

105TH CONGRESS  
2D SESSION

# H. R. 3666

To amend the National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to extend certain authorities contained in such Acts through fiscal year 2002, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. MARTINEZ (for himself, Mr. CLAY, Mr. KILDEE, Mr. ANDREWS, Ms. WOOLSEY, Mr. HINOJOSA, Ms. SANCHEZ, Mr. FORD, Mr. KUCINICH, Mr. KENNEDY of Massachusetts, Mr. BLAGOJEVICH, Ms. KILPATRICK, Mr. FRANK of Massachusetts, Ms. DELAURO, Mr. SERRANO, Mr. LANTOS, Mr. LAFALCE, Mr. McDERMOTT, Mr. KLECZKA, Mr. LAMPSON, Mr. HALL of Ohio, Ms. STABENOW, Mr. FROST, Mr. TORRES, Mr. SAWYER, Ms. DEGETTE, Mr. NEAL of Massachusetts, and Mrs. MORELLA) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to extend certain authorities contained in such Acts through fiscal year 2002, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

**1 SECTION 1. SHORT TITLE.**

**2** This Act may be cited as the “Child Nutrition and  
**3** WIC Reauthorization Amendments of 1998”.

**4 SEC. 2. TABLE OF CONTENTS.**

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Effective date.

**TITLE I—AMENDMENTS TO THE NATIONAL SCHOOL LUNCH ACT**

- Sec. 101. Technical amendment to commodity provisions.
- Sec. 102. Availability of recovered funds for management activity.
- Sec. 103. Elimination of regional office administered programs.
- Sec. 104. Requirement for health and safety inspections.
- Sec. 105. Elimination of the food and nutrition projects and establishment of  
an adequate meal service period.
- Sec. 106. Buy American.
- Sec. 107. Summer Food Service Program.
- Sec. 108. Reauthorization of use of CCC and section 32 funds for commodities.
- Sec. 109. Child and Adult Care Food Program.
- Sec. 110. Transfer of homeless programs to the Child and Adult Care Food  
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ing.
- Sec. 113. Funding for the Food Service Management Institute.
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- Sec. 115. Extension of authority to fund information clearinghouse.
- Sec. 116. Refocusing of effort to help accommodate the special dietary needs  
of individuals with disabilities.

**TITLE II—AMENDMENTS TO THE CHILD NUTRITION ACT OF 1966**

- Sec. 201. Elimination of regional office administered programs.
- Sec. 202. State Administrative Expense Funds.
- Sec. 203. Special Supplemental Nutrition Program for Women, Infants and  
Children.
- Sec. 204. Extension of Nutrition Education and Training Program.

**TITLE III—AMENDMENTS TO THE COMMODITY DISTRIBUTION  
REFORM ACT AND WIC AMENDMENTS OF 1987**

- Sec. 301. Customer acceptability information.
- Sec. 302. Food distribution provisions.

**5 SEC. 3. EFFECTIVE DATE.**

**6** Except as provided in section 203(k)(2), this Act  
**7** shall become effective on October 1, 1998.

1 **TITLE I—AMENDMENTS TO THE**  
2 **NATIONAL SCHOOL LUNCH ACT**

3 **SEC. 101. TECHNICAL AMENDMENT TO COMMODITY PROVI-**  
4 **SIONS.**

5 Section 6 of the National School Lunch Act (42  
6 U.S.C. 1755) is amended—

- 7 (1) by striking subsections (c) and (d); and  
8 (2) by redesignating subsections (e), (f), and  
9 (g) as subsections (c), (d), and (e), respectively.

10 **SEC. 102. AVAILABILITY OF RECOVERED FUNDS FOR MAN-**  
11 **AGEMENT ACTIVITY.**

12 Section 8 of the National School Lunch Act (42  
13 U.S.C. 1757) is amended by adding at the end the follow-  
14 ing:

15 “(h) USE OF RECOVERED PROGRAM FUNDS.—State  
16 agencies may retain up to one-half of any program funds  
17 recovered during State conducted audits or reviews of  
18 school food authorities, institutions, and service institu-  
19 tions participating in food assistance programs authorized  
20 under this Act and sections 3 and 4 of the Child Nutrition  
21 Act of 1966. Funds retained under this subsection shall  
22 be used by the State agency for otherwise allowable pro-  
23 gram costs to improve the management and operations of  
24 such programs within the State, including by providing

1 funds to school food authorities, institutions, and service  
 2 institutions participating in these programs.”.

3 **SEC. 103. ELIMINATION OF REGIONAL OFFICE ADMINIS-**  
 4 **TERED PROGRAMS.**

5 The National School Lunch Act (42 U.S.C. 1751 et  
 6 seq.) is amended—

7 (1) in section 7(b) (42 U.S.C. 1756(b)), by  
 8 striking the second sentence;

9 (2) by amending section 10 (42 U.S.C. 1759)  
 10 to read as follows:

11 **“SEC. 10. DISBURSEMENT TO SCHOOLS BY THE SEC-**  
 12 **RETARY.**

13 “(a) AUTHORITY TO ADMINISTER PROGRAMS.—

14 “(1) IN GENERAL.—Except as provided in para-  
 15 graph (3), until September 30, 2000, the Secretary  
 16 shall withhold funds payable to a State agency under  
 17 this Act and disburse the funds directly to school  
 18 food authorities, institutions, or service institutions  
 19 within the State for the purposes authorized by this  
 20 Act to the extent that the Secretary has so withheld  
 21 and disbursed such funds continuously since October  
 22 1, 1980, but only to that extent.

23 “(2) USE OF FUNDS.—Any funds withheld and  
 24 disbursed by the Secretary in accordance with para-  
 25 graph (1) shall be used for the same purposes, and

1 shall be subject to the same conditions, as applicable  
2 to a State disbursing funds made available under  
3 this Act.

4 “(3) STATE ADMINISTRATION.—If the Sec-  
5 retary is administering (in whole or in part) any  
6 program authorized under this Act, the State in  
7 which the Secretary is administering the program  
8 may, upon request to the Secretary, assume admin-  
9 istration of that program at any time prior to Octo-  
10 ber 1, 2000.

11 “(b) PROVISION OF TRAINING AND TECHNICAL AS-  
12 SISTANCE.—The Secretary shall provide State agencies  
13 which assume program administration from the Secretary  
14 on or before October 1, 2000, with training and technical  
15 assistance to allow for an efficient and effective transfer  
16 of administrative responsibility.”; and

17 (3) in section 11(a)(1)(A) (42 U.S.C.  
18 1759a(a)(1)(A)), by striking “Except as provided in  
19 section 10 of this Act, in” and inserting “In”.

20 **SEC. 104. REQUIREMENT FOR HEALTH AND SAFETY IN-**  
21 **SPECTIONS.**

22 Section 9 of the National School Lunch Act (42  
23 U.S.C. 1758) is amended by adding at the end the follow-  
24 ing:

1       “(h) HEALTH AND SAFETY INSPECTIONS.—All  
2 schools participating in the National School Lunch Pro-  
3 gram authorized under this Act or the School Breakfast  
4 Program authorized under section 4 of the Child Nutrition  
5 Act of 1966 in which meals are prepared on site shall  
6 twice during each school year obtain inspections that indi-  
7 cate food service operations meet State or local health and  
8 safety standards.”.

9   **SEC. 105. ELIMINATION OF THE FOOD AND NUTRITION**  
10                   **PROJECTS AND ESTABLISHMENT OF AN ADE-**  
11                   **QUATE MEAL SERVICE PERIOD.**

12       Section 12(m) of the National School Lunch Act (42  
13 U.S.C. 1760(m)) is amended to read as follows:

14       “(m) LENGTH OF MEAL SERVICE PERIOD AND FOOD  
15 SERVICE ENVIRONMENT.—Schools participating in the  
16 National School Lunch Program authorized under this  
17 Act or the School Breakfast Program authorized under  
18 section 4 of the Child Nutrition Act of 1966 shall make  
19 every effort to establish meal service periods that provide  
20 children adequate time to fully consume their meals in an  
21 environment which is conducive to eating such meals.”.

22   **SEC. 106. BUY AMERICAN.**

23       Section 12 of the National School Lunch Act (42  
24 U.S.C. 1760) (as amended by section 105) is amended by  
25 adding at the end the following:

1 “(n) BUY AMERICAN.—

2 “(1) IN GENERAL.—The Secretary shall require  
3 that schools purchase, whenever possible, only food  
4 products that are produced in the United States.

5 “(2) LIMITATIONS.—Paragraph (1) shall only  
6 apply to schools located in the contiguous United  
7 States and to purchases for the National School  
8 Lunch Program authorized under this Act and the  
9 School Breakfast Program authorized under section  
10 4 of the Child Nutrition Act of 1966.”.

11 **SEC. 107. SUMMER FOOD SERVICE PROGRAM.**

12 (a) ADJUSTMENTS TO REIMBURSEMENT RATES IN  
13 THE SUMMER FOOD SERVICE PROGRAM IN SPECIFIED  
14 STATES AND TERRITORIES.—Section 12(f) of the Na-  
15 tional School Lunch Act (42 U.S.C. 1760(f)) is amended  
16 to read as follows:

17 “(f) ADJUSTMENTS TO REIMBURSEMENT RATES.—  
18 In providing assistance for breakfasts, lunches, suppers,  
19 and supplements served in Alaska, Hawaii, Guam, Amer-  
20 ican Samoa, Puerto Rico, the Virgin Islands, and the  
21 Commonwealth of the Northern Mariana Islands, the Sec-  
22 retary may establish appropriate adjustments for each  
23 such State to the national average payment rates pre-  
24 scribed under sections 4, 11, 13 and 17 of this Act and  
25 section 4 of the Child Nutrition Act of 1966 to reflect

1 the differences between the costs of providing meals in  
 2 those States and the costs of providing meals in all other  
 3 States.”.

4 (b) ESTABLISHMENT OF 25 SITE LIMITATION.—Sec-  
 5 tion 13(a)(7)(B)(i) of the National School Lunch Act (42  
 6 U.S.C. 1761(a)(7)(B)(i)) is amended to read as follows:

7 “(i) operate not more than 25 sites,  
 8 with not more than 300 children being  
 9 served at any one site (or, with a waiver  
 10 granted by the State agency under stand-  
 11 ards developed by the Secretary, not more  
 12 than 500 children being served at any one  
 13 site);”.

14 (c) ELIMINATION OF MARCH 1 “INDICATION OF IN-  
 15 TEREST” REQUIREMENT, REMOVAL OF MEAL CONTRACT-  
 16 ING RESTRICTIONS, AND VENDOR REGISTRATION RE-  
 17 QUIREMENTS.—Section 13 of the National School Lunch  
 18 Act (42 U.S.C. 1761) is amended—

19 (1) in subsection (a)(7)(B)—

20 (A) by striking clause (iii); and

21 (B) by redesignating clauses (iv), (v), (vi),  
 22 and (vii) as clauses (iii), (iv), (v), and (vi) re-  
 23 spectively; and

24 (2) in subsection (l)—

25 (A) in paragraph (1)—



1 (i) by striking in the first sentence—

2 (I) “(other than private nonprofit  
3 organizations eligible under subsection  
4 (a)(7))”; and

5 (II) “only with food service man-  
6 agement companies registered with  
7 the State in which they operate” and  
8 inserting “with food service manage-  
9 ment companies”; and

10 (ii) by striking the last sentence;

11 (B) in paragraph (2)—

12 (i) in the first sentence, by striking  
13 “shall” and inserting “may”; and

14 (ii) by striking all after the first sen-  
15 tence;

16 (C) by striking paragraph (3); and

17 (D) by redesignating paragraphs (4) and  
18 (5) as paragraphs (3) and (4), respectively.

19 (d) REAUTHORIZATION OF THE SUMMER FOOD  
20 SERVICE PROGRAM.—Section 13(q) of the National  
21 School Lunch Act (42 U.S.C. 1761(q)) is amended by  
22 striking “1998” and inserting “2002”.

1 **SEC. 108. REAUTHORIZATION OF USE OF CCC AND SECTION**  
2 **32 FUNDS FOR COMMODITIES.**

3 Section 14(a) of the National School Lunch Act (42  
4 U.S.C. 1762a(a)) is amended by striking “1998” and in-  
5 serting “2002”.

6 **SEC. 109. CHILD AND ADULT CARE FOOD PROGRAM.**

7 (a) REVISION TO LICENSING AND ALTERNATE AP-  
8 PROVAL FOR SCHOOLS AND OUTSIDE SCHOOL HOURS  
9 CHILD CARE CENTERS.—Section 17(a)(1) of the National  
10 School Lunch Act (42 U.S.C. 1766(a)(1)) is amended to  
11 read as follows:

12 “(1) all institutions (except schools and family  
13 or group day care home sponsoring organizations)  
14 and family or group day care homes must—

15 “(A)(i) have Federal, State, or local licens-  
16 ing or approval; or

17 “(ii) be complying with appropriate re-  
18 newal procedures as prescribed by the Secretary  
19 and the State has no information indicating  
20 that the institution or family or group day care  
21 home’s license will not be renewed;

22 “(B) where Federal, State, or local licens-  
23 ing or approval is not available—

24 “(i) receive funds under Title XX of  
25 the Social Security Act;

1                   “(ii) meet any alternate approval  
2                   standards established by a State or local  
3                   government; or

4                   “(iii) meet any alternate approval  
5                   standards established by the Secretary  
6                   after consultation with the Secretary of  
7                   Health and Human Services; or

8                   “(C) where an institution provides care to  
9                   school children outside of school hours and Fed-  
10                  eral, State, or local licensing or approval is not  
11                  required, meet State or local health and safety  
12                  standards; and”.

13           (b) REINSTATEMENT OF CATEGORICAL ELIGIBILITY  
14 FOR EVEN START PROGRAM PARTICIPANTS.—Section  
15 17(c)(6)(B) of the National School Lunch Act (42 U.S.C.  
16 1766(c)(6)(B)) is amended by striking “1997” and insert-  
17 ing “2002”.

18           (c) TAX EXEMPT STATUS AND REMOVAL OF NOTIFI-  
19 CATION REQUIREMENT FOR INCOMPLETE APPLICA-  
20 TIONS.—Section 17(d)(1) of the National School Lunch  
21 Act (42 U.S.C. 1766(d)(1)) is amended—

22                   (1) by inserting after the third sentence the fol-  
23                   lowing: “An institution moving toward compliance  
24                   with the requirement for tax exempt status shall be  
25                   allowed to participate in the program for a period of

1 not more than six months unless it can demonstrate  
2 to the satisfaction of the State agency that its in-  
3 ability to obtain tax exempt status within the six  
4 month limit is beyond the control of the institution  
5 in which case the State may grant a single extension  
6 not to exceed 90 days.”; and

7 (2) by striking the last sentence.

8 (d) DISTRIBUTION OF PROGRAM INFORMATION.—  
9 Section 17(k) of the National School Lunch Act (42  
10 U.S.C. 1766(k)) is amended—

11 (1) by striking “A State” and inserting the fol-  
12 lowing:

13 “(1) IN GENERAL.—A State”; and

14 (2) by inserting at the end the following:

15 “(2) DISTRIBUTION OF PROGRAM INFORMA-  
16 TION.—

17 “(A) IN GENERAL.—Each State agency  
18 shall, at least once every two years, provide no-  
19 tification of the availability of the program, the  
20 requirements for program participation, and the  
21 application procedures to be followed in the pro-  
22 gram to each nonparticipating institution or  
23 family or group day care home that is located  
24 in a needy area within the State and has Fed-  
25 eral, State, or local licensing or approval or re-

1 ceives funds under title XX of the Social Secu-  
 2 rity Act.

3 “(B) NEEDY AREA DEFINED.—For pur-  
 4 poses of this paragraph, a needy area is a geo-  
 5 graphic area served by a school enrolling ele-  
 6 mentary students in which at least 50 percent  
 7 of the total number of children enrolled are cer-  
 8 tified eligible to receive free or reduced price  
 9 school meals under this Act or the Child Nutri-  
 10 tion Act of 1966.”.

11 (e) ELIMINATION OF AUDIT FUNDS, ESTABLISH-  
 12 MENT OF MANAGEMENT SUPPORT FUNDING, PARTICIPA-  
 13 TION BY “AT RISK” CHILD CARE PROGRAMS, AND WIC  
 14 OUTREACH.—Section 17 of the National School Lunch  
 15 Act (42 U.S.C. 1766) is amended—

16 (1) by striking subsection (i);

17 (2) by redesignating subsections (j) through (p)  
 18 as subsections (i) through (o), respectively; and

19 (3) by adding at the end the following:

20 “(p) MANAGEMENT FUNDING.—

21 “(1) TECHNICAL AND TRAINING ASSISTANCE.—

22 In order to assist State agencies in improving their  
 23 program management and oversight under this sec-  
 24 tion, the Secretary shall provide such State agencies

1 with increased levels of training and technical assist-  
2 ance.

3 “(2) FUNDING.—In fiscal year 1999 and each  
4 succeeding fiscal year, the Secretary shall reserve for  
5 the purpose of carrying out paragraph (1)  $\frac{1}{8}$  of 1  
6 percent of the amount appropriated for the purpose  
7 of carrying out this section.

8 “(q) ‘AT RISK’ CHILD CARE.—

9 “(1) IN GENERAL.—Subject to the conditions in  
10 this subsection, institutions that provide care to at  
11 risk school children during after-school hours, week-  
12 ends, or holidays during the regular school year may  
13 participate in the program authorized under this  
14 section. Unless otherwise specified in this subsection,  
15 all other provisions of this section shall apply to  
16 these institutions.

17 “(2) AT RISK SCHOOL CHILDREN.—Children  
18 ages 12 through 18 who live in a geographical area  
19 served by a school enrolling elementary students in  
20 which at least 50 percent of the total number of  
21 children enrolled are certified eligible to receive free  
22 or reduced price school meals under this Act or the  
23 Child Nutrition Act of 1966 shall be considered at  
24 risk.

25 “(3) SUPPLEMENT REIMBURSEMENT.—

1           “(A) LIMITATION.—Only supplements  
2           served to at risk school children during after-  
3           school hours, weekends, or holidays during the  
4           regular school year may be claimed for reim-  
5           bursement. Institutions may claim reimburse-  
6           ment for only one supplement per child per day.

7           “(B) RATE.—Eligible supplements shall be  
8           reimbursed at the rate for free supplements  
9           under subsection (c)(3).

10          “(C) NO CHARGE.—All supplements  
11          claimed for reimbursement shall be served with-  
12          out charge.

13          “(r) INFORMATION CONCERNING THE SPECIAL SUP-  
14          PLEMENTAL NUTRITION PROGRAM FOR WOMEN, IN-  
15          FANTS, AND CHILDREN.—

16          “(1) IN GENERAL.—The Secretary shall provide  
17          each State agency with information concerning the  
18          Special Supplemental Nutrition Program for  
19          Women, Infants, and Children authorized under sec-  
20          tion 17 of the Child Nutrition Act of 1966.

21          “(2) REQUIREMENTS FOR STATE AGENCIES.—  
22          State agencies shall—

23                 “(A) ensure each participating child care  
24                 center (other than institutions providing care to

1 school children outside of school hours) receives  
2 materials that include—

3 “(i) a basic explanation of the impor-  
4 tance and benefits of the Special Supple-  
5 mental Nutrition Program for Women, In-  
6 fants, and Children;

7 “(ii) the maximum State income eligi-  
8 bility standards, according to family size,  
9 for the Special Supplemental Nutrition  
10 Program for Women, Infants, and Chil-  
11 dren; and

12 “(iii) information as to how benefits  
13 under the Special Supplemental Nutrition  
14 Program for Women, Infants, and Chil-  
15 dren may be obtained;

16 “(B) ensure that such child care centers  
17 are provided updates of the information under  
18 subparagraph (A) annually; and

19 “(C) ensure that such child care centers  
20 provide the information under subparagraph  
21 (A) to parents of enrolled children annually.”.

22 (f) PERMANENT AUTHORIZATION OF DEMONSTRA-  
23 TION PROJECT.—Section 17(o) of the National School  
24 Lunch Act (42 U.S.C. 1766(o)) (as redesignated in sub-



1 section (e)) is amended by striking paragraphs (4) and  
 2 (5).

3 **SEC. 110. TRANSFER OF HOMELESS PROGRAMS TO THE**  
 4 **CHILD AND ADULT CARE FOOD PROGRAM.**

5 The National School Lunch Act (42 U.S.C. 1751 et  
 6 seq.) is amended—

7 (1) in section 13(a)(3)(C)—

8 (A) by adding “or” after the semicolon in  
 9 clause (i);

10 (B) by striking clause (ii); and

11 (C) by redesignating clause (iii) as clause  
 12 (ii);

13 (2) in section 17 (as amended by section  
 14 109(e)), by adding at the end the following:

15 “(s) PARTICIPATION BY HOMELESS SHELTERS.

16 “(1) DEFINITION OF ELIGIBLE SHELTERS.—

17 Subject to the conditions in this subsection, public  
 18 and private, nonprofit emergency shelters providing  
 19 food service to homeless children and their parents  
 20 or guardians shall be considered eligible institutions  
 21 for purposes of the program authorized under this  
 22 section. The term ‘emergency shelter’ shall have the  
 23 meaning provided in section 321(2) of the Stewart  
 24 B. McKinney Homeless Assistance Act (42 U.S.C.  
 25 11351(2)). Unless otherwise specified in this sub-

1 section, all other provisions of this section shall  
2 apply to these institutions.

3 “(2) INSTITUTION AND SITE LICENSING.—Sub-  
4 section (a)(1) shall not apply to emergency shelters  
5 or sites operated by them.

6 “(3) HEALTH AND SAFETY STANDARDS.— Both  
7 emergency shelters and sites operated by them shall  
8 comply with State or local health and safety stand-  
9 ards.

10 “(4) MEAL REIMBURSEMENT.—

11 “(A) LIMITATION.—Only meals served to  
12 children through age 12 residing at an emer-  
13 gency shelters may be claimed for reimburse-  
14 ment. Emergency shelters may claim reimburse-  
15 ment for no more than 3 meals or 2 meals and  
16 a supplement per child per day.

17 “(B) RATE.—Eligible meals shall be reim-  
18 bursed at the rates for free meals under sub-  
19 section (c).

20 “(C) NO CHARGE.—All meals claimed for  
21 reimbursement shall be served without charge.”;

22 and

23 (3) by repealing section 17B.

1 **SEC. 111. ELIMINATION OF DEMONSTRATION PROJECTS.**

2 Section 18 of the National School Lunch Act (42  
3 U.S.C. 1769) is amended by striking subsections (e), (f),  
4 (g), (h), and (i).

5 **SEC. 112. EXTENSION OF AUTHORIZATION FOR TRAINING**  
6 **AND TECHNICAL ASSISTANCE FUNDING.**

7 Section 21(e)(1) of the National School Lunch Act  
8 (42 U.S.C. 1769b–1(e)(1)) is amended by striking “1998”  
9 and inserting “2002”.

10 **SEC. 113. FUNDING FOR THE FOOD SERVICE MANAGEMENT**  
11 **INSTITUTE.**

12 Section 21(e)(2)(A) of the National School Lunch  
13 Act (42 U.S.C. 1769b–1(e)(2)(A)) is amended by striking  
14 “and \$2,000,000 for fiscal year 1996” and inserting  
15 “, \$2,000,000 for each of fiscal years 1996 through 1998,  
16 and \$3,000,000 for fiscal year 1999”.

17 **SEC. 114. EXTENSION OF AUTHORIZATION FOR COMPLI-**  
18 **ANCE AND ACCOUNTABILITY FUNDING.**

19 Section 22(d) of the National School Lunch Act (42  
20 U.S.C. 1769c(d)) is amended by striking “1996” and in-  
21 serting “2002”.

22 **SEC. 115. EXTENSION OF AUTHORITY TO FUND INFORMA-**  
23 **TION CLEARINGHOUSE.**

24 Section 26 of the National School Lunch Act (42  
25 U.S.C. 1769g) is amended—

1 (1) in the first sentence of subsection (a), by  
 2 striking “shall” and inserting “may”;

3 (2) in subsection (b), by inserting “, except  
 4 that, notwithstanding any other provision of law, the  
 5 Secretary may enter into a contract for the services  
 6 of any organization with which the Secretary has  
 7 previously contracted under this section without  
 8 competing such contract, assuming such organiza-  
 9 tion has performed satisfactorily under such contract  
 10 and meets the criteria established in this sub-  
 11 section,” after “shall be selected on a competitive  
 12 basis”; and

13 (3) by amending subsection (d) to read as fol-  
 14 lows:

15 “(d) FUNDING.—The Secretary may provide to the  
 16 organization selected under this section an amount not to  
 17 exceed \$150,000 in each of fiscal years 1999 through  
 18 2002.”.

19 **SEC. 116. REFOCUSING OF EFFORT TO HELP ACCOMMO-**  
 20 **DATE THE SPECIAL DIETARY NEEDS OF INDI-**  
 21 **VIDUALS WITH DISABILITIES.**

22 Section 27 of the National School Lunch Act (42  
 23 U.S.C. 1769h) is amended to read as follows:

1 **“SEC. 27. ACCOMMODATING SPECIAL DIETARY NEEDS OF**  
2 **INDIVIDUALS WITH DISABILITIES.**

3 “(a) DEFINITIONS.—As used in this section:

4 “(1) INDIVIDUALS WITH DISABILITIES.—The  
5 term ‘individuals with disabilities’ shall have the  
6 same meaning as in section 7(8) of the Rehabilita-  
7 tion Act of 1973.

8 “(2) COVERED PROGRAM.—The term ‘covered  
9 program’ means—

10 “(A) the National School Lunch Program  
11 authorized under this Act;

12 “(B) the School Breakfast Program au-  
13 thorized under section 4 of the Child Nutrition  
14 Act of 1966; and

15 “(C) any other program authorized under  
16 this Act or the Child Nutrition Act of 1966 (ex-  
17 cept for section 17) that the Secretary deter-  
18 mines is appropriate.

19 “(3) ELIGIBLE ENTITY.—The term eligible en-  
20 tity means a school food authority, institution, or  
21 service institution that participates in a covered pro-  
22 gram.

23 “(b) ACTIVITIES.—The Secretary may carry out ac-  
24 tivities to help accommodate the special dietary needs of  
25 individuals with disabilities who are participating in a cov-  
26 ered program. Such activities may include—

1           “(1) developing and disseminating to State  
 2           agencies guidance and technical assistance materials;  
 3           “(2) conducting training of State agencies and  
 4           eligible entities; and  
 5           “(3) issuing grants to State agencies and eligi-  
 6           ble entities.”.

7   **TITLE II—AMENDMENTS TO THE**  
 8   **CHILD NUTRITION ACT OF 1966**

9   **SEC. 201. ELIMINATION OF REGIONAL OFFICE ADMINIS-**  
 10   **TERED PROGRAMS.**

11       Section 5 of the Child Nutrition Act of 1966 (42  
 12   U.S.C. 1774) is amended to read as follows:

13   **“SEC. 5 DISBURSEMENT TO SCHOOLS BY THE SECRETARY.**

14       “(a) **AUTHORITY TO ADMINISTER PROGRAMS.—**

15           “(1) **IN GENERAL.**—Except as provided in para-  
 16       graph (3), until September 30, 2000, the Secretary  
 17       shall withhold funds payable to a State agency under  
 18       this Act and disburse the funds directly to school  
 19       food authorities, institutions, or service institutions  
 20       within the State for the purposes authorized by this  
 21       Act to the extent that the Secretary has so withheld  
 22       and disbursed such funds continuously since October  
 23       1, 1980, but only to that extent.

24           “(2) **USE OF FUNDS.**—Any funds withheld and  
 25       disbursed by the Secretary in accordance with para-

1 graph (1) shall be used for the same purposes, and  
 2 shall be subject to the same conditions, as applicable  
 3 to a State disbursing funds made available under  
 4 this Act.

5 “(3) STATE ADMINISTRATION.—If the Sec-  
 6 retary is administering (in whole or in part) any  
 7 program authorized under this Act, the State in  
 8 which the Secretary is administering the program  
 9 may, upon request to the Secretary, assume admin-  
 10 istration of that program at any time prior to Octo-  
 11 ber 1, 2000.

12 “(b) PROVISION OF TRAINING AND TECHNICAL AS-  
 13 SISTANCE.—The Secretary shall provide State agencies  
 14 which assume program administration from the Secretary  
 15 on or before October 1, 2000, with training and technical  
 16 assistance to allow for an efficient and effective transfer  
 17 of administrative responsibility.”.

18 **SEC. 202. STATE ADMINISTRATIVE EXPENSE FUNDS.**

19 (a) HOMELESS SHELTERS.—Section 7(a)(5)(B) of  
 20 the Child Nutrition Act of 1966 (42 U.S.C.  
 21 1776(a)(5)(B)) is amended to read as follows:

22 “(B) REALLOCATION OF FUNDS.—For  
 23 each fiscal year, any amounts appropriated that  
 24 are not obligated or expended during such fiscal  
 25 year and are not carried over for the succeeding

1           fiscal year under subparagraph (A) shall be re-  
2           turned to the Secretary. The Secretary shall  
3           then allocate, for purposes of administration  
4           costs, any remaining amounts among States  
5           that demonstrate a need for such amounts.”.

6           (b) **ELIMINATION OF THE 10 PERCENT TRANSFER**  
7 **LIMITATION.**—Section 7(a)(6) of the Child Nutrition Act  
8 of 1966 (42 U.S.C. 1776(a)(6)) is amended to read as  
9 follows:

10           “(6) **USE OF ADMINISTRATIVE FUNDS.**—Funds  
11           available to States under this subsection and under  
12           section 13(k)(1) of the National School Lunch Act  
13           may be used by State agencies for the costs of ad-  
14           ministration of the programs authorized under the  
15           National School Lunch Act and this Act (except for  
16           the programs authorized under sections 17 and 21)  
17           without regard to the basis on which these funds  
18           were earned and allocated.”.

19           (c) **REAUTHORIZATION OF PROGRAM.**—Section 7(g)  
20 of the Child Nutrition Act of 1966 (42 U.S.C. 1776(g))  
21 is amended by striking “1998” and inserting “2002”.

22 **SEC. 203. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM**  
23 **FOR WOMEN, INFANTS AND CHILDREN.**

24           (a) **ADDITIONAL PROGRAM APPLICATION REQUIRE-**  
25 **MENTS.**—Section 17(d)(3) of the Child Nutrition Act of



1 1966 (42 U.S.C. 1786(d)(3)) is amended by adding at the  
 2 end the following:

3 “(C) PHYSICAL PRESENCE.—All applicants  
 4 shall be physically present at each certification  
 5 visit in order to receive program benefits.

6 “(D) INCOME DOCUMENTATION.—All ap-  
 7 plicants shall provide documentation of house-  
 8 hold income or of participation in a program  
 9 referenced in clauses (ii) and (iii) of paragraph  
 10 (2)(A) at certification in order to be determined  
 11 income eligible for the program.

12 “(E) VERIFICATION.—The Secretary shall  
 13 promulgate regulations under this subsection  
 14 governing when and how verification of income  
 15 shall be required.”.

16 (b) DISTRIBUTION OF NUTRITION EDUCATION MA-  
 17 TERIALS.—Section 17(e)(3) of the Child Nutrition Act of  
 18 1966 (42 U.S.C. 1786(e)(3)) is amended—

19 (1) by inserting “NUTRITION EDUCATION MA-  
 20 TERIALS.—” after “(3)”;

21 (2) by striking “The Secretary” and inserting  
 22 the following:

23 “(A) IN GENERAL.—The Secretary”; and

24 (3) by adding at the end the following:

1                   “(B) SHARING MATERIALS WITH CSFP.—  
2           The Secretary may provide nutrition education  
3           materials, including breastfeeding promotion,  
4           developed with funds appropriated for the pro-  
5           gram under this section in bulk quantity to  
6           State agencies administering the Commodity  
7           Supplemental Food Program authorized under  
8           sections 4(a) and 5 of the Agriculture and Con-  
9           sumer Protection Act of 1973 at no cost to that  
10          program.”.

11          (c) REAUTHORIZATION OF PROGRAM.—Section  
12 17(g)(1) of the Child Nutrition Act of 1966 (42 U.S.C.  
13 1786(g)(1)) is amended by striking “1995 through 1998”  
14 and inserting “1999 through 2002”.

15          (d) EXTENSION OF AUTHORIZATION.—Section  
16 17(h)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C.  
17 1786(h)(2)(A)) is amended by striking “1995 through  
18 1998” and inserting “1999 through 2002”.

19          (e) INFANT FORMULA PROCUREMENT.—Section  
20 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C.  
21 1786(h)(8)(A)) is amended by adding at the end the fol-  
22 lowing:

23                   “(iii) COMPETITIVE BIDDING SYS-  
24           TEM.—A State agency using a competitive  
25           bidding system for infant formula shall

1           award contracts to the bidder offering the  
 2           lowest net price unless the State agency  
 3           demonstrates to the satisfaction of the Sec-  
 4           retary that the weighted average retail  
 5           price for different brands of infant formula  
 6           in the State does not vary by more than  
 7           five percent.”.

8           (f) INFRASTRUCTURE AND BREASTFEEDING PRO-  
 9           MOTION/SUPPORT FUNDS.—Section 17(h)(10)(A) of the  
 10          Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(10)(A))  
 11          is amended by striking “For each of fiscal years 1995  
 12          through 1998,” and inserting “For each fiscal year  
 13          through 2002,”.

14          (g) SPEND-FORWARD AUTHORITY.—Section 17(i)(3)  
 15          of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)(3))  
 16          is amended—

17               (1) in subparagraph (A)—

18                       (A) by striking “and” at the end of clause

19                       (i);

20                       (B) in clause (ii)—

21                               (i) by inserting “nutrition services and  
 22                               administration” after “amount of”; and

23                               (ii) by striking the period at the end  
 24                               and inserting “; and”; and

25                       (C) by adding at the end the following:

1 “(iii) with prior approval of the Sec-  
 2 retary, not more than 4 percent of the  
 3 amount of nutrition services and adminis-  
 4 tration funds allocated to a State agency  
 5 for a fiscal year under this section may be  
 6 expended by the State agency during the  
 7 subsequent fiscal year for the develop-  
 8 mental costs of electronic benefit trans-  
 9 fer.”;

10 (2) in subparagraph (B), by striking “subpara-  
 11 graph (A)(ii)” and inserting “clauses (ii) and (iii) of  
 12 subparagraph (A)”;

13 (3) by striking subparagraphs (D) through (G);  
 14 and

15 (4) by redesignating subparagraph (H) as sub-  
 16 paragraph (D).

17 (h) MATCHING FUNDS REQUIREMENT.—Section  
 18 17(m)(3) of the Child Nutrition Act of 1966 (42 U.S.C.  
 19 1786(m)(3)) is amended by striking “total” and inserting  
 20 “administrative” in both places it appears.

21 (i) RANKING CRITERIA FOR FARMERS MARKET NU-  
 22 TRITION PROGRAM STATE PLANS.—Section 17(m)(6) of  
 23 the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(6))  
 24 is amended—

25 (1) by striking subparagraph (F); and

1           (2) by redesignating subparagraph (G) as sub-  
2       paragraph (F).

3       (j) EXTENSION OF FARMERS MARKET NUTRITION  
4 PROGRAM AUTHORIZATION.—Section 17(m)(9)(A) of the  
5 Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)(A))  
6 is amended by striking “1996 through 1998” and insert-  
7 ing “1999 through 2002”.

8       (k) DISQUALIFICATION OF CERTAIN VENDORS.—

9           (1) IN GENERAL.—Section 17 of the Child Nu-  
10       trition Act of 1996 (42 U.S.C. 1786) is amended by  
11       adding at the end the following new subsection:

12       “(o) DISQUALIFICATION OF VENDORS CONVICTED OF  
13       TRAFFICKING OR ILLEGAL SALES.—

14           “(1) IN GENERAL.—Except as provided in para-  
15       graph (5), the State agency shall permanently dis-  
16       qualify a vendor convicted of trafficking in food in-  
17       struments (including any voucher, draft, check, or  
18       access device, including an electronic benefit transfer  
19       card or personal identification number, issued in lieu  
20       of a food instrument pursuant to the provisions of  
21       this section), or selling firearms, ammunition, explo-  
22       sives, or controlled substances (as defined in section  
23       102 of the Controlled Substances Act) in exchange  
24       for food instruments.

1           “(2) NOTICE OF DISQUALIFICATION.—The  
2       State agency shall provide the vendor with notifica-  
3       tion of the disqualification and shall make such dis-  
4       qualification effective on the date of receipt of the  
5       notice of disqualification.

6           “(3) PROHIBITION ON RECEIPT OF LOST REVE-  
7       NUES.—A vendor shall not be entitled to receive any  
8       compensation for revenues lost as a result of the dis-  
9       qualification under this subsection.

10          “(4) HARDSHIP EXCEPTION IN LIEU OF DIS-  
11       QUALIFICATION.—

12               “(A) IN GENERAL.— A State agency may  
13       permit a vendor that would otherwise be dis-  
14       qualified under paragraph (1) to continue to re-  
15       deem food instruments or otherwise provide  
16       supplemental foods to participants if the State  
17       agency determines, in its sole discretion accord-  
18       ing to criteria established by the Secretary, dis-  
19       qualification of the vendor would cause hard-  
20       ship to participants in the program authorized  
21       under this section.

22               “(B) CIVIL MONEY PENALTY.—Whenever a  
23       State agency authorizes a vendor that would  
24       otherwise be disqualified to redeem food instru-  
25       ments or provide supplemental foods in accord-

1           ance with subparagraph (A), the State agency  
 2           shall assess the vendor a civil money penalty in  
 3           lieu of a disqualification.

4                   “(C) AMOUNT.— The State agency shall  
 5           determine the amount of the civil penalty ac-  
 6           cording to criteria established by the Sec-  
 7           retary.”.

8           (2) REGULATIONS.—The provisions of this sub-  
 9           section shall not take effect until the Secretary  
 10          issues final regulations that include the criteria for  
 11          determining the amount of civil money penalties in  
 12          lieu of disqualification and for making hardship de-  
 13          terminations.

14 **SEC. 204. EXTENSION OF NUTRITION EDUCATION AND**  
 15 **TRAINING PROGRAM.**

16          Section 19(i) of the Child Nutrition Act of 1966 (42  
 17 U.S.C. 1788(i)) is amended—

18                   (1) by striking paragraphs (1) and (2);  
 19                   (2) by redesignating paragraphs (3), (4), and  
 20                   (5) as paragraphs (1), (2), and (3), respectively; and  
 21                   (3) in paragraph (1) (as redesignated by para-  
 22                   graph (2))—

23                           (A) in the paragraph heading, by striking  
 24                           “1997” and inserting “1999”; and

1 (B) by amending subparagraph (A) to read  
2 as follows:

3 “(A) IN GENERAL.—There are authorized  
4 to be appropriated such sums as are necessary  
5 to carry out this section for fiscal years 1999  
6 through 2002.”.

7 **TITLE III—AMENDMENTS TO**  
8 **THE COMMODITY DISTRIBUTION REFORM ACT AND WIC**  
9 **AMENDMENTS OF 1987**  
10

11 **SEC. 301. CUSTOMER ACCEPTABILITY INFORMATION.**

12 Section 3 of the Commodity Distribution Reform Act  
13 and WIC Amendments of 1987 (7 U.S.C. 612c note) is  
14 amended—

15 (1) by amending subsection (a)(2) to read as  
16 follows:

17 “(2) APPLICABILITY.—Paragraph (1) shall  
18 apply to recipient agencies for the following pro-  
19 grams:

20 “(A) The Commodity Supplemental Food  
21 Program authorized under sections 4(a) and 5  
22 of the Agriculture and Consumer Protection  
23 Act of 1973 (7 U.S.C. 612c note).

24 “(B) The Food Distribution Program on  
25 Indian Reservations authorized under section



1 4(b) of the Food Stamp Act of 1977 (7 U.S.C.  
2 2013(b)).

3 “(C) The National School Lunch Program  
4 authorized under the National School Lunch  
5 Act (42 U.S.C. 1751 et seq.).”; and

6 (2) by amending subsection (f)(2) to read as  
7 follows:

8 “(2) CUSTOMER ACCEPTABILITY INFORMA-  
9 TION.—

10 “(A) IN GENERAL.—The Secretary shall  
11 ensure that information with respect to the  
12 types and forms of commodities that are most  
13 useful is collected from those recipient agencies  
14 referred to in subsection (a)(2).

15 “(B) FREQUENCY.—Such information  
16 shall be collected at least once every two years.

17 “(C) ADDITIONAL SUBMISSIONS.—The  
18 Secretary may require submission of such infor-  
19 mation from recipient agencies participating in  
20 other domestic food assistance programs admin-  
21 istered by the Secretary and shall provide such  
22 recipient agencies a means for voluntarily sub-  
23 mitting customer acceptability information.”.

1 **SEC. 302. FOOD DISTRIBUTION PROVISIONS.**

2 The Commodity Distribution Reform Act and WIC  
3 Amendments of 1987 (7 U.S.C. 612c note) is amended  
4 by adding at the end the following:

5 **“SEC. 15. AUTHORITY TO TRANSFER COMMODITIES BE-**  
6 **TWEEN PROGRAMS.**

7 “(a) TRANSFER.—Subject to subsection (b), the Sec-  
8 retary may transfer any commodities purchased for one  
9 domestic food assistance program administered by the  
10 Secretary to any other such program when the transfer  
11 is necessary to ensure that the commodities will be used  
12 while they are still suitable for human consumption.

13 “(b) REIMBURSEMENT.—The Secretary shall, when-  
14 ever possible and practicable, provide reimbursement for  
15 the value of the commodities transferred under subsection  
16 (a) from accounts available for the purchase of commod-  
17 ities for the program receiving the commodities.

18 “(c) CREDITING.—Any reimbursement made under  
19 subsection (b) shall be credited to the accounts that in-  
20 curred the costs when the transferred commodities were  
21 originally purchased and shall be available for the pur-  
22 chase of commodities with the same limitations as are pro-  
23 vided for appropriated funds for the reimbursed accounts  
24 for the fiscal year in which the transfer takes place.

1 **“SEC. 16. AUTHORITY TO RESOLVE CLAIMS.**

2 “(a) DETERMINE, SETTLE, AND ADJUST CLAIMS.—

3 The Secretary shall have the authority to determine the  
4 amount of, to settle, and to adjust any claim or part there-  
5 of arising under any domestic food assistance program ad-  
6 ministered by the Secretary.

7 “(b) CLAIMS WAIVER.—The Secretary shall have the  
8 authority to waive such claims if the Secretary determines  
9 that to do so would serve the purposes of the particular  
10 program.

11 “(c) AUTHORITY OF THE ATTORNEY GENERAL.—  
12 Nothing contained in this section shall be construed to di-  
13 minish the authority of the Attorney General of the United  
14 States under section 516 of title 28, United States Code,  
15 or any other provisions of law to supervise and conduct  
16 litigation on behalf of the United States.

17 **“SEC. 17. PAYMENT OF COSTS ASSOCIATED WITH MANAGE-**  
18 **MENT OF COMMODITIES WHICH POSE A**  
19 **HEALTH OR SAFETY HAZARD.**

20 “(a) IN GENERAL.—The Secretary may use funds  
21 available to carry out the provisions of section 32 of the  
22 Agricultural Act of August 24, 1935 (7 U.S.C. 612c),  
23 which are not otherwise committed, for the purpose of re-  
24 imbursing States for State and local costs associated with  
25 commodities distributed under any domestic food assist-  
26 ance program administered by the Secretary when the

1 Secretary determines that such commodities pose a health  
2 or safety hazard.

3 “(b) ALLOWABLE COSTS.—Such costs may include  
4 including storage, transportation, processing, and destruc-  
5 tion of the hazardous commodities and shall be subject  
6 to the approval of the Secretary.

7 “(c) REPLACEMENT COMMODITIES.—The Secretary  
8 also may use such funds for the purpose of purchasing  
9 additional commodities when the purchase will expedite re-  
10 placement of the hazardous commodities, but the use of  
11 such funds shall not restrict the Secretary from recovering  
12 funds or services from the supplier or other entity regard-  
13 ing the hazardous commodities.

14 “(d) CREDITING OF RECOVERED FUNDS.—Funds re-  
15 covered from the supplier or other entities regarding the  
16 hazardous commodities shall be credited to the account  
17 available to carry out the provisions of section 32 of the  
18 Agricultural Act of August 24, 1935 to the extent such  
19 funds represent expenditures from that account under  
20 subsections (a) and (c), and shall remain available to carry  
21 out the purposes of section 32 of the Agricultural Act of  
22 August 24, 1935 until expended.

1   **“SEC. 18. AUTHORITY TO ACCEPT COMMODITIES DONATED**  
2                   **BY FEDERAL SOURCES.**

3           “(a) IN GENERAL.—The Secretary may accept dona-  
4   tions of commodities from any Federal source, including  
5   those commodities of another Federal agency determined  
6   to be excess personal property pursuant to section 202 of  
7   the Federal Property and Administrative Services Act of  
8   1949 (40 U.S.C. 483(d)).

9           “(b) USE.—The Secretary may donate the commod-  
10   ities received under subsection (a) to States for distribu-  
11   tion through any domestic food assistance program admin-  
12   istered by the Secretary.

13          “(c) PAYMENT.—Notwithstanding section 202(d) of  
14   the Federal Property and Administrative Services Act of  
15   1949 (40 U.S.C. 483(d)), the Secretary shall not be re-  
16   quired to make any payment in connection with the com-  
17   modities received under subsection (a).”.

○