

113TH CONGRESS
2D SESSION

S. 2248

To amend the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 to increase the number of children eligible for free school meals, with a phased-in transition period, with an offset.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 2014

Mr. FRANKEN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 to increase the number of children eligible for free school meals, with a phased-in transition period, with an offset.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Expand School Meals
5 Act of 2014”.

1 **TITLE I—TRANSITION PERIOD**

2 **SEC. 101. PHASED-IN INCREASE IN STATES PROVIDING** 3 **FREE SCHOOL LUNCHES AND BREAKFASTS.**

4 Section 11 of the Richard B. Russell National School
5 Lunch Act (42 U.S.C. 1759a) is amended by adding at
6 the end the following:

7 “(h) PHASED-IN INCREASE IN STATES PROVIDING
8 FREE SCHOOL LUNCHES AND BREAKFASTS.—

9 “(1) IN GENERAL.—The Secretary shall expand
10 the service of free lunches and breakfasts provided
11 at schools participating in the school lunch program
12 under this Act and the school breakfast program
13 under section 4 of the Child Nutrition Act of 1966
14 (42 U.S.C. 1773) in States selected by the Secretary
15 in accordance with paragraph (2).

16 “(2) SELECTION OF STATES.—

17 “(A) IN GENERAL.—A State that elects to
18 participate in the program under this sub-
19 section shall submit to the Secretary an applica-
20 tion at such time, in such manner, and con-
21 taining such information as the Secretary may
22 require.

23 “(B) FIRST YEAR.—For the school year
24 beginning July 1, 2014, the Secretary shall en-
25 roll in the program under this subsection any

1 State that, as of April 10, 2014, has enacted a
 2 law under which, in compliance with this Act
 3 and the Child Nutrition Act of 1966 (42 U.S.C.
 4 1771 et seq.) (as appropriate), school food au-
 5 thorities in the State provide free breakfasts or
 6 lunches in lieu of reduced-price breakfasts or
 7 lunches in schools statewide.

8 “(C) SUBSEQUENT YEARS.—

9 “(i) IN GENERAL.—The Secretary
 10 shall enroll in the program under this sub-
 11 section not more than—

12 “(I) for the school year beginning
 13 July 1, 2015, 5 additional States;

14 “(II) for the school year begin-
 15 ning July 1, 2016, 5 additional
 16 States;

17 “(III) for the school year begin-
 18 ning July 1, 2017, 5 additional
 19 States;

20 “(IV) for the school year begin-
 21 ning July 1, 2018, 5 additional
 22 States; and

23 “(V) for the school year begin-
 24 ning July 1, 2019, 5 additional
 25 States.

1 “(ii) PRIORITY.—In enrolling States,
 2 the Secretary shall give priority to States
 3 that—

4 “(I) have enacted a law described
 5 in subparagraph (B) after April 10,
 6 2014;

7 “(II) have school food authorities
 8 that provide free breakfasts or lunches
 9 in lieu of reduced-price breakfasts or
 10 lunches in schools in the State; or

11 “(III) have high levels of partici-
 12 pation in the free or reduced-price
 13 lunch program, as determined by the
 14 Secretary.

15 “(3) INCOME ELIGIBILITY.—For any State en-
 16 rolled in the program under this subsection, the in-
 17 come guidelines for determining eligibility for free
 18 lunches or breakfasts in the State shall be 185 per-
 19 cent of the applicable family size income levels con-
 20 tained in the nonfarm income poverty guidelines pre-
 21 scribed by the Office of Management and Budget, as
 22 adjusted annually in accordance with section
 23 9(b)(1)(B).

24 “(4) RELATIONSHIP TO UNIVERSAL MEAL
 25 SERVICE IN HIGH POVERTY AREAS.—A school for

1 which a local educational agency has elected to re-
 2 ceive special assistance payments under subsection
 3 (a)(1)(F) may not receive any additional payments
 4 under this subsection.”.

5 **SEC. 102. PERIOD OF EFFECTIVENESS.**

6 The amendments made by section 101 shall be effec-
 7 tive only during the period beginning on the date of enact-
 8 ment of this Act and ending on June 30, 2019.

9 **TITLE II—PERMANENT CHANGE**

10 **SEC. 201. FREE LUNCH ELIGIBILITY.**

11 (a) IN GENERAL.—Section 9(b)(1) of the Richard B.
 12 Russell National School Lunch Act (42 U.S.C.
 13 1758(b)(1)) is amended—

14 (1) by redesignating subparagraph (B) as sub-
 15 paragraph (D);

16 (2) by striking “(b)(1)(A) Not” and inserting
 17 the following:

18 “(b) INCOME ELIGIBILITY GUIDELINES.—

19 “(1) ESTABLISHMENT.—

20 “(A) IN GENERAL.—Not”;

21 (3) in subparagraph (A)—

22 (A) in the first sentence, by striking “and
 23 reduced price”;

24 (B) in the second sentence—

1 (i) by striking “The income guidelines
 2 for determining eligibility for free lunches
 3 shall be 130 percent” and inserting the fol-
 4 lowing:

5 “(B) FREE LUNCHES.—The income guide-
 6 lines for determining eligibility for free lunches
 7 shall be 185 percent”; and

8 (ii) by striking “subparagraph (B)”
 9 and inserting “subparagraph (D)”;
 10 (C) by striking the third sentence; and
 11 (D) in the last sentence, by striking “The
 12 Office” and inserting the following:

13 “(C) FREQUENCY OF REVISIONS.—The Of-
 14 fice”; and

15 (4) in subparagraph (D) (as redesignated by
 16 paragraph (1))—

17 (A) by striking “(D) The” and inserting
 18 the following:

19 “(D) AMOUNT OF REVISIONS.—The”; and

20 (B) by striking “subparagraph (A) of this
 21 paragraph” and inserting “subparagraph (C)”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 9 of the Richard B. Russell Na-
 24 tional School Lunch Act (42 U.S.C. 1758) is amend-
 25 ed—

1 (A) in subsection (b)—

2 (i) by striking “free and reduced
3 price” each place it appears (other than
4 paragraph (7)) and inserting “free”;

5 (ii) by striking “free or reduced price”
6 each place it appears and inserting “free”;

7 (iii) in paragraph (2)(B)(i), by strik-
8 ing “, and shall contain” and all that fol-
9 lows through “or reduced price lunches”;

10 (iv) in paragraph (3)—

11 (I) in subparagraph (E)(iii), by
12 striking “free or reduced-price” each
13 place it appears and inserting “free”;
14 and

15 (II) in subparagraph (F)—

16 (aa) in clause (i), by striking
17 “Subject to clauses (ii) and (iii),”
18 and inserting “Subject to clause
19 (ii),”;

20 (bb) in clause (ii)(II), by
21 striking “133 percent” both
22 places it appears in items (aa)
23 and (bb) and inserting “185 per-
24 cent”;

1 (cc) by striking clause (iii);

2 and

3 (dd) by redesignating

4 clauses (iv) and (v) as clauses

5 (iii) and (iv), respectively;

6 (v) in paragraph (7)—

7 (I) in the paragraph heading, by

8 striking “AND REDUCED PRICE” and

9 inserting “MEALS”;

10 (II) by striking “and reduced

11 price policy” each place it appears

12 and inserting “meals policy”; and

13 (III) in subparagraph (B), by

14 striking “and reduced price meals”

15 and inserting “meals”;

16 (vi) in paragraph (9)—

17 (I) in the paragraph heading, by

18 striking “AND REDUCED PRICE”;

19 (II) by striking subparagraph

20 (B); and

21 (III) by redesignating subpara-

22 graph (C) as subparagraph (B);

23 (vii) in paragraph (10), by striking

24 “or a reduced price lunch”; and

1 (viii) in paragraph (11), in the first
 2 sentence, by striking “or reduced price
 3 lunches”;

4 (B) in subsection (c), in the third sentence,
 5 by striking “or at a reduced cost”;

6 (C) in subsection (d), by striking “or re-
 7 duced price” each place it appears; and

8 (D) in subsection (e), by striking “, re-
 9 duced price,”.

10 (2) Section 11 of the Richard B. Russell Na-
 11 tional School Lunch Act (42 U.S.C. 1759a) is
 12 amended—

13 (A) in subsection (a)—

14 (i) in paragraph (1)—

15 (I) in subparagraph (A)—

16 (aa) by striking “the sum
 17 of”; and

18 (bb) by striking “and the
 19 product obtained by multiplying”
 20 and all that follows through “for
 21 such fiscal year”;

22 (II) in subparagraph (B)—

23 (aa) by striking “or reduced
 24 price lunches” the first place it
 25 appears;

1 (bb) by striking “or reduced
2 price lunches, as the case may
3 be,”; and

4 (cc) by striking “and re-
5 duced price lunches”;

6 (III) in subparagraph (C)—

7 (aa) in clause (ii), by strik-
8 ing “or reduced price lunches or
9 breakfasts” each place it ap-
10 pears; and

11 (bb) in clause (iii), by strik-
12 ing “or reduced price”; and

13 (IV) in subparagraph (D), by
14 striking “and reduced price lunches”
15 each place it appears in clauses (iii)
16 and (iv); and

17 (ii) in paragraph (2), by striking “and
18 the special assistance factor for reduced
19 price” and all that follows through “free
20 lunches”;

21 (B) in subsection (b), in the first sentence,
22 by striking “and reduced price”;

23 (C) in subsection (d), by striking “and the
24 average number of children who received re-

1 duced price lunches” each place it appears
2 paragraphs (1) and (2); and

3 (D) in subsection (e)—

4 (i) in the second sentence, by striking
5 “, and shall serve meals at a reduced
6 price” and all that follows through “such
7 section”; and

8 (ii) in the third sentence, by striking
9 “or reduced priced”.

10 (3) Section 12(l)(4) of the Richard B. Russell
11 National School Lunch Act (42 U.S.C. 1760(l)(4))
12 is amended—

13 (A) in subparagraph (C), by striking “and
14 reduced price”;

15 (B) by striking subparagraph (D);

16 (C) in subparagraph (H), by striking “or
17 reduced price”; and

18 (D) by redesignating subparagraphs (E)
19 through (M) as subparagraphs (D) through
20 (L), respectively.

21 (4) Section 13 of the Richard B. Russell Na-
22 tional School Lunch Act (42 U.S.C. 1761) is amend-
23 ed—

24 (A) in subsection (a)—

1 (i) in paragraph (1)(A)(i), by striking
2 “or reduced price” each place it appears;
3 and

4 (ii) in paragraph (5), by striking “or
5 reduced price”; and

6 (B) in subsection (f)(3), by striking “or re-
7 duced price”.

8 (5) Section 17 of the Richard B. Russell Na-
9 tional School Lunch Act (42 U.S.C. 1766) is amend-
10 ed—

11 (A) in subsection (a)(2)(B)(i), by striking
12 “or reduced price”;

13 (B) in subsection (c)—

14 (i) in paragraph (1), by inserting “(as
15 calculated on the day before the date of en-
16 actment of the Expand School Meals Act
17 of 2014)” after “lunches, reduced price
18 lunches”;

19 (ii) in paragraph (2), by inserting
20 “(as calculated on the day before the date
21 of enactment of the Expand School Meals
22 Act of 2014)” after “breakfasts, reduced
23 price breakfasts”; and

24 (iii) by striking paragraph (4) and in-
25 serting the following:

1 “(4) DETERMINATIONS.—

2 “(A) FREE MEALS.—Determinations with
3 regard to eligibility for free meals and supple-
4 ments shall be made in accordance with the in-
5 come eligibility guidelines for free lunches under
6 section 9.

7 “(B) REDUCED PRICE MEALS.—Deter-
8 minations with regard to eligibility for reduced
9 price meals and supplements shall be made in
10 accordance with the income eligibility guidelines
11 for reduced price lunches under section 9, as in
12 effect on the day before the date of enactment
13 of the Expand School Meals Act of 2014.”;

14 (C) in subsection (f)(3)—

15 (i) by striking “or reduced price” each
16 place it appears; and

17 (ii) in subparagraph (A)(iii)(II)(aa),
18 in the item heading, by striking “OR RE-
19 DUCED PRICE”; and

20 (D) in subsection (r)(1)(B), by striking “or
21 reduced price”.

22 (6) Section 17A(c)(1) of the Richard B. Russell
23 National School Lunch Act (42 U.S.C. 1766a(c)(1))
24 is amended in the matter preceding subparagraph
25 (A) by striking “or reduced price”.

1 (7) Section 18 of the Richard B. Russell Na-
 2 tional School Lunch Act (42 U.S.C. 1769) is amend-
 3 ed by striking subsection (j).

4 (8) Section 19 of the Richard B. Russell Na-
 5 tional School Lunch Act (42 U.S.C. 1769a) is
 6 amended—

7 (A) by striking “or reduced price” each
 8 place it appears; and

9 (B) by striking “and reduced price” each
 10 place it appears.

11 (9) Section 20(b) of the Richard B. Russell Na-
 12 tional School Lunch Act (42 U.S.C. 1769b(b)) is
 13 amended by striking “and reduced price”.

14 (10) Section 21(a)(1)(B) of the Richard B.
 15 Russell National School Lunch Act (42 U.S.C.
 16 1769b–1(a)(1)(B)) is amended—

17 (A) in the matter preceding clause (i), by
 18 striking “or reduced price”; and

19 (B) in clause (iii), by striking “and re-
 20 duced price”.

21 (c) TRANSITION RULES.—The Secretary of Agri-
 22 culture shall carry out the amendments made by para-
 23 graphs (2) and (8) of subsection (b) in accordance with
 24 transition rules established by the Secretary.

1 **SEC. 202. FREE BREAKFAST ELIGIBILITY.**

2 (a) IN GENERAL.—Section 4 of the Child Nutrition
3 Act of 1966 (42 U.S.C. 1773) is amended—

4 (1) in subsection (b)—

5 (A) in paragraph (1)—

6 (i) in subparagraph (A)(i)(II)—

7 (I) by striking “, for reduced
8 price breakfasts,”;

9 (II) by striking “or reduced
10 price”; and

11 (III) by striking “clause (B) of
12 this paragraph” and inserting “sub-
13 paragraph (B)”;

14 (ii) in subparagraph (B)—

15 (I) in the third sentence, by
16 striking “or reduced price”; and

17 (II) by striking the second sen-
18 tence;

19 (iii) by striking subparagraph (C);

20 (iv) by redesignating subparagraphs
21 (D) and (E) as subparagraphs (C) and
22 (D), respectively; and

23 (v) in subparagraph (D) (as so redес-
24 ignated)—

1 (I) in the subparagraph heading,
 2 by striking “AND REDUCED PRICE”
 3 and inserting “MEALS”;

4 (II) by striking “and reduced
 5 price policy” each place it appears
 6 and inserting “meals policy”; and

7 (III) by striking “and reduced
 8 price meals” and inserting “meals”;
 9 and

10 (B) in paragraph (2)—

11 (i) in subparagraph (A), by striking
 12 “or reduced price”; and

13 (ii) by striking subparagraph (C); and

14 (2) in subsections (d)(1)(A) and (e)(1)(A), by
 15 striking “or at a reduced price” each place it ap-
 16 pears.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 7 of the Child Nutrition Act of
 19 1966 (42 U.S.C. 1776) is amended—

20 (A) in subsection (e)(2)(B)(ii), by striking
 21 “or reduced price”;

22 (B) in subsection (g)(2)(B)(i)(I), by strik-
 23 ing “and reduced price”; and

1 (C) in subsection (i), by striking “and re-
 2 duced price” each place it appears in para-
 3 graphs (2)(B)(iii) and (3)(B)(i).

4 (2) Section 17(d)(2)(A)(i) of the Child Nutri-
 5 tion Act of 1966 (42 U.S.C. 1786(d)(2)(A)(i)) is
 6 amended by striking “and reduced price”.

7 (3) Section 20(b) of the Child Nutrition Act of
 8 1966 (42 U.S.C. 1789(b)) is amended by striking
 9 “and reduced-price”.

10 (4) Section 23(d)(2) of the Child Nutrition Act
 11 of 1966 (42 U.S.C. 1793(d)(2)) is amended by strik-
 12 ing “or reduced price”.

13 **SEC. 203. PERIOD OF EFFECTIVENESS.**

14 The amendments made by this title shall be effective
 15 beginning on July 1, 2019.

16 **TITLE III—OFFSET**

17 **SEC. 301. DENIAL OF DEDUCTION FOR PUNITIVE DAMAGES.**

18 (a) DISALLOWANCE OF DEDUCTION.—

19 (1) IN GENERAL.—Section 162(g) of the Inter-
 20 nal Revenue Code of 1986 is amended—

21 (A) by redesignating paragraphs (1) and
 22 (2) as subparagraphs (A) and (B), respectively,

23 (B) by striking “If” and inserting:

24 “(1) TREBLE DAMAGES.—If”, and

1 (C) by adding at the end the following new
2 paragraph:

3 “(2) PUNITIVE DAMAGES.—No deduction shall
4 be allowed under this chapter for any amount paid
5 or incurred for punitive damages in connection with
6 any judgment in, or settlement of, any action. This
7 paragraph shall not apply to punitive damages de-
8 scribed in section 104(c).”.

9 (2) CONFORMING AMENDMENT.—The heading
10 for section 162(g) of such Code is amended by in-
11 serting “OR PUNITIVE DAMAGES” after “LAWS”.

12 (b) INCLUSION IN INCOME OF PUNITIVE DAMAGES
13 PAID BY INSURER OR OTHERWISE.—

14 (1) IN GENERAL.—Part II of subchapter B of
15 chapter 1 of the Internal Revenue Code of 1986 is
16 amended by adding at the end the following new sec-
17 tion:

18 **“SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSUR-**
19 **ANCE OR OTHERWISE.**

20 “Gross income shall include any amount paid to or
21 on behalf of a taxpayer as insurance or otherwise by rea-
22 son of the taxpayer’s liability (or agreement) to pay puni-
23 tive damages.”.

1 (2) REPORTING REQUIREMENTS.—Section 6041
 2 of such Code is amended by adding at the end the
 3 following new subsection:

4 “(h) SECTION TO APPLY TO PUNITIVE DAMAGES
 5 COMPENSATION.—This section shall apply to payments by
 6 a person to or on behalf of any corporation, individual,
 7 partnership, or other entity, as insurance or otherwise, by
 8 reason of such corporation, individual, partnership, or en-
 9 tity’s liability (or agreement) to pay punitive damages.”.

10 (3) CONFORMING AMENDMENT.—The table of
 11 sections for part II of subchapter B of chapter 1 of
 12 such Code is amended by adding at the end the fol-
 13 lowing new item:

“Sec. 91. Punitive damages compensated by insurance or otherwise.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to damages paid or incurred on
 16 or after the date of the enactment of this Act.

○