E&T program grants to fund the administrative costs of planning, implementing and operating food stamp E&T programs in accordance with approved State agency E&T plans. E&T grants must not be used for the process of determining whether an individual must be work registered, the work registration process, or any further screening performed during the certification process, nor for sanction activity that takes place after the operator of an E&T component reports noncompliance without good cause. For purposes of this paragraph (d)(1)(ii)(E), the certification process is considered ended when an individual is referred to an E&T component for assessment or participation. E&T grants must also not be used to reimburse participants under paragraph (d)(1)(ii) of this section, since these reimbursements which include dependent care and job-related transportation costs are provided for in a separate 50:50 Federal/State matching grant. Lastly, E&T grants must not be used to subsidize the wages of participants, as reflected in current regulations, and in view of section 16(b) of the Food Stamp Act, added by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which provides authority for food stamp recipients who also participate in TANF and other public assistance programs to have their food stamp benefits paid directly to employers.

(F) A State agency's receipt of the E&T program grant as allocated under paragraph (d)(1)(i) of this section is contingent on FNS' approval of the State agency's E&T plan. If an adequate plan is not submitted, FNS may reallocate a State agency's grant among other State agencies with approved plans. Non-receipt of an E&T program grant does not release a State agency from its responsibility under paragraph (c)(3) of this section to operate an E&T program or from sanctions for insufficient performance.

(G) Federal funds made available to a State agency to operate a component under paragraph (f)(1)(vi) of this section must not be used to supplant nonfederal funds for existing educational services and activities that promote the purposes of this component. Education expenses are approvable to the extent that E&T

component costs exceed the normal cost of services provided to persons not participating in an E&T program.

(iii) *Maintenance of Effort.* (A) To be eligible for a grant derived from the supplemental level of E&T funding described in paragraph (d)(1)(i)(B) of this section, a State agency must maintain State expenditures on E&T programs and workfare at a level not less than the level of such expenditures in FY 1996. A State agency need not expend all of its required maintenance of effort funds before it begins spending its supplemental E&T grant. A State agency which intends to spend the supplemental allocation for which it is eligible in a fiscal year must, in accordance with paragraph (c)(4)(ii) of this section, declare in its State E&T plan for that fiscal year its intention to maintain its level of expenditures for E&T and workfare at a level not less than the level of such expenditures in FY 1996.

(B) State funds which a State agency expends in order to meet its maintenance of effort requirement are not subject to the requirements of paragraph (d)(1)(ii) of this section.

(C) Participant reimbursements paid through State funds shall not count toward a State agency's maintenance of effort requirement, except in the case of optional workfare programs in which reimbursements to participants for work-related expenses are counted as part of the State agency's administrative expenses in accordance with section 20(g)(1) of the Food Stamp Act.

(iv) *Component costs.* FNS shall monitor State agencies' expenditures of 100 percent Federal E&T funds, including the costs of individual components of State agencies' programs.

(A) Federal 100 percent E&T funds that State agencies expend in accordance with paragraph (d)(1)(ii)(A) of this section are subject to component cost reimbursement rates. The rates represent the maximum amount of 100 percent Federal funds that FNS will reimburse States on average each month for their expenditures in providing work opportunities or "slots" that meet the requirements of section (6)(o)(2)(B) and (C) of the Food Stamp Act.

(B) Separate reimbursement rates will apply for filled slots and for offered slots. A slot is "filled" when a participant reports to a work or training site to begin his or her work activities. A slot is "offered" when a bona fide workfare or training opportunity is made available to a participant (i.e., the participant is told to report to a work site at a given date and time) but the participant either refuses the assignment or does not report.

(C) A State agency may claim reimbursement for only one filled slot per participant per month. A State agency that assigns one participant to two slots in the same month, for example a workfare slot and a 20-hour-a-week training slot, may only claim reimbursement for one filled slot in that month.

(D) Reconciliation will be conducted on a yearly basis. When applying the rate, FNS will sum the number of filled and offered slots a State agency reports for a fiscal year and multiply each by the appropriate rate. FNS will add the two resulting sums and compare that against the State agency's actual expenditure of Federal 100 percent E&T money for that fiscal year. If the amount spent is less than the amount allowed under the rates, the actual amount would be paid out of the State agency's 100 percent Federal E&T grant for that fiscal year. If the amount spent by the State agency exceeds the amounts allowed under the rates, the State agency will be required to pay that excess amount. State funds used to cover any shortfalls will be eligible for the standard 50 percent Federal match in accordance with paragraph (d)(1)(vi) of this section and § 273.22(g).

* * * * *

(3) *Fiscal recordkeeping and reporting requirements.* * * * States shall include as footnotes to the FNS-269 the amount of Federal 100 percent E&T funding spent on slots created under a workfare program as described in § 273.22 or a comparable program, and the amount of Federal 100 percent E&T funding spent on slots created under a 20-hour-a-week work program as described in paragraph (d)(1)(ii)(A) of this section.

* * * * *

4. A new § 273.24 is added to read as follows:

§ 273.24 15 Percent exemption authority for able-bodied adults.

(a) *Definitions.* For purposes of the food stamp time limit, the terms below have the following meanings:

(1) *Caseload* means the average monthly number of individuals receiving food stamps during the 12-month period ending the preceding June 30.

(2) *Covered individual* means a food stamp recipient, or an individual denied eligibility for food stamp benefits solely due to paragraph 6(o)(2) of the Food Stamp Act who:

(i) Is not exempt from the work requirements under paragraph 6(o)(3) of the Food Stamp Act,

(ii) Does not reside in an area covered by a waiver granted under paragraph 6(o)(4) of the Food Stamp Act,

(iii) Is not fulfilling the work requirements of 6(o)(2) of the Food Stamp Act by working 20 hours a week averaged monthly, participating and complying with the requirements of a work program for 20 hours or more per week, participating in and complying with the requirements of a program under section 20 or a comparative program established by a State or political subdivision of a State,

(iv) Is not receiving food stamp benefits during the 3 months of eligibility provided under paragraph 6(o)(2) of the Food Stamp Act, and

(v) Is not receiving food stamp benefits under paragraph 6(o)(5) of the Food Stamp Act.

(b) *General rule.* Subject to paragraphs (c) through (e) of this section, a State agency may provide an exemption from the time limits of paragraph 6(o)(2) of the Food Stamp Act for covered individuals. Exemptions do not count towards a State's allocation if they are provided to an individual who is otherwise exempt from the time limit during that month.

(1) *Fiscal year 1998.* A State agency may provide a number of exemptions such that the average monthly number of exemptions in effect during FY 1998 does not exceed 15 percent of the number of covered individuals in the State in FY 1998, as estimated by FNS, based on FY 1996 quality control data, and other factors FNS deems appropriate.

(2) *Subsequent fiscal years.* For FY 1999 and each subsequent fiscal year, a State agency may provide a number of exemptions such that the average monthly number of exemptions in effect during the fiscal year does not exceed 15 percent of the number of covered individuals in the State, as estimated by FNS, and adjusted by FNS to reflect changes in:

(i) The State's caseload, and

(ii) FNS' estimate of changes in the proportion of food stamp recipients covered by waivers granted under paragraph 6(o)(4) of the Food Stamp Act.

(c) *Adjustments* will be made as follows:

(1) *Caseload adjustments.* FNS shall adjust the number of covered individuals estimated for a State under paragraphs (c) and (d) of this section during a fiscal year if the number of food stamp recipients in the State varies from the State's caseload by more than 10 percent, as estimated by FNS.

(2) *Exemption adjustments.* During FY 1999 and each subsequent fiscal year, FNS shall adjust the number of exemptions allocated to a State agency based on the number of exemptions in

effect in the State for the preceding fiscal year.

(i) If the State agency does not use all of its exemptions by the end of the fiscal year, FNS shall increase the estimated number of exemptions allocated to the State agency for the subsequent fiscal year by the remaining balance.

(ii) If the State agency exceeds its exemptions by the end of the fiscal year, FNS shall reduce the estimated number of exemptions allocated to the State agency for the subsequent fiscal year by the corresponding number.

(d) *Reporting requirement.* The State agency shall track the number of exemptions used each month and report this number to the regional office on a quarterly basis as an addendum to the quarterly employment and training report (Form FNS-583) required by § 273.7(c)(6).

(e) *Other Program rules.* Nothing in this section shall make an individual eligible for benefits under the Food Stamp Act if the individual is not otherwise eligible for benefits under the other provisions of the Food Stamp Act.

Dated: August 23, 1999.

Julie Paradis,

Acting Under Secretary, Food, Nutrition and Consumer Services.

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DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Part 93

[Docket No. 98-055-2]

Horses From Morocco; Change in Disease Status

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Final rule.

SUMMARY: We are amending the regulations concerning the importation of horses to remove Morocco from the list of regions the Animal and Plant Health Inspection Service considers affected with African horse sickness. This action is based on information received from Morocco and is in accordance with standards set by the Office International des Epizooties for recognizing a country as free of African horse sickness. This action will relieve restrictions on the importation of horses into the United States from Morocco.

DATES: Effective September 20, 1999.

FOR FURTHER INFORMATION CONTACT: Dr. John Cougill, Senior Staff Veterinarian,

Products Program, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 40, Riverdale, MD 20737-1231; (301) 734-3399.

SUPPLEMENTARY INFORMATION:

Background

The regulations in 9 CFR part 93 (referred to below as the regulations) prescribe the conditions for the importation into the United States of specified animals to prevent the introduction of various animal diseases, including African horse sickness (AHS). AHS is a fatal viral equine disease that is not known to exist in the United States.

The regulations in § 93.308(a)(2) list regions that the Animal and Plant Health Inspection Service (APHIS) considers affected with AHS and sets forth specific quarantine requirements for horses that are imported from those regions. APHIS requires horses intended for importation from any of the regions listed, including horses that have stopped in or transited those regions, to enter the United States only at the port of New York and be quarantined at the New York Animal Import Center in Newburgh, NY, for at least 60 days. This precaution is necessary to help ensure that the horses are not affected with AHS.

On April 6, 1999, we published in the **Federal Register** (64 FR 16655-16656, Docket No. 98-055-1) a proposal to amend the regulations concerning the importation of horses to remove Morocco from the list of regions that APHIS considers affected with AHS. The proposed action was based on information received from Morocco and standards set by the Office International des Epizooties (OIE).

We solicited comments concerning our proposal for 60 days ending June 7, 1999. We received two comments by that date. They were from industry representatives. Neither opposed the rule but said that APHIS should have conducted a site visit to verify information submitted by Morocco.

The United States is a signatory to the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT). Basic to NAFTA and GATT are the provisions to encourage countries to base their sanitary and phytosanitary measures on international standards whenever such standards exist. Animal health measures should be based on OIE standards. Based on the standards set forth by the OIE, a country may be recognized as free of AHS if the disease is mandatorily reportable. In addition, the country must not have vaccinated domestic horses or other equines against the

disease during the past 12 months. The OIE also requires that the country have no clinical, serological (in nonvaccinated animals), or epidemiological evidence of AHS for the past 2 years. Morocco exceeds these requirements. Morocco has not had a case of AHS for over 7 years and has not vaccinated for the disease for 5 years.

In addition to OIE standards, APHIS considers Morocco's horse population, quarantine requirements, disease surveillance system, laboratory capabilities, and geography.

Morocco has approximately 180,000 horses, which are mainly used for transportation, beasts of burden, agricultural work, racing, and breeding. Morocco does not allow the importation of animals from known AHS-positive countries. Animals from AHS-negative countries must be tested twice, once in the country of origin and once during a 10-day quarantine in Morocco. The 10-day quarantine on all imported equines allows monitoring of imported animals for signs of disease. Morocco has 14 border service stations to prevent illegal movement of equines.

Morocco has 6 regional veterinary diagnostic and research laboratories qualified to perform required testing for veterinary certification and disease monitoring. In addition, there is a National Epidemiology and Zoonosis Laboratory, a National Veterinary Drugs Control Laboratory, and BIOPHARMA, a State-owned vaccine production company. Of these nine laboratories, four have facilities for virus isolation and typing. Morocco collaborates with the Community Reference Laboratory for AHS, Algete, Spain; the School of Veterinary Medicine, Maison Alfort, France; and the Institute for Animal Health, Pirbright, United Kingdom, for support and assistance with disease diagnosis. Also, in August 1997, Morocco sent 300 AHS reference sera to APHIS' Foreign Animal Disease Diagnostic Laboratory at Plum Island, NY. Tests of the sera by APHIS confirmed the accuracy of Morocco's laboratory results.

Morocco is surrounded by the Mediterranean Sea to the north, the Atlantic Ocean to the west, Algeria to the east, and Mauritania to the south. Spain, although not immediately adjacent, is separated from Morocco only by the Gibraltar Strait. None of these countries have reported AHS for 3 years or longer.

APHIS also evaluated Morocco's veterinary service infrastructure and its animal health policies and infrastructures for animal disease control. Our review of information submitted by Morocco indicates that