

Public Law 100-435  
100th Congress

An Act

To amend the Temporary Emergency Food Assistance Act of 1983 to require the Secretary of Agriculture to make available additional types of commodities, to improve child nutrition and food stamp programs, to provide other hunger relief, and for other purposes.

Sept. 19, 1988  
[S. 2560]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Hunger Prevention Act of 1988”.

(b) **TABLE OF CONTENTS.**—The table of contents is as follows:

Sec. 1. Short title; table of contents.

TITLE I—EMERGENCY HUNGER PREVENTION

Subtitle A—Temporary Emergency Food Assistance Program

- Sec. 101. Domestic use as a higher priority than foreign sales.
- Sec. 102. Supplementation of commodities.
- Sec. 103. Extension of TEFAP.
- Sec. 104. Additional commodities program.
- Sec. 105. Distribution costs and regulations.
- Sec. 106. Extension of dairy export incentive program.
- Sec. 107. Extension of export sales of dairy products.

Subtitle B—Soup Kitchens and Other Emergency Food Aid

- Sec. 110. Soup kitchens and food banks.
- Sec. 111. Gleaning technical assistance.

Subtitle C—Basic Food Stamp Benefit Levels

- Sec. 120. Thrifty food plan.

Subtitle D—Commodity Supplemental Food Program

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TITLE II—NUTRITION IMPROVEMENTS

Subtitle A—Food Stamp Act of 1977

- Sec. 201. Categorical eligibility.
- Sec. 202. Reporting requirements and calculation of household income.
- Sec. 203. Benefits for households subject to prorating.
- Sec. 204. Optional food stamp information activities.
- Sec. 205. Extension of homeless amendments.

Subtitle B—Child Nutrition Act of 1966, and National School Lunch Act

- Sec. 210. Improvement of school breakfast program.
- Sec. 211. Addition of one snack or one meal to the Child Care Food Program.
- Sec. 212. Access of homeless women, infants, and children to the special supplemental food program.
- Sec. 213. Summer feeding program.
- Sec. 214. Department of Defense child care feeding program.

Subtitle C—Food Processing and Distribution

- Sec. 220. Encouragement of food processing and distribution by eligible recipient agencies.

Hunger  
Prevention Act  
of 1988.  
Disadvantaged  
persons.  
State and local  
governments.  
7 USC 2011 note.

**TITLE III—ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION**

Sec. 301. References to the Food Stamp Act of 1977.

**Subtitle A—Reducing Unnecessary Paperwork**

Sec. 310. Simplified application forms.

Sec. 311. Statement of required verification.

**Subtitle B—Assuring Accurate Issuance of Benefits**

Sec. 320. Correcting improper denials and underissuances.

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**Subtitle C—Reducing Barriers in Rural America**

Sec. 330. Transportation difficulties in rural areas.

**Subtitle D—Eliminating Inequities for Farmers and Others**

Sec. 340. Continuation of food stamps to participants in cash-outs of other benefit programs.

Sec. 341. Annualizing self-employment income and expenses from farming.

Sec. 342. Households in transition.

Sec. 343. Technical correction to exclusion of energy assistance from food stamp income.

Sec. 344. Civil money penalties and disqualification of retail food stores and wholesale food concerns.

**Subtitle E—Reducing Barriers for the Elderly and Disabled**

Sec. 350. Disabled persons receiving benefits under standards at least as stringent as those in the Social Security Act.

Sec. 351. Simplified procedure for claiming excess medical deduction.

Sec. 352. Coordinated application.

**TITLE IV—FAMILY SELF-SUFFICIENCY**

Sec. 401. References to the Food Stamp Act of 1977.

Sec. 402. Exclusion for advance payment of earned income credit.

Sec. 403. Deduction for dependent care.

Sec. 404. Employment and training.

**TITLE V—DEMONSTRATION PROJECTS**

Sec. 501. Farmers' market coupons demonstration project.

Sec. 502. Food bank demonstration project.

Sec. 503. Family or group day care home demonstration project.

Sec. 504. Demonstration projects for development and use of intelligent computer benefit cards to pay food stamp benefits.

Sec. 505. Study of the effectiveness of the food stamp employment and training program.

**TITLE VI—IMPROVING PAYMENT ACCURACY**

Sec. 601. Review of State program investment when settling claims.

Sec. 602. Interest on claims against State agencies.

Sec. 603. Administrative and judicial review.

Sec. 604. Payment accuracy improvement system.

**TITLE VII—IMPLEMENTATION**

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## TITLE I—EMERGENCY HUNGER PREVENTION

### Subtitle A—Temporary Emergency Food Assistance Program

#### SEC. 101. DOMESTIC USE AS A HIGHER PRIORITY THAN FOREIGN SALES.

Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any other provision of law, the programs authorized by sections 153 and 1163 of the Food Security Act of 1985 (15 U.S.C. 713a-14 and 7 U.S.C. 1731 note) shall not be operated in a manner that will, in any way, reduce the quantities of dairy products that traditionally are made available to carry out this Act or any other domestic feeding program.”.

Dairy products.

#### SEC. 102. SUPPLEMENTATION OF COMMODITIES.

The Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding after section 203C the following new section:

#### “SEC. 203D. STATE AND LOCAL SUPPLEMENTATION OF COMMODITIES.

“(a) AUTHORIZATION.—The Secretary shall establish procedures under which State and local agencies, charitable institutions, or any other persons may supplement the commodities distributed under the program authorized by this Act for use by emergency feeding organizations with nutritious and wholesome commodities that such entities or persons donate to State agencies and emergency feeding organizations for distribution, in all or part of the State, in addition to the commodities otherwise made available under this Act.

“(b) USE OF FUNDS AND FACILITIES.—States and emergency feeding organizations may use the funds appropriated under this Act and equipment, structures, vehicles, and all other facilities involved in the storage, handling, or distribution of commodities made available under this Act, and the personnel, both paid or volunteer, involved in such storage, handling, or distribution, to store, handle or distribute commodities donated for the use of emergency feeding organizations under subsection (a).

“(c) VOLUNTEER WORKERS.—State and emergency feeding organizations shall continue, to the maximum extent practicable, to use volunteer workers and commodities and other foodstuffs donated by charitable and other organizations in the operation of the program authorized by this section.”.

#### SEC. 103. EXTENSION OF TEFAP.

(a) AUTHORIZATION.—The first sentence of section 204(c)(1) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out “through September 30, 1988” and inserting in lieu thereof “through September 30, 1990”.

(b) LOCAL SUPPORT.—The first sentence of section 204(c)(2) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out “20” and inserting in lieu thereof “40”.

(c) **STORAGE AND PREPARATION.**—The second sentence of section 204(c)(2) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting after “documentation;” the following: “costs of providing information to persons receiving commodities under this Act concerning the appropriate storage and preparation of such commodities;”.

(d) **NOTICE OF AVAILABILITY OF COMMODITIES.**—Section 210(c) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out “the fiscal year ending September 30, 1988” and inserting “each of the fiscal years 1989 and 1990”.

(e) **PROGRAM DATES.**—Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out “1988” and inserting in lieu thereof “1990”.

#### SEC. 104. ADDITIONAL COMMODITIES PROGRAM.

The Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new sections:

##### “SEC. 213. INCORPORATION OF ADDITIONAL COMMODITIES.

“(a) **IN GENERAL.**—The Secretary shall administer the program authorized under this Act in a manner that incorporates into the program additional commodities purchased by the Secretary under section 214 to be distributed to States for use in such States by emergency feeding organizations, as defined in section 201A(1). Such additional commodities, to the extent practicable and appropriate, shall include commodities purchased within a given State for distribution within such State.

“(b) **SUPPLEMENT COMMODITIES AVAILABLE.**—The Secretary shall supplement the commodities made available to emergency feeding organizations under sections 202 and 203D(a) with nutritious and useful commodities purchased by the Secretary under section 214.

##### “SEC. 214. REQUIRED PURCHASES OF COMMODITIES.

“(a) **PURPOSE.**—It is the purpose of this section to establish a formula so that the amount, measured by their value, of additional commodities that are to be allocated to each State can be precisely calculated for fiscal years 1989 and 1990. The share of commodities, as measured by their value, to be allocated to each State shall be based 60 percent on the number of persons in households within the State having incomes below the poverty level and 40 percent on the number of unemployed persons within the State.

“(b) **DEFINITIONS.**—As used in this section—

“(1) **ADDITIONAL COMMODITIES.**—The term ‘additional commodities’ means commodities purchased under this section in addition to the commodities otherwise made available under sections 202 and 203D(a).

“(2) **AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.**—The term ‘average monthly number of unemployed persons’ refers to the average monthly number of unemployed persons within each State in the most recent fiscal year for which such information is available as determined by the Bureau of Labor Statistics of the Department of Labor.

“(3) **POVERTY LINE.**—The term ‘poverty line’ has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

“(4) **TOTAL VALUE OF ADDITIONAL COMMODITIES.**—The term ‘total value of additional commodities’ means the actual cost (including the distribution and processing costs incurred by the Secretary), as paid by the Secretary, for all additional commodities purchased under subsection (e).

“(5) **VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.**—The term ‘value of additional commodities allocated to each State’ means the actual cost for additional commodities (including the distribution and processing costs incurred by the Secretary) as paid by the Secretary under this section and allocated to such State.

“(c) **PURCHASE OF COMMODITIES.**—The Secretary shall purchase a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled “An Act to amend the Agricultural Adjustment Act, and for other purposes”, approved August 24, 1935 (7 U.S.C. 612c note), to supplement the commodities otherwise provided under the program authorized by this Act.

“(d) **TYPES AND VARIETIES.**—The Secretary shall, to the extent practicable and appropriate, purchase types and varieties of commodities—

“(1) with high nutrient density per calorie;

“(2) that are easily and safely stored;

“(3) that are convenient to use and consume;

“(4) that are desired by recipient agencies; and

“(5) that meet the requirement imposed by section 203C(a).

“(e) **AMOUNTS.**—During each of the fiscal years 1989 and 1990, the Secretary shall spend \$120,000,000 to purchase, process, and distribute additional commodities under this section.

“(f) **MANDATORY ALLOTMENTS.**—In each fiscal year, the Secretary shall allot—

“(1) 60 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities allocated to each State bears the same ratio to 60 percent of the total value of additional commodities as the number of persons in households within the State having incomes below the poverty line bears to the total number of persons in households within all States having incomes below such poverty line, and each State shall be entitled to receive such value of additional commodities; and

“(2) 40 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities allocated to each State bears the same ratio to 40 percent of the total value of additional commodities as the average monthly number of unemployed persons within the State bears to the average monthly number of unemployed persons within all States during the same fiscal year, and each State shall be entitled to receive such value of additional commodities.

“(g) **REALLOCATION.**—The Secretary shall notify each State of the amount of the additional commodities that such State is allotted to receive under subsection (f) or subsection (j) if applicable, and each State shall promptly notify the Secretary if such State determines that it will not accept any or all of the commodities made available under such allocation. On such a notification by a State, the Secretary shall reallocate and distribute the amount the State was

Disaster  
assistance.

allocated to receive under the formula prescribed in subsection (f) but declined to accept. The Secretary shall further establish procedures to permit States to decline to receive portions of such allocation during each fiscal year as the State determines is appropriate and the Secretary shall reallocate and distribute such allocation. In the event of any drought, flood, hurricane, or other natural disaster affecting substantial numbers of persons in a State, county or parish, the Secretary may request that States unaffected by such a disaster consider assisting affected States by allowing the Secretary to reallocate commodities to which each such unaffected State is entitled to States containing areas adversely affected by the disaster.

“(h) ADMINISTRATION.—Subject to subsections (e) and (f), or subsection (j) if applicable, purchases under this section shall be made by the Secretary at such times and under such conditions as the Secretary determines appropriate within each fiscal year. All such commodities purchased for each such fiscal year shall be delivered at reasonable intervals to States based on the allotments calculated under subsection (f), or reallocated under subsection (g), or calculated under subsection (j) if applicable, before the end of such fiscal year. Each State shall be entitled to receive that value of additional commodities that results from the application of the formula set forth in this section to the total value of additional commodities.

“(i) MAINTENANCE OF EFFORT.—If a State uses its own funds to provide commodities or services to organizations receiving funds or services under this section, such State shall not diminish the level of support it provides to such organizations or reduce the amount of funds available for other nutrition programs in the State in each fiscal year.

“(j) NEW FORMULA.—Notwithstanding the provisions of this section that set forth the specific formula for allocating additional commodities to each State, the Secretary is authorized to promulgate a different precise formula, after prior notice and comment as required by section 553 of title 5, United States Code, only to the extent that—

“(1) any such formula is effective at the outset of, and throughout any given fiscal year;

“(2) any such formula can be used to precisely calculate the amount of commodities to be made available to each State by the Secretary for each fiscal year; and

“(3) such formula provides that each State is entitled to receive that value of additional commodities which results from the application of such formula to the total value of additional commodities.

“(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.”

#### SEC. 105. DISTRIBUTION COSTS AND REGULATIONS.

(a) DISTRIBUTION COSTS.—Section 204(c)(1) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new sentence: “States may also use funds provided under this paragraph to pay for the costs associated with the distribution of commodities under the program authorized under section 110 of the Hunger Prevention Act of 1988,



and to pay for the costs associated with the distribution of additional commodities provided pursuant to section 214.”

(b) **REGULATIONS.**—Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsection:

“(e) The Secretary is authorized to issue final regulations without first issuing proposed regulations (except as otherwise provided for in section 214(j)) for public comment in order to carry out the provisions of sections 213 and 214. If final regulations are issued without such prior public comment the Secretary shall permit public comment on such regulations, consider pertinent comments, and make modifications of such regulations as appropriate not later than 1 year after the date of enactment of this subsection. Such final and modified regulations shall be accompanied by a statement of the basis and purpose for such regulations.”

(c) **STATE OPTIONAL PRIORITY.**—Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of this Act, in the distribution of commodities under this Act, each State agency shall have the option to give priority to existing food bank networks and other organizations whose ongoing primary function is to facilitate the distribution of food to low-income households, including food from sources other than the Department of Agriculture.”

#### SEC. 106. EXTENSION OF DAIRY EXPORT INCENTIVE PROGRAM.

Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a-14(a)) is amended by striking out “1989” and inserting in lieu thereof “1990”.

#### SEC. 107. EXTENSION OF EXPORT SALES OF DAIRY PRODUCTS.

Section 1163 of the Food Security Act of 1985 (7 U.S.C. 1731 note) is amended—

(1) in subsection (a), by striking out “fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988” and inserting in lieu thereof “fiscal years 1986 through 1990”; and

(2) in subsection (c), by striking out “1988” and inserting in lieu thereof “1990”.

## Subtitle B—Soup Kitchens and Other Emergency Food Aid

#### SEC. 110 SOUP KITCHENS AND FOODS BANKS.

7 USC 612c note.

(a) **PURPOSE.**—It is the purpose of this section to establish a formula so that the amount, measured by their value, of additional commodities that are to be provided to each State for redistribution to soup kitchens and food banks can be precisely calculated for fiscal years 1989 through 1991. The share of commodities, as measured by their value, to be provided to each State shall be based 60 percent on the number of persons in households within the State having incomes below the poverty level and 40 percent on the number of unemployed persons within the State.

(b) **DEFINITIONS.**—As used in this section—

(1) **ADDITIONAL COMMODITIES.**—The term “additional commodities” means commodities purchased under this section in addition to the commodities otherwise made available to soup kitchens and food banks providing nutrition assistance to relieve situations of emergency and distress.

(2) **AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.**—The term “average monthly number of unemployed persons” refers to the average monthly number of unemployed persons within each State in the most recent fiscal year for which such information is available as determined by the Bureau of Labor Statistics of the Department of Labor.

(3) **FOOD BANKS.**—The term “food bank” refers to public and charitable institutions that maintain an established operation involving the provision of food or edible commodities, or the products thereof, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities.

(4) **POVERTY LINE.**—The term “poverty line” has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

(5) **SECRETARY.**—The term “Secretary” means the Secretary of Agriculture.

(6) **SOUP KITCHENS.**—The term “soup kitchens” refers to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their normal activities.

(7) **TOTAL VALUE OF ADDITIONAL COMMODITIES.**—The term “total value of additional commodities” means the actual cost (including the processing and distribution costs of the Secretary), as paid by the Secretary, for all additional commodities purchased under subsection (c).

(8) **VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO A STATE.**—The term “value of additional commodities allocated to a State” means the actual cost for additional commodities (including the processing and distribution costs of the Secretary) as paid by the Secretary for commodities purchased under this section and allocated to such State.

(c) **AMOUNTS.**—During each of the fiscal years 1989 and 1990, the Secretary shall spend \$40,000,000, and in fiscal year 1991, the Secretary shall spend \$32,000,000, to purchase, process, and distribute additional commodities to States for distribution to soup kitchens and food banks within a given State that provide nutrition assistance to relieve situations of emergency and distress through the provision of food and meals to needy persons.

(d) **MANDATORY ALLOTMENTS.**—In each fiscal year, the Secretary shall allot—

(1) 60 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities allocated to each State bears the same ratio to 60 percent of the total value of additional commodities as the number of persons in households within the State having incomes below the poverty line bears to the total number of persons in households within all States having incomes below such poverty line, and each State shall be entitled to receive such value of additional commodities; and



(2) 40 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities allocated to each State bears the same ratio to 40 percent of the total value of additional commodities as the average monthly number of unemployed persons within the State bears to the average monthly number of unemployed persons within all States during the same fiscal year, and each State shall be entitled to receive such value of additional commodities.

(e) ALLOCATION AND REALLOCATION.—

(1) NOTIFICATION BY SECRETARY.—The Secretary shall notify each State of the amount of the allocation that the State is entitled to receive under subsection (d).

(2) NOTIFICATION BY STATE.—

(A) ACCEPTANCE AMOUNT.—A State shall promptly notify the Secretary of the amount of commodities that will be accepted by soup kitchens or food banks. In determining such amount, the State shall give priority to institutions that provide meals to homeless individuals.

Homeless  
persons.

(B) LESS THAN FULL AMOUNT ACCEPTED.—A State shall promptly notify the Secretary if the State determines that it will not accept the full amount of the allocation under subsection (d) (or a portion thereof).

(3) REALLOCATION.—Whenever the Secretary receives a notification under paragraph (2)(B), the Secretary shall reallocate and distribute the amount of such allocation (or any portion thereof) not accepted, in a fair and equitable manner among the States that accept the full amount of their respective allocations under subsection (d) and that have requested receipt of additional allocations.

(f) ADMINISTRATION.—Subject to subsection (c), purchases under this section shall be made by the Secretary at such times and under such conditions as the Secretary determines to be appropriate within each fiscal year. All commodities purchased under subsection (c) within each fiscal year shall be provided to States prior to the end of each such fiscal year.

(g) MAINTENANCE OF EFFORT.—If a State uses its own funds to provide commodities or services under this section, such State funds shall not be obtained from existing Federal or State programs.

(h) INCREASED COMMODITY LEVELS AND MAINTENANCE OF EFFORT.—

(1) INCREASED COMMODITY LEVELS.—Commodities provided under the amendments made by section 104 and under this section shall be in addition to the commodities otherwise provided (through commodity donations traditionally provided by the Secretary or the Commodity Credit Corporation) to emergency feeding organizations. The value of the commodity donations traditionally provided to such organizations shall not be diminished as a result of the purchases required by the amendments made by section 104 and this section.

(2) FEDERAL MAINTENANCE.—The purchase of commodities required under the amendments made by section 104 and under this section, shall not be made in such a manner as to cause any reduction in the value of the bonus commodities that would otherwise be distributed, in the absence of section 104 and this section, to charitable institutions, or to any other domestic food assistance program, such as the programs authorized under the National School Lunch Act, the Child Nutrition Act of 1966, the

Food Stamp Act of 1977, or sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973.

(3) **OTHER MAINTENANCE.**—Local agencies receiving commodities purchased under this section shall provide an assurance to the State that donations of foodstuffs from other sources shall not be diminished as a result of the receipt of commodities under this section.

(i) **NEW FORMULA.**—Notwithstanding the provisions of this section that set forth the specific formula for allocating additional commodities to each State, the Secretary is authorized to establish a different precise formula, after prior notice and comment as required by section 553 of title 5, United States Code, only to the extent that—

(1) any such formula is effective at the outset of, and throughout any given fiscal year;

(2) any such formula can be used to precisely calculate the amount of commodities to be made available to each State by the Secretary for each fiscal year; and

(3) such formula provides that each State is entitled to receive that value of additional commodities which results from the application of such formula to the total value of additional commodities.

(j) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary to carry out this section.

7 USC 612c note. **SEC. 111. GLEANING TECHNICAL ASSISTANCE.**

(a) **GLEANING DEFINED.**—As used in this section, the term “gleaning” means—

(1) obtaining harvested or unharvested agricultural products from farmers, processors, or retailers; or

(2) obtaining food or meals donated by public or private entities (where State and local health and food safety regulations permit such donations);

in order to facilitate the distribution of such products or such food or meals to needy individuals, but only if such products or such food or meals, and the access to such, are obtained with the permission of the owner and without charge therefor.

(b) **DUTIES.**—The Secretary of Agriculture shall provide technical assistance to State and local agencies to—

(1) assist such agencies in encouraging public and private nonprofit organizations to initiate and carry out gleaning activities and in providing technical assistance to organizations and individuals involved in gleaning; and

(2) assist such agencies in collecting information on the kinds, amounts, and geographical location of agricultural products and food or meals available for gleaning.

Voluntarism.

(c) **ADMINISTRATION.**—The Secretary of Agriculture may use Department of Agriculture employees and volunteers, as may be necessary, to carry out this section.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—To carry out this section, there are authorized to be appropriated \$500,000 for each of fiscal years 1989 and 1990.

## Subtitle C—Basic Food Stamp Benefit Levels

### SEC. 120. THRIFTY FOOD PLAN.

Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) in clause (7), by striking out “and” at the end thereof;

(2) in clause (8), by inserting “through October 1, 1987” after “thereafter”; and

(3) by striking out the colon and all that follows through the period at the end thereof and inserting in lieu thereof the following: “, (9) on October 1, 1988, adjust the cost of such diet to reflect 100.65 percent of the cost of the thrifty food plan in the preceding June, and round the result to the nearest lower dollar increment for each household size, (10) on October 1, 1989, adjust the cost of such diet to reflect 102.05 percent of the cost, in the preceding June (without regard to the adjustment made under clause (9)), of the then most recent thrifty food plan as determined by the Secretary or the cost of the thrifty food plan in effect on the date of enactment of the Hunger Prevention Act of 1988, whichever is greater, and round the result to the nearest lower dollar increment for each household size, and (11) on October 1, 1990, and each October 1 thereafter, adjust the cost of such diet to reflect 103 percent of the cost, in the preceding June (without regard to any previous adjustment made under clause (9), (10), or this clause), of the then most recent thrifty food plan as determined by the Secretary or the cost of the thrifty food plan in effect on the date of enactment of the Hunger Prevention Act of 1988, whichever is greater, and round the result to the nearest lower dollar increment for each household size.”.

## Subtitle D—Commodity Supplemental Food Program

### SEC. 130. CONTINUATION OF PROVISION OF CHEESE SUPPLIES.

7 USC 612c note.

Notwithstanding any other provision of law, the Commodity Credit Corporation shall, to the extent that the Commodity Credit Corporation's inventory levels permit, provide 7,000,000 pounds of cheese in each of the fiscal years 1989 and 1990 to the Secretary of Agriculture and the Secretary shall provide such amounts of cheese to the Commodity Supplemental Food Program authorized under section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) before the end of each fiscal year.

## TITLE II—NUTRITION IMPROVEMENTS

### Subtitle A—Food Stamp Act of 1977

#### SEC. 201. CATEGORICAL ELIGIBILITY.

The second sentence of section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended—

(1) by striking out “during the period”; and

(2) by striking out “and ending on September 30, 1989”.

**SEC. 202. REPORTING REQUIREMENTS AND CALCULATION OF HOUSEHOLD INCOME.**

(a) **CALCULATION OF HOUSEHOLD INCOME.**—Section 5(f) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)) is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

“(2)(A) Households not required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).

“(B) Households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B), except that in the case of the first month, or at the option of the State the first and second months, in a continuous period in which a household is certified, the State agency shall determine the amount of benefits on the basis of the household’s income and other relevant circumstances in such first or second month.”.

(b) **OPTIONAL MONTHLY REPORTING.**—Section 6(c) of such Act (7 U.S.C. 2015(c)) is amended by striking out paragraph (1) and inserting in lieu thereof the following new paragraph:

“(1)(A) A State agency may require certain categories of households to file periodic reports of income and household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may not require periodic reporting by—

“(i) migrant or seasonal farmworker households;

“(ii) households in which all members are homeless individuals; or

“(iii) households that have no earned income and in which all adult members are elderly or disabled.

“(B) Each household that is not required to file such periodic reports on a monthly basis shall be required to report or cause to be reported to the State agency changes in income or household circumstances that the Secretary considers necessary to assure accurate eligibility and benefit determinations.”.

(c) **MONTHLY NOTICE.**—Section 6(c)(2) of such Act (7 U.S.C. 2015(c)(2)) is amended—

(1) by striking out “and (D)” and inserting “(D)”; and

(2) by inserting before the period the following: “, and (E) be provided each month (or other applicable period) with an appropriate, simple form for making the required reports of the household together with clear instructions explaining how to complete the form and the rights and responsibilities of the household under any periodic reporting system”.

**SEC. 203. BENEFITS FOR HOUSEHOLDS SUBJECT TO PRORATING.**

(a) **IN GENERAL.**—Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(1) by designating the first and second sentences as paragraphs (1) and (2), respectively;

(2) in paragraph (2) (as so redesignated), by redesignating clauses (1), (2), and (3) as subparagraphs (A), (B), and (C) respectively; and

Homeless  
persons.

Aged persons.  
Handicapped  
persons.

Reports.

(3) by adding at the end thereof the following new paragraph:  
“(3) An eligible household applying after the 15th day of the month shall receive, in lieu of its initial allotment and its regular allotment for the following month, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with paragraphs (3) and (9) of section 11(e).”

(b) CONFORMING AMENDMENT.—Section 7(h) is amended—

7 USC 2016.

- (1) by striking out “(1)”; and
- (2) by repealing paragraph (2).

#### SEC. 204. OPTIONAL FOOD STAMP INFORMATION ACTIVITIES.

(a) OPTIONAL INFORMATION ACTIVITIES.—Subparagraph (A) of section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)(A)) is amended to read as follows: “(A) at the option of the State agency, inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the food stamp program; and”.

(b) ADMINISTRATIVE COSTS.—Section 16(a)(4) of such Act (7 U.S.C. 2025(a)(4)) is amended by striking out “permitted” and inserting in lieu thereof “, including those undertaken”.

#### SEC. 205. EXTENSION OF HOMELESS AMENDMENTS.

Section 11002(f)(3) of the Homeless Eligibility Clarification Act (7 U.S.C. 2012 note) is amended by inserting “, except those amendments made by subsection (b),” after “this section”.

## Subtitle B—Child Nutrition Act of 1966, and National School Lunch Act

#### SEC. 210. IMPROVEMENT OF SCHOOL BREAKFAST PROGRAM.

The first sentence of section 4(b)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(3)) is amended by striking out “3 cents” and inserting in lieu thereof “6 cents”.

#### SEC. 211. ADDITION OF ONE SNACK OR ONE MEAL TO THE CHILD CARE FOOD PROGRAM.

Section 17(f)(2)(B) of the National School Lunch Act (42 U.S.C. 1766(f)(2)(B)) is amended by inserting before the period the following: “, or in the case of an institution (but not in the case of a family or group day care home sponsoring organization), two meals and two supplements or three meals and one supplement per day per child, for children that are maintained in a child care setting for eight or more hours per day.”.

#### SEC. 212. ACCESS OF HOMELESS WOMEN, INFANTS, AND CHILDREN TO THE SPECIAL SUPPLEMENTAL FOOD PROGRAM.

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended by adding at the end thereof the following new paragraph:

“(15) ‘Homeless individual’ means—

“(A) an individual who lacks a fixed and regular nighttime residence; or

“(B) an individual whose primary nighttime residence is—

“(i) a supervised publicly or privately operated shelter (including a welfare hotel or congregate shelter) designed to provide temporary living accommodations;

“(ii) an institution that provides a temporary residence for individuals intended to be institutionalized;

“(iii) a temporary accommodation in the residence of another individual; or

“(iv) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.”.

(b) **GENERAL AUTHORITY.**—The last sentence of section 17(c)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)(1)) is amended to read as follows: “The program shall be supplementary to—

“(A) the food stamp program;

“(B) any program under which foods are distributed to needy families in lieu of food stamps; and

“(C) receipt of food or meals from soup kitchens, or shelters, or other forms of emergency food assistance.”.

Homeless  
persons.

(c) **STATE ADMINISTRATION.**—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended—

(1) in paragraph (1)(C)(iv), by striking out “migrants” and inserting in lieu thereof “migrants, homeless individuals,”;

(2) in paragraph (8)(A), by inserting “organizations and agencies serving homeless individuals and shelters for victims of domestic violence,” after “Indian tribal organizations,”;

(3) in paragraph (13), by striking out “cultural eating patterns,” and inserting in lieu thereof the following: “cultural eating patterns, and, in the case of homeless individuals, the special needs and problems of such individuals.”; and

(4) by adding at the end thereof the following new paragraph: “(17) The State agency may adopt methods of delivering benefits to accommodate the special needs and problems of homeless individuals.”.

#### SEC. 213. SUMMER FEEDING PROGRAM.

Schools and  
colleges.

(a) **ELIGIBLE SERVICE INSTITUTIONS.**—Section 13(a)(1) of the National School Lunch Act (42 U.S.C. 1761(a)(1)) is amended in subparagraph (B), by inserting “, public or private nonprofit higher education institutions participating in the National Youth Sports Program,” after “county governments”.

(b) **ELIGIBLE PRIVATE NONPROFIT ORGANIZATIONS.**—Section 13(a) of the Act is amended by adding at the end thereof the following new paragraph:

“(7)(A) Not later than May 1, 1989, the Secretary shall institute Statewide demonstration projects in five States in which private nonprofit organizations, as defined in subparagraph (B) (other than organizations already eligible under section 13(a)(1)), shall be eligible for the program under the same terms and conditions as other service institutions.

“(B) As used in this paragraph, the term ‘private nonprofit organizations’ means those organizations that—

“(i) serve no more than 2,500 children per day and operate at not more than 5 sites;

“(ii) use self-preparation facilities to prepare meals, or obtain meals from a public facility (such as a school district, public hospital, or State university);



“(iii) operate in areas where a school food authority or the local, municipal, or county government has not indicated by March 1 of any year that such authority or unit of local government will operate a program under this section in such year;

“(iv) exercise full control and authority over the operation of the program at all sites under their sponsorship;

“(v) provide ongoing year-around activities for children;

“(vi) demonstrate that such organizations have adequate management and the fiscal capacity to operate a program under this section; and

“(vii) meet applicable State and local health, safety, and sanitation standards.”. Safety.

#### SEC. 214. DEPARTMENT OF DEFENSE CHILD CARE FEEDING PROGRAM.

Section 17(h) of the National School Lunch Act (42 U.S.C. 1766(h)) is amended—

(1) by inserting “(1)” after the subsection designation; and

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

“(2) The Secretary is authorized to provide agricultural commodities obtained by the Secretary under the provisions of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) and donated under the provisions of section 416 of such Act, to the Department of Defense for use by its institutions providing child care services, when such commodities are in excess of the quantities needed to meet the needs of all other child nutrition programs, domestic and foreign food assistance and export enhancement programs. The Secretary shall require reimbursement from the Department of Defense for the costs, or some portion thereof, of delivering such commodities to overseas locations, unless the Secretary determines that it is in the best interest of the program that the Department of Agriculture shall assume such costs.”.

## Subtitle C—Food Processing and Distribution

#### SEC. 220. ENCOURAGEMENT OF FOOD PROCESSING AND DISTRIBUTION BY ELIGIBLE RECIPIENT AGENCIES.

7 USC 612c note.

##### (a) SOLICITATION OF APPLICATIONS.—

(1) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture shall, to the extent that the Commodity Credit Corporation's inventory levels permit, solicit applications, in accordance with paragraph (2), for surplus commodities available for distribution under section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note).

(2) REQUIREMENTS.—The solicitation by the Secretary of Agriculture under paragraph (1) shall be in the form of a request that any eligible recipient agency (as defined in section 201A of the Temporary Emergency Food Assistance Act of 1983) submit an application to the Secretary that shall include an assurance that such agency will—

(A) process any agricultural commodity received in response to such application into end-use products suitable for distribution through the Temporary Emergency Food Assistance Program;

(B) package such products for use by individual households; and

(C) distribute such products to State agencies responsible for the administration of the Temporary Emergency Food Assistance Program, at no cost to the State agency, for distribution through the Temporary Emergency Food Assistance Program.

(3) **PROHIBITION ON PAYMENT OF PROCESSING COSTS.**—Funds made available under section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) or funds of the Commodity Credit Corporation shall not be used to pay any costs incurred for the processing, storage, transportation or distribution of the commodities or end-use products prior to their delivery to the State agency.

(b) **REVIEW OF APPLICATIONS.**—

(1) **TIME OF REVIEW.**—Not later than 60 days after the Secretary of Agriculture receives an application solicited under subsection (a), the Secretary shall approve or disapprove such application.

(2) **NOTICE OF DISAPPROVAL.**—If the Secretary disapproves the application submitted under subsection (a), the Secretary shall inform the applicant of the reasons for such disapproval.

## **TITLE III—ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION**

### **SEC. 301. REFERENCES TO THE FOOD STAMP ACT OF 1977.**

Except as otherwise specifically provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

### **Subtitle A—Reducing Unnecessary Paperwork**

#### **SEC. 310. SIMPLIFIED APPLICATION FORMS.**

Section 11(e)(2) (7 U.S.C. 2020(e)(2)), is amended by inserting after “exigencies as determined by the Secretary” the following: “, and in approving such deviation, the Secretary takes into account whether such State forms are easy to use, brief and readable. In consultation with the Secretary of Health and Human Services, the Secretary shall develop a program to provide assistance to States that request assistance in the development of brief, simply-written and readable application forms including application forms that cover the food stamp program, the aid to families with dependent children program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), and medical assistance programs administered by the Secretary of Health and Human Services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.). Each food stamp application form shall contain, in plain and prominent language on its front cover, a place where applicants can write their names, addresses, and signatures, and instructions in understandable terms informing households of their right to file the application without immediately completing additional sections, describing the expe-

Health and  
medical care.

dated processing requirements of section 11(e)(9) and informing households that benefits are provided only from the date of application”.

**SEC. 311. STATEMENT OF REQUIRED VERIFICATION.**

Section 11(e)(3) (7 U.S.C. 2020(e)(3)) is amended by inserting before the semicolon at the end thereof the following: “, and that the State agency shall—

“(A) provide each applicant household, at the time of application, a clear written statement explaining what acts the household must perform to cooperate in obtaining verification and otherwise completing the application process;

“(B) assist each applicant household in obtaining appropriate verification and completing the application process;

“(C) not require any household to submit additional proof of a matter on which the State agency already has current verification as determined under regulations issued by the Secretary, unless the State agency has reason to believe that the information possessed by the agency is inaccurate, incomplete, or inconsistent;

“(D) subject to subparagraph (E), not deny any application for participation under this program solely because of the failure of a person outside the household to cooperate (other than an individual failing to cooperate who would otherwise be a household member but for the operation of any of the individual disqualification provisions of subsections (b), (d), (e), (f), and (g) of section 6; and

“(E) process applications if a household complies with the requirements of the first sentence of section 6(c), by taking appropriate steps to verify information otherwise required to be verified under this Act”.

## **Subtitle B—Assuring Accurate Issuance of Benefits**

**SEC. 320. CORRECTING IMPROPER DENIALS AND UNDERISSUANCES.**

Section 11 (7 U.S.C. 2020) is amended by adding at the end thereof the following new subsection:

“(p) When a State agency learns, through its own reviews under section 16 or other reviews, or through other sources, that it has improperly denied, terminated, or underissued benefits to an eligible household, the State agency shall promptly restore any improperly denied benefits to the extent required by sections 11(e)(11) and 14(b), and shall take other steps to prevent a recurrence of such errors where such error was caused by the application of State agency practices, rules or procedures inconsistent with the requirements of this Act or with regulations or policies of the Secretary issued under the authority of this Act.”.

**SEC. 321. SPECIAL TRAINING OF STATE PERSONNEL INVOLVED IN CERTIFYING FARM HOUSEHOLDS.**

(a) **TRAINING.**—Section 11(e)(6) (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking out “and (C)” at the end of subparagraph (B) and inserting in lieu thereof “(C)”; and

(2) by inserting at the end thereof the following: “(D) the State agency, at its option, may undertake intensive training to ensure that State agency personnel who undertake the certification of households that include a member who engages in farming are qualified to perform such certification.”.

(b) **TRAINING MATERIALS.**—Section 16 (7 U.S.C. 2025) is amended by adding at the end thereof the following new subsection:

“(k) Not later than 180 days after the date of the enactment of the Hunger Prevention Act of 1988, and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to State agency personnel who undertake the certification of households that include a member who engages in farming.”.

(c) **TECHNICAL CORRECTIONS.**—Section 16 (7 U.S.C. 2025) is amended by redesignating subsection (h), as added by section 121(b)(5) of the Immigration Reform and Control Act of 1986, as subsection (j).

#### **SEC. 322. TRAINING OF CERTIFICATION WORKERS AND COMMUNITY RESOURCES.**

(a) **TRAINING CERTIFICATION WORKERS.**—Section 11(e)(6)(C) (7 U.S.C. 2020(e)(6)(C)) is amended—

(1) by striking out “undertake to”; and

(2) by inserting “so that eligible households are promptly and accurately certified to receive the allotments for which they are eligible under this Act” after “such certification”.

Contracts.  
Voluntarism.

(b) **COMMUNITY RESOURCES.**—Section 11(e)(6) (7 U.S.C. 2020(e)(6)) (as amended by section 321(a) and subsection (a)) is further amended by adding at the end thereof the following new subparagraph: “and (E) at its option, the State agency may provide, or contract for the provision of, training and assistance to persons working with volunteer or nonprofit organizations that provide program information activities or eligibility screening to persons potentially eligible for food stamps;”.

#### **SEC. 323. PREVENTING INCORRECT ISSUANCES.**

Communications  
and  
telecommuni-  
cations.

Section 11(e) (7 U.S.C. 2020(e)) (as amended by section 311) is further amended by inserting before the semicolon at the end of paragraph (3), the following: “, and that the State agency shall provide the household, at the time of each certification and recertification, with a statement describing the reporting responsibilities of the household under this Act, and provide a toll-free or local telephone number, or a telephone number at which collect calls will be accepted by the State agency, at which the household may reach an appropriate representative of the State agency”.

### **Subtitle C—Reducing Barriers in Rural America**

#### **SEC. 330. TRANSPORTATION DIFFICULTIES IN RURAL AREAS.**

Aged persons.  
Handicapped  
persons.

Section 11(e)(2) (7 U.S.C. 2020(e)(2)) (as amended by section 310), is further amended by striking out “The State Agency shall comply” and all that follows through “certified properly;” and inserting in lieu thereof the following new sentences: “The State agency shall waive in-office interviews, on a household’s request, if a household is unable to appoint an authorized representative pursuant to para-

graph (7) and has no adult household members able to come to the appropriate State agency office because such members are elderly, are mentally or physically handicapped, live in a location not served by a certification office, or have transportation difficulties or similar hardships as determined by the State agency (including hardships due to residing in a rural area, illness, care of a household member, prolonged severe weather, or work or training hours). If an in-office interview is waived, the State agency may conduct a telephone interview or a home visit. The State agency shall provide for telephone contact by, mail delivery of forms to, and mail return of forms by, households that have transportation difficulties or similar hardships.”.

Communications  
and  
telecommuni-  
cations.  
Mail.

## Subtitle D—Eliminating Inequities for Farmers and Others

### SEC. 340. CONTINUATION OF FOOD STAMPS TO PARTICIPANTS IN CASH-OUTS OF OTHER BENEFIT PROGRAMS.

Section 5(d)(1) (7 U.S.C. 2014(d)(1)) is amended—

(1) by striking out “and except as provided in subsection (k),” and

(2) by inserting after “to a household” the following: “(notwithstanding its conversion in whole or in part to direct payments to households pursuant to any demonstration project carried out or authorized under Federal law including demonstration projects created by the waiver of provisions of Federal law)”.

### SEC. 341. ANNUALIZING SELF-EMPLOYMENT INCOME AND EXPENSES FROM FARMING.

Section 5(f)(1)(A) (7 U.S.C. 2014(f)(1)(A)) is amended—

(1) in the second sentence by striking out “preceding” and inserting in lieu thereof “first”; and

(2) by inserting after the first sentence the following new sentence: “Notwithstanding the preceding sentence, household income resulting from the self-employment of a member in a farming operation, who derives income from such farming operation and who has irregular expenses to produce such income, may, at the option of the household, be calculated by averaging such income and expenses over a 12-month period.”.

### SEC. 342. HOUSEHOLDS IN TRANSITION.

Section 5(g) (7 U.S.C. 2014(g)) is amended by adding at the end thereof the following new sentence: “In the case of farm property (including land, equipment, and supplies) that is essential to the self-employment of a household member in a farming operation, the Secretary shall exclude from financial resources the value of such property until the expiration of the 1-year period beginning on the date such member ceases to be self-employed in farming.”.

Real property.  
Employment  
and  
unemployment.

### SEC. 343. TECHNICAL CORRECTION TO EXCLUSION OF ENERGY ASSISTANCE FROM FOOD STAMP INCOME.

Section 5(d)(11) (7 U.S.C. 2014(d)(11)) is amended—

(1) in the matter preceding subparagraph (A), by striking out “under” and inserting in lieu thereof “for the purpose of providing energy assistance”;

(2) in subparagraph (A), to read as follows: "(A) under any Federal law, or"; and

(3) in subparagraph (B)—

(A) by striking out "any" and inserting in lieu thereof "under any"; and

(B) by striking out "for the purpose of providing energy assistance".

**SEC. 344. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.**

Section 12(b)(3) (7 U.S.C. 2021(b)(3)) is amended to read as follows:

"(3) permanent upon—

"(A) the third occasion of disqualification; or

"(B) the first occasion or any subsequent occasion of a disqualification based on the purchase of coupons or trafficking in coupons or authorization cards by a retail food store or wholesale food concern, except that the Secretary shall have the discretion to impose a civil money penalty of up to \$20,000 in lieu of disqualification under this subparagraph, for such purchase of coupons or trafficking in coupons or cards that constitutes a violation of the provisions of this Act or the regulations issued pursuant to this Act, if the Secretary determines that there is substantial evidence that such store or food concern had an effective policy and program in effect to prevent violations of the Act and the regulations."

## **Subtitle E—Reducing Barriers for the Elderly and Disabled**

**SEC. 350. DISABLED PERSONS RECEIVING BENEFITS UNDER STANDARDS AT LEAST AS STRINGENT AS THOSE IN THE SOCIAL SECURITY ACT.**

Paragraph (2) of section 3(r) (7 U.S.C. 2012(r)) is amended to read as follows:

"(2)(A) receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or Federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note), or

Blind persons.

"(B) receives Federally or State administered supplemental assistance of the type described in section 1616(a) of the Social Security Act (42 U.S.C. 1382e(a)), interim assistance pending receipt of supplemental security income, disability-related medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or disability-based State general assistance benefits, if the Secretary determines that such benefits are conditioned on meeting disability or blindness criteria at least as stringent as those used under title XVI of the Social Security Act;"

**SEC. 351. SIMPLIFIED PROCEDURE FOR CLAIMING EXCESS MEDICAL DEDUCTION.**

Section 5(e) (7 U.S.C. 2014(e)) is amended by adding at the end thereof the following new sentences: "State agencies shall offer



eligible households a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction provided for in subparagraph (A), in lieu of submitting information or verification on actual expenses on a monthly basis. The method described in the preceding sentence shall be designed to minimize the administrative burden for eligible elderly and disabled household members choosing to deduct their recurrent medical expenses pursuant to such method.”.

#### SEC. 352. COORDINATED APPLICATION.

The second sentence of section 11(i) (7 U.S.C. 2020(i)) is amended to read as follows: “In addition to implementing paragraphs (1) through (4), the State agency shall inform applicants for benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that such applicants may file, along with their application for such benefits, an application for benefits under this Act, and that if such applicants file, they shall have a single interview for food stamps and for benefits under part A of title IV of the Social Security Act.”.

## TITLE IV—FAMILY SELF-SUFFICIENCY

#### SEC. 401. REFERENCES TO THE FOOD STAMP ACT OF 1977.

Except as otherwise specifically provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

#### SEC. 402. EXCLUSION FOR ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Section 5(d) (7 U.S.C. 2014(d)) is amended—

(1) by striking out “and (13)” and inserting in lieu thereof “(13)”; and

(2) by inserting before the period at the end thereof the following: “, (14) any payment made to the household under section 3507 of the Internal Revenue Code of 1986 (relating to advance payment of earned income credit)”.

#### SEC. 403. DEDUCTION FOR DEPENDENT CARE.

(a) **IN GENERAL.**—Section 5(d) (7 U.S.C. 2014(d)) (as amended by section 402) is further amended by inserting before the period at the end thereof the following: “, and (15) any payment made to the household under section 6(d)(4)(I) for work related expenses or for dependent care”.

(b) **DEDUCTION.**—Section 5(e) (7 U.S.C. 2014(e)) is amended—

(1) in the matter preceding paragraph (1) of the fourth sentence by inserting “and expenses that are paid under section 6(d)(4)(I) for dependent care” after “third party”; and

(2) in paragraph (1) of the fourth sentence, by inserting after “\$160 a month” the following: “for each dependent”.

#### SEC. 404. EMPLOYMENT AND TRAINING.

(a) **COMPONENTS OF EMPLOYMENT AND TRAINING PROGRAMS.**—Section 6(d)(4)(B) (7 U.S.C. 2015(d)(4)(B)) is amended—

(1) in clause (i), by striking out "have no obligation" through "State agency shall";

(2) in clause (v)—

(A) by inserting "or the State under regulations issued by the Secretary," after "the Secretary"; and

(B) by inserting "employment, educational and training" after "other";

(3) by redesignating clause (v) (as amended by paragraph (2)) as clause (vi); and

(4) by inserting after clause (iv), the following new clause:

Education.

"(v) Educational programs or activities to improve basic skills or otherwise improve employability, including educational programs determined by the State agency to expand the job search abilities or employability of those subject to the program under this paragraph."

(b) EMPLOYMENT ASSIGNMENTS AND CONCILIATION.—Section 6(d)(4) (7 U.S.C. 2015(d)(4)) is amended—

(1) by redesignating subparagraphs (H), (I), (J), (K), and (L) as subparagraphs (I), (J), (K), (M) and (N), respectively; and

(2) by inserting after subparagraph (G), the following new subparagraph:

Regulations.

"(H)(i) The Secretary shall issue regulations under which each State agency shall establish a conciliation procedure for the resolution of disputes involving the participation of an individual in the program.

"(ii) Federal funds made available to a State agency for purposes of the component authorized under subparagraph (B)(v) shall not be used to supplant non-Federal funds used for existing services and activities that promote the purposes of this component."

(c) PARTICIPANTS' EXPENSES.—Section 6(d)(4)(I) (as redesignated by subsection (b) of this section), is amended to read as follows:

Grants.

"(I)(i) The State agency shall provide payments or reimbursements to participants in programs carried out under this paragraph, including individuals participating under subparagraph (G), for—

Transportation.

"(I) the actual costs of transportation and other actual costs (other than dependent care costs), that are reasonably necessary and directly related to participation in the program, except that the State agency may limit such reimbursement to each participant to \$25 per month; and

"(II) the actual costs of such dependent care expenses that are determined by the State agency to be necessary for the participation of an individual in the program (other than an individual who is the caretaker relative of a dependent in a family receiving benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)) in a local area where an employment, training, or education program under title IV of such Act is in operation or was in operation, on the date of enactment of the Hunger Prevention Act of 1988, but in no event shall such payment or reimbursements exceed \$160 per dependent per month. Individuals subject to the program under this paragraph may not be required to participate if dependent care costs exceed \$160 per dependent per month.

Contracts.

"(ii) In lieu of providing reimbursements or payments for dependent care expenses under clause (i), a State agency may, at its option, arrange for dependent care through providers by the use of purchase of service contracts or vouchers or by providing vouchers to the household.

“(iii) The value of any dependent care services provided for or arranged under clause (ii), or any amount received as a payment or reimbursement under clause (i), shall—

“(I) not be treated as income for the purposes of any other Federal or federally assisted program that bases eligibility for, or the amount of benefits on, need; and

“(II) not be claimed as an employment-related expense for the purposes of the credit provided under section 21 of the Internal Revenue Code of 1986.”

(d) PERFORMANCE STANDARDS AND PARTICIPATION STANDARDS.—Section 6(d)(4) (7 U.S.C. 2015(d)(4)) is amended by inserting after subparagraph (K) (as redesignated by subsection (b)) the following new subparagraph:

“(L)(i) The Secretary shall establish, in accordance with this subparagraph, performance standards that are applicable to employment and training programs carried out under this paragraph.

“(ii) The performance standards referred to in clause (i) shall be developed by the Secretary after consultation with the Office of Technology Assessment, the Secretary of Labor, the Secretary of Health and Human Services, appropriate State officials designated for purposes of this clause by the chief executive officers of the States, other appropriate experts, and representatives of households participating in the food stamp program. Such performance standards (which shall be coordinated with the corresponding performance standards under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) and the performance standards under title IV of the Social Security Act (42 U.S.C. 601 et seq.), taking into consideration the differing characteristics of such households)—

“(I) shall be measured by employment outcomes and shall be based on the degree of success that may reasonably be expected of States (in carrying out employment and training programs) in helping individuals to achieve self-sufficiency;

“(II) shall take into account the extent to which persons have elected to participate in employment and training programs under this paragraph, job placement rates, wage rates, job retention rates, households ceasing to need benefits under this Act, and improvements in household members' educational levels;

“(III) shall encourage States to serve those individuals who have greater barriers to employment and thus have greater difficulties in achieving self-sufficiency; and

“(IV) shall include guidelines permitting appropriate variations that take into account the differing conditions (including unemployment rates and rates of elective participation under subparagraph (G) in employment and training programs under this paragraph) that may exist in different States.

“(iii) Final measures for the performance standards referred to in clause (i) shall be published by the Secretary, after the consideration of public comments concerning the proposed measures for such performance standards, and implemented by the States not later than April 1, 1991.

“(iv) The performance standards developed and issued under clause (ii) shall be varied in any State, to the extent permitted under clause (ii)(IV), to the extent necessary to take into account specific economic, geographic, and demographic factors in the State, the characteristics of the population to be served, and the types of services to be provided.

Effective date.  
Termination  
date.

“(v) The performance standards in effect under subparagraph (K) shall remain in effect during the period beginning on October 1, 1988, and ending on the date the Secretary implements the performance standards required to be issued under this subparagraph on which date the authority to issue such standards shall expire.

“(vi) Not later than 180 days after the Secretary publishes the proposed measures for the performance standards under this subparagraph, the Office of Technology Assessment shall—

“(I) develop model performance standards suitable for application to employment and training programs carried out under this subsection and that satisfy the criteria specified in this subparagraph;

“(II) compare the standards developed under subclause (I) with the performance standards established under this subparagraph by the Secretary, and

Reports.

“(III) submit to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Secretary of Agriculture a report describing the results of the comparison required under subclause (II).”

(e) INCENTIVE PAYMENTS.—Section 16(h) (7 U.S.C. 2025(h)) is amended by adding at the end thereof the following new paragraph:

“(6) The Secretary shall develop, and transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a proposal for modifying the rate of Federal payments under this subsection so as to reflect the relative effectiveness of the various States in carrying out employment and training programs under section 6(d)(4).”

(f) HOUSEHOLDS.—Section 5(d)(5) (7 U.S.C. 2014(d)(5)) is amended by inserting after “child care expenses” the following: “(except for payments or reimbursements for such expenses made under an employment, education, or training program initiated under such title after the date of enactment of the Hunger Prevention Act of 1988)”.

Transportation.

(g) REIMBURSABLE COSTS.—Section 16(h)(3) (7 U.S.C. 2025) is amended by inserting after “month” the following: “for costs of transportation and other actual costs (other than dependent care costs) and an amount representing \$160 per month per dependent”.

## TITLE V—DEMONSTRATION PROJECTS

Grants.

### SEC. 501. FARMERS' MARKET COUPONS DEMONSTRATION PROJECT.

42 USC 1786  
note.

(a) PURPOSE.—The purpose of this section is to authorize the establishment of a grant program to encourage State demonstration projects designed to—

(1) provide resources to persons who are nutritionally at risk in the form of fresh nutritious unprepared foods (such as fruits and vegetables), from farmers' markets; and

(2) expand the awareness and use of farmers' markets and increase sales at such markets.

(b) GENERAL AUTHORITY.—Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended by adding at the end thereof the following new subsection:

“(m)(1) Subject to the availability of funds appropriated for purposes of this subsection, the Secretary shall award a 3-year grant to up to 10 States that submit applications that are approved for the establishment of demonstration projects designed to provide recipi-

ents of assistance under subsection (c) with coupons that may be exchanged for foods at farmers' markets.

"(2) A grant provided to any State under this subsection shall be provided to the chief executive officer of the State, who shall—

"(A) designate the appropriate State agency or agencies to administer the program in conjunction with the appropriate nonprofit organizations; and

"(B) assure coordination of the program among the appropriate agencies and organizations.

"(3) The Secretary shall not make a grant to any State under this subsection unless such State agrees to provide State funds for the demonstration project in an amount that is equal to not less than 30 percent of the total cost of the demonstration project which may be satisfied from State contributions that are made for similar projects.

"(4)(A) The Secretary shall establish a formula for determining the amount of the grant to be awarded under this subsection to each State for which an application is approved under paragraph (6), according to the number of recipients proposed to participate as specified in the application of the State.

"(B) If the sums appropriated for any fiscal year pursuant to the authorization contained in paragraph (10) for grants under this subsection are not sufficient to pay to each State for which an application is approved under paragraph (6) the amount which the Secretary determines each such State is entitled to under this subsection, each State's grant shall be ratably reduced.

"(5) Each State that receives a grant under this subsection shall ensure that the demonstration project for which the grant is received complies with the following requirements:

"(A) Persons who are eligible to receive Federal benefits under the project shall only be persons who are receiving assistance under subsection (c).

"(B) Construction or operation of a farmers' market may not be carried out using funds—

"(i) provided under the grant; or

"(ii) required to be provided by the State under paragraph

(3).

"(C) The value of the Federal share of the benefit received by any recipient under the project may not be—

"(i) less than \$10 per year; or

"(ii) more than \$20 per year.

"(D) The coupon issuance process under the project shall be designed to ensure that coupons target areas with—

"(i) the highest concentration of eligible persons;

"(ii) the greatest access to farmers' markets; and

"(iii) certain characteristics, in addition to those described in clauses (i) and (ii), that are determined to be relevant by the Secretary that maximize the availability of benefits to eligible persons.

"(E) The coupon redemption process under the project shall be designed to ensure that coupons may be—

"(i) redeemed only by producers authorized by the State to participate in the project; and

"(ii) redeemed only to purchase unprepared food for human consumption.

"(F)(i) Except as provided in clauses (ii) and (iii), the State may not use for administration of such project for any fiscal year more than 10 percent of the total amount of project funds.



"(ii) On the showing by the State of substantial need, the Secretary may permit a State to use up to an additional two percent of the total project funds for administration of such project for any fiscal year.

"(iii) The provisions of clauses (i) and (ii) with respect to the use of project funds for the administration of the project shall not apply to any funds that a State may contribute in excess of the funds used by the State to meet the requirements under subparagraph (B).

Taxes.

"(G) The State shall ensure that no State or local taxes are collected within the State on purchases of food with coupons distributed under the project.

"(6)(A) A State that desires to receive a grant under this subsection shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

"(B)(i) Each application submitted under this paragraph shall contain—

"(I) the estimated cost of the program and the estimated number of individuals to be served by such program;

"(II) a description of the State plan for complying with the requirements established in paragraph (5); and

"(III) criteria developed by the State with respect to authorization of producers to participate in the program.

"(ii) The criteria developed by the State as required by clause (i)(III) shall require any authorized producer to sell fresh nutritious unprepared foods (such as fruits and vegetables) to recipients, in exchange for coupons distributed under the project.

"(C) The Secretary shall establish objective criteria for the approval of applications submitted under this paragraph.

"(D) In approving applications submitted under this paragraph, the Secretary shall—

"(i) favorably consider a State's prior experiences with programs in existence as of the date of enactment of the Hunger Prevention Act of 1988;

"(ii) favorably consider a State's operation of a similar project with State or local funds that can present data concerning the value of such project, and such data can be of assistance to other States interested in developing such farmers' market coupons projects;

"(iii) award a grant to at least one applicant that proposes to operate the program on a Statewide basis;

"(iv) give preference to applications from States that propose projects that are determined by the Secretary to—

"(I) have possible national significance; or

"(II) show unusual promise in promoting similar projects;

"(v) give preference to applications that show promise of continued operation of the project for which the grant is requested after the grant expires;

"(vi) require that if a State receives a grant under this section and that State is operating a similar project with State or local funds, that State shall not reduce in any fiscal year the amount of State and local funds available to the project in the preceding fiscal year after receiving funds for the project under this subsection; and

"(vii) give preference to applications for projects that would serve areas in the State that have—

"(I) the highest concentration of eligible persons;



“(II) the greatest access to farmers’ markets;

“(III) broad geographical area;

“(IV) the greatest number of participants in the broadest geographical area within the State; and

“(V) any other characteristics, as determined appropriate by the Secretary, that maximize the availability of benefits to eligible persons.

“(7)(A) The value of the benefit received by any recipient under any project for which a grant is received under this subsection may not affect the eligibility or benefit levels for assistance under any other State or Federal program.

“(B) Any projects for which a grant is received under this subsection shall be supplementary to the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) and to any other Federal or State program under which foods are distributed to needy families in lieu of food stamps.

“(8) Each State that receives a grant under this subsection shall submit a report to the Secretary for each year of the grant period. Each such report shall include—

Reports.

“(A) the number of recipients served under the project for which the grant is received;

“(B) the rate of redemption of coupons distributed under the project;

“(C) the types of foods purchased with the coupons;

“(D) the average amount distributed in coupons to each recipient;

“(E) any change in the amount of food purchased at farmers’ markets after the establishment of the project;

“(F) any change in the number of farmers participating in farmers’ markets after the establishment of the project;

“(G) a description of how coupons were distributed to and redeemed by recipients in the State project; and

“(H) any other information determined to be necessary by the Secretary.

“(9)(A) The Secretary shall evaluate the projects for which grants are received under this subsection and submit to the Committee on Agriculture of the House of Representatives, the Committee on Education and Labor of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on such evaluations.

“(B) Such report shall be submitted before the end of the 2-year period beginning on the date that the last grant is awarded under this subsection.

Reports.

“(10) There are authorized to be appropriated to carry out this subsection \$2,000,000 for fiscal year 1989, \$2,800,000 for fiscal year 1990, and \$3,500,000 for fiscal year 1991.

Appropriation authorization.

“(11) For purposes of this subsection:

“(A) The term ‘recipient’ means a person who is chosen by a State to receive benefits under a project.

“(B) The term ‘State agency’ has the meaning provided in subsection (b)(13), except that such term also includes the agriculture department of each State.”

#### SEC. 502. FOOD BANK DEMONSTRATION PROJECTS.

7 USC 612c note.

(a) IN GENERAL.—The Secretary of Agriculture may carry out demonstration projects to provide and redistribute to needy individ-

uals and families through community food banks and other charitable food banks—

(1) agricultural commodities or the products thereof made available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431); and

(2) to the extent practicable, agricultural commodities or the products thereof made available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c).

(b) **FOOD TYPES.**—The Secretary shall determine the quantities, varieties, and types of agricultural commodities and products thereof to be made available to community food banks under this section.

(c) **REPORT.**—Not later than July 1, 1990, the Secretary shall submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report describing any demonstration projects carried out under this section. The report shall include an analysis and evaluation of the distribution and redistribution of food under the demonstration projects and the feasibility of expanding the projects to other community food banks.

(d) **TERMINATION.**—The authority provided under this section shall terminate on September 30, 1990.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section, \$400,000 for each of the fiscal years 1989 through 1990.

42 USC 1766  
note.

#### **SEC. 503. FAMILY OR GROUP DAY CARE HOME DEMONSTRATION PROJECT.**

(a) **IN GENERAL.**—The Secretary of Agriculture shall conduct a demonstration project to begin 30 days after enactment of this Act, but in no event earlier than October 1, 1988, in one State regarding the Child Care Food Program authorized under section 17 of the National School Lunch Act (42 U.S.C. 1766) in which day care institutions and family or group day care sponsoring organizations shall receive a reimbursement (in addition to that received under subsections (d) and (f) of section 17 for providing one additional meal or supplement for children that are maintained in a day care institution or in a family or group day care home setting for eight or more hours per day.

(b) **LOCATION.**—The Secretary of Agriculture shall select one State in which to conduct the demonstration project established under subsection (a). The State shall have a large number of children served by family or group day care homes and shall have a large proportion of its Child Care Food Program meals served under such program in homes rather than in day care centers.

(c) **PURPOSE OF DEMONSTRATION.**—The demonstration project established under subsection (a) shall be structured in a manner that will enable the Secretary of Agriculture to determine—

(1) if the additional meal or supplement for children staying in day care homes longer than eight hours would increase participation in the Child Care Food Program by family and group day care homes;

(2) the extent to which meal service increases at such homes; and

(3) the nutritional impact of the additional meal or supplement.

(d) **REPORT.**—Not later than August 1, 1989, the Secretary of Agriculture shall prepare and submit, to the Committee on Agriculture of the House of Representatives and the Senate Committee on Agriculture, Nutrition, and Forestry, a preliminary report that describes the results of the project conducted under this section. As expeditiously as possible after the conclusion of such project, the Secretary shall prepare and submit to such Committees a final report concerning the project.

(e) **TERMINATION.**—The demonstration project required by this section shall terminate not later than 12 months after the date on which the project was fully initiated.

**SEC. 504. DEMONSTRATION PROJECTS FOR DEVELOPMENT AND USE OF INTELLIGENT COMPUTER BENEFIT CARDS TO PAY FOOD STAMP BENEFITS.**

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end thereof the following new subsection:

“(f)(1) In order to encourage States to plan, design, develop, and implement a system for making food stamp benefits available through the use of intelligent benefit cards or other automated or electronic benefit delivery systems, the Secretary may conduct one or more pilot or experimental projects, subject to the restrictions imposed by subsection (b)(1) and section 7(g)(2), designed to test whether the use of such cards or systems can enhance the efficiency and effectiveness of program operations while ensuring that individuals receive correct benefit amounts on a timely basis. Intelligent benefit cards developed under such a demonstration project shall contain information, encoded on a computer chip embedded in a credit card medium, including the eligibility of the individual and the amount of benefits to which such individual is entitled. Any other automated or electronic benefit delivery system developed under such a demonstration project shall be able to use a plastic card to access such information from a data file.”.

**SEC. 505. STUDY OF THE EFFECTIVENESS OF THE FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.**

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) (as amended by section 504), is further amended by adding at the end thereof the following new subsection:

“(g) In order to assess the effectiveness of the employment and training programs established under section 6(d) in placing individuals into the work force and withdrawing such individuals from the food stamp program, the Secretary is authorized to carry out studies comparing the pre- and post-program labor force participation, wage rates, family income, level of receipt of food stamp and other transfer payments, and other relevant information, for samples of participants in such employment and training programs as compared to the appropriate control or comparison groups that did not participate in such programs. Such studies shall, to the maximum extent possible—

“(1) collect such data for up to 3 years after the individual has completed the employment and training program; and

“(2) yield results that can be generalized to the national program as a whole.

Records.

The results of such studies and reports shall be considered in developing or updating the performance standards required under section 6."

## TITLE VI—IMPROVING PAYMENT ACCURACY

### SEC. 601. REVIEW OF STATE PROGRAM INVESTMENT WHEN SETTLING CLAIMS.

Section 13(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)(1)) is amended by inserting at the end thereof the following new sentence: "In determining whether to settle, adjust, compromise, or waive a claim arising against a State agency pursuant to section 16(c), the Secretary shall review a State agency's plans for new dollar investment in activities to improve program administration in order to reduce payment error, and shall take the State agency's plans for new dollar investment in such activities into consideration as the Secretary considers appropriate."

### SEC. 602. INTEREST ON CLAIMS AGAINST STATE AGENCIES.

Section 13(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)(1)), as amended by section 601, is further amended by adding at the end thereof the following new sentences: "To the extent that a State agency does not pay a claim established under section 16(c)(1)(C), including an agreement to have all or part of the claim paid through a reduction in Federal administrative funding, within 30 days from the date on which the bill for collection (after a determination on any request for a waiver for good cause related to the claim has been made by the Secretary) is received by the State agency, the State agency shall be liable for interest on any unpaid portion of such claim accruing from the date on which the bill for collection was received by the State agency, unless the State agency appeals the claim under section 16(c)(7). If the State agency appeals such claim (in whole or in part), the interest on any unpaid portion of the claim shall accrue from the date of the decision on the administrative appeal, or from a date that is 2 years after the date the bill is received, whichever is earlier, until the date the unpaid portion of the payment is received. If the State agency pays such claim (in whole or in part, including an agreement to have all or part of the claim paid through a reduction in Federal administrative funding) and the claim is subsequently overturned through administrative or judicial appeal, any amounts paid by the State agency shall be promptly returned with interest, accruing from the date the payment is received until the date the payment is returned. Any interest assessed under this paragraph shall be computed at a rate determined by the Secretary based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rates during the period such interest accrues."

Claims.

### SEC. 603. ADMINISTRATIVE AND JUDICIAL REVIEW.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

Records.

(1) by inserting immediately after the fifth sentence the following new sentences: "Determinations regarding claims made pursuant to section 16(c) shall be made on the record after

opportunity for an agency hearing in accordance with section 556 and 557 of title 5, United States Code, in which one or more administrative law judges appointed pursuant to section 3105 of such title shall preside over the taking of evidence. Such judges shall have authority to issue and enforce subpoenas in the manner prescribed in sections 13 (c) and (d) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499m (c) and (d)) and to appoint expert witnesses under the provisions of Rule 706 of the Federal Rules of Evidence. The Secretary may not limit the authority of such judges presiding over determinations regarding claims made pursuant to section 16(c). The Secretary shall provide a summary procedure for determinations regarding claims made pursuant to section 16(c) in amounts less than \$50,000. Such summary procedure need not include an oral hearing. On a petition by the State agency or sua sponte, the Secretary may permit the full administrative review procedure to be used in lieu of such summary review procedure for a claim of less than \$50,000. Subject to the right of judicial review hereinafter provided, a determination made by an administrative law judge regarding a claim made pursuant to section 16(c) shall be final and shall take effect thirty days after the date of the delivery or service of final notice of such determination.”;

Effective date.

(2) by inserting before the period at the end of the eighth sentence (as it existed before the amendment made by paragraph (1)) “, except that judicial review of determinations regarding claims made pursuant to section 16(c) shall be a review on the administrative record”; and

(3) by adding at the end thereof the following new sentence: “Notwithstanding the administrative or judicial review procedures set forth in this subsection, determinations by the Secretary concerning whether a State agency had good cause for its failure to meet error rate tolerance levels established under section 16(c) are final.”.

#### SEC. 604. PAYMENT ACCURACY IMPROVEMENT SYSTEM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended—

(1) by striking out subsection (c) and inserting in lieu thereof the following new subsection:

“(c)(1) The program authorized under this Act shall include a system that enhances payment accuracy by establishing fiscal incentives that require State agencies with high error rates to share in the cost of payment error and provide enhanced administrative funding to States with the lowest error rates. Under such system—

“(A) the Secretary shall adjust a State agency’s federally funded share of administrative costs pursuant to subsection (a), other than the costs already shared in excess of 50 percent under the proviso in the first sentence of subsection (a) or under subsection (g), by increasing such share of all such administrative costs by one percentage point to a maximum of 60 percent of all such administrative costs for each full one-tenth of a percentage point by which the payment error rate is less than 6 percent, except that only States whose rate of invalid decisions in denying eligibility is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment prescribed in this subsection;



“(B) the Secretary shall foster management improvements by the States pursuant to subsection (b) by requiring State agencies other than those receiving adjustments under subparagraph (A) to develop and implement corrective action plans to reduce payment errors; and

“(C) for any fiscal year in which a State agency’s payment error rate exceeds the payment error tolerance level for payment error rates announced under paragraph (6), other than for good cause shown, the State agency shall pay to the Secretary an amount equal to its payment error rate less such tolerance level times the total value of allotments issued in such a fiscal year by such State agency. The amount of liability shall not be affected by corrective action under subparagraph (B).

“(2) As used in this section—

“(A) the term ‘payment error rate’ means the sum of the point estimates of an overpayment error rate and an underpayment error rate determined by the Secretary from data collected in a probability sample of participating households;

“(B) the term ‘overpayment error rate’ means the percentage of the value of all allotments issued in a fiscal year by a State agency that are either—

“(i) issued to households that fail to meet basic program eligibility requirements; or

“(ii) overissued to eligible households; and

“(C) the term ‘underpayment error rate’ means the ratio of the value of allotments underissued to recipient households to the total value of allotments issued in a fiscal year by a State agency.

“(3) The following errors may be measured for management purposes but shall not be included in the payment error rate:

“(A) Any errors resulting in the application of new regulations promulgated under this Act during the first 60 days (or 90 days at the discretion of the Secretary) from the required implementation date for such regulations.

“(B) Errors resulting from the use by a State agency of correctly processed information concerning households or individuals received from Federal agencies or from actions based on policy information approved or disseminated, in writing, by the Secretary or the Secretary’s designee.

“(4) The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency’s payment error rate, enhanced administrative funding, or claim for payment error, under this subsection. If a State agency fails to meet the reporting requirements established by the Secretary, the Secretary shall base the determination on all pertinent information available to the Secretary.

Records.

“(5) To facilitate the implementation of this subsection each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount of either incentive payments under paragraph (1)(A) or claims under paragraph (1)(C). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under

Claims.



paragraph (1)(C) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (7)), before the end of the fiscal year following such fiscal year.

“(6) At the time the Secretary makes the notification to State agencies of their error rates and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C), the Secretary shall also announce a national performance measure that shall be the sum of the products of each State agency’s error rate as developed for the notifications under paragraph (5) times that State agency’s proportion of the total value of national allotments issued for the fiscal year using the most recent issuance data available at the time of the notifications issued pursuant to paragraph (5). Where a State fails to meet reporting requirements pursuant to paragraph (4), the Secretary may use another measure of a State’s error developed pursuant to paragraph (5), to develop the national performance measure. The announced national performance measure shall be used to establish a payment-error tolerance level. Such tolerance level for any fiscal year will be one percentage point added to the lowest national performance measure ever announced up to and including such fiscal year under this section. The payment-error tolerance level shall be used in determining the State share of the cost of payment error under paragraph (1)(C) for the fiscal year whose error rates are being announced under paragraph (5).

Claims.

“(7) If the Secretary asserts a financial claim against a State agency under paragraph (1)(C), the State may seek administrative and judicial review of the action pursuant to section 14.”; and (2) by striking out subsection (d) and inserting in lieu thereof the following new subsection:

“(d) The Secretary shall undertake the following studies of the payment error improvement system established under subsection (c):

Reports.

“(1) An assessment of the feasibility of measuring payment errors due to improper denials and terminations of benefits or otherwise developing performance standards with financial consequences for improper denials and terminations, including incorporation in subsection (c). The Secretary shall report the results of such study and the recommendations of the Secretary to the Congress by July 1, 1990.

“(2) An evaluation of the effectiveness of the system of program improvement initiated under this section that shall be reported to the Congress along with the Secretary’s recommendations no later than 3 years from the date of enactment of this section.”.

## TITLE VII—IMPLEMENTATION

### SEC. 701. EFFECTIVE DATES.

7 USC 2012 note.

(a) IN GENERAL.—Except as otherwise provided for in section 503 and in subsection (b) of this section, this Act and the amendments made by this Act shall become effective and be implemented on October 1, 1988.

#### (b) SPECIAL RULES.—

(1) The amendments made by sections 101, 103, 301, 321(c), 343, and 401 shall become effective and be implemented on the date of enactment of this Act.

(2) The amendments made by section 402 shall become effective and be implemented on January 1, 1989.

(3)(A) The amendments made by section 203(a) shall become effective on January 1, 1989, and the States shall implement such section by January 1, 1990.

(B) The amendments made by section 203(b) shall become effective on January 1, 1989, except with regards to those States not implementing section 203(a).

(4) The amendments made by sections 204, 210, 211, subsections (a)(1), (c), and (e) of section 404, and sections 310 through 352 shall become effective and implemented on July 1, 1989.

(5) The amendments made by title VI shall be effective as follows:

(A) Except as provided in subparagraph (D), the provisions of section 16(c) of the Food Stamp Act of 1977, as amended by section 604, shall become effective on October 1, 1985, with respect to claims under section 16(c) for quality control review periods after such date, except that—

(i) the provisions of section 16(c)(1)(A), as amended, shall become effective on October 1, 1988, with respect to payment error rates for quality control review periods after such date; and

(ii) the provisions of section 16(c)(3), as amended, shall become effective on October 1, 1988, with respect to payment error rates for quality control review periods after such date.

(B) The amendments made by sections 601 and 602 shall become effective on October 1, 1985, with respect to claims under section 16(c) for quality control review periods after such date.

(C) Except as provided in subparagraph (D), the amendments made to section 14 of the Food Stamp Act of 1977 by section 603 shall become effective on October 1, 1985, with respect to claims under section 16(c) for quality control review periods after such date.

(D)(i) The provisions of sections 13, 14, and 16 of the Food Stamp Act of 1977 that relate to claims against State agencies and that were in effect for any quality control review period or periods through fiscal year 1985 shall remain in effect for claims arising with respect to such period or periods.

(ii) The provisions of sections 14 and 16(c) of the Food Stamp Act of 1977 that relate to enhanced administrative funding for State agencies and that were in effect for any quality control review period or periods through fiscal year 1988 shall remain in effect for such funding with respect to such period or periods.

(c) SEQUESTRATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, if a final order is issued for fiscal year 1989 under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(b)), the amount made available to carry out the food stamp program under section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) shall be reduced by an amount equal to \$110,000,000 multiplied by the amount of the percentage reduction for domestic programs required under such order. The reduction required by the preceding sentence shall be achieved

by reducing the amount of the adjustment to the cost of the thrifty food plan for fiscal year 1989 under section 3(o)(9) of the Food Stamp Act of 1977 (as added by section 120 of this Act).

(2) EFFECTIVE DATES IF SEQUESTRATION OCCURS.—Notwithstanding subsections (a) and (b), if a final order is issued under section 252(b) of the Emergency Deficit Control Act of 1985 (2 U.S.C. 902(b)) for fiscal year 1989 to make reductions and sequestrations specified in the report required under section 251(a)(3)(A) of such Act, sections 111, 201, 204, 310, 311, 321, 322, 323, 341, 342, 350, 351, 352, 402, 403, 404, 502, 504, and 505 shall become effective and be implemented on October 1, 1989.

Approved September 19, 1988.

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**LEGISLATIVE HISTORY—S. 2560 (H.R. 4060):**

**HOUSE REPORTS:** No. 100-828, Pt. 1, accompanying H.R. 4060 (Comm. on Agriculture).

**SENATE REPORTS:** No. 100-397 (Comm. on Agriculture, Nutrition, and Forestry).

**CONGRESSIONAL RECORD**, Vol. 134 (1988):

July 26, considered and passed Senate.

Aug. 8, H.R. 4060 considered and passed House.

Aug. 11, S. 2560 considered and passed House, amended. Senate concurred in House amendment.