

quired, altered, or possessed is an access device that has a value of \$100 or more,” after “a value of \$100 or more,” and inserted “or if the item used, transferred, acquired, altered, or processed is an access device that has a value of less than \$100,” after “a value of less than \$100,”.

Subsec. (c). Pub. L. 101-624, §1749, substituted “\$20,000” for “\$10,000” in two places.

Subsec. (g). Pub. L. 101-624, §1747(c), substituted “, authorization cards or access devices, or anything of value obtained by use of an access device, in any manner contrary to” for “or authorization cards in any manner not authorized by”.

1981—Subsec. (b). Pub. L. 97-98 designated existing provision as par. (1), inserted provisions specifying the minimum and maximum sentences for the second and any subsequent convictions for felonies and misdemeanors and provision authorizing the court to suspend a person convicted of a felony or misdemeanor under this subsection from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 2015(b)(1) of this title, and added par. (2).

Subsec. (c). Pub. L. 97-98 inserted provisions specifying the minimum and maximum sentences for the second and any subsequent convictions for felonies and misdemeanors and provision authorizing the court to suspend a person convicted of a felony or misdemeanor under this subsection from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 2015(b)(1) of this title.

1980—Subsec. (g). Pub. L. 96-249 added subsec. (g).

1977—Pub. L. 95-113 substituted revised provisions relating to violations and enforcement for provisions relating to the State financing of administrative costs which are now covered by section 2025 of this title.

1974—Pub. L. 93-347 authorized the Secretary of Agriculture to pay each State agency 50 percent of all the State agency's costs in administering the Food Stamp Program and required that each State make reports from time to time at the request of the Secretary of Agriculture on the effectiveness of the administration of the Food Stamp Program in that State.

1971—Subsec. (b). Pub. L. 91-671 struck out “cooperate with State agencies in the certification of households which are not receiving any type of public assistance so as to insure the effective certification of such households in accordance with the eligibility standards approved under the provisions of section 2019 of this title. Such cooperation shall include payments to State agencies for part of the cost they incur in the certification of such households” after “is authorized to”, and in providing for payments to State agencies, increased percentage from 50 to 62½, and substituted cl. (1) provisions for travel and travel-related cost of personnel for such time as they are employed in taking the action required under section 2019(e) of this title and in making certification determinations for households other than those which consist solely of recipients of welfare assistance for prior cl. (1) for direct salary costs of personnel used to make interviews and such postinterview investigations as are necessary to certify eligibility of such households, for periods of employment, in certifying the eligibility of such households; cl. (2) respecting direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for time of employment as hearing officials under section 2019(e) of this title for prior cl. (2) respecting travel and related costs incurred by personnel in postinterview field investigations of households, and deleted cl. (3) for an amount not to exceed 25 per centum of the costs computed under former cls. (1) and (2).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the

date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Amendment by sections 4001(b) and 4115(b)(10) of Pub. L. 110-246 effective Oct. 1, 2008, see section 4407 of Pub. L. 110-246, set out as a note under section 1161 of Title 2, The Congress.

##### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

##### EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 958, provided that the amendment made by section 1301 is effective Oct. 1, 1977.

### § 2025. Administrative cost-sharing and quality control

#### (a) Administrative costs

Subject to subsection (k), the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the supplemental nutrition assistance program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of benefits after their delivery to receiving points within the State, (3) the issuance of benefits to all eligible households, (4) informational activities relating to the supplemental nutrition assistance program, including those undertaken under section 2020(e)(1)(A) of this title, but not including recruitment activities designed to persuade an individual to apply for program benefits or that promote the program through television, radio, or billboard advertisements, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g), (7) supplemental nutrition assistance program investigations and prosecutions, (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)), and (9) establishing and operating a longitudinal database in accordance with section 2026(n) of this title: *Provided*, That the Secretary is authorized at the Secretary's discretion to pay any State agency administering the supplemental nutrition assistance program on all or part of an Indian reservation under section 2020(d) of this title or in a Native village within the State of Alaska identified in section 1610(b) of title 43, such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the supplemental nutrition assistance program, as well as to permit each State to retain 35 per cent of the value of all funds or allotments recovered or collected pursuant to sections 2015(b) and 2022(c) of this title and 20 percent of the

value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this chapter shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

**(b) Work supplementation or support program**

**(1) “Work supplementation or support program” defined**

In this subsection, the term “work supplementation or support program” means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the supplemental nutrition assistance program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

**(2) Program**

A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the supplemental nutrition assistance program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

**(3) Procedure**

If a State agency makes an election under paragraph (2) and identifies each household that participates in the supplemental nutrition assistance program that contains an individual who is participating in the work supplementation or support program—

(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

(C) for purposes of—

(i) sections 2014 and 2017(a) of this title, the amount received under this subsection shall be excluded from household income and resources; and

(ii) section 2017(b) of this title, the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

**(4) Other work requirements**

No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 2015(d) of this title,

except during the periods in which the individual is employed under the work supplementation or support program.

**(5) Length of participation**

A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

**(6) Displacement**

A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.

**(c) Quality control system**

**(1) In general**

**(A) System**

**(i) In general**

In carrying out the supplemental nutrition assistance program, the Secretary shall carry out a system that enhances payment accuracy and improves administration by establishing fiscal incentives that require State agencies with high payment error rates to share in the cost of payment error.

**(ii) Tolerance level for excluding small errors**

The Secretary shall set the tolerance level for excluding small errors for the purposes of this subsection—

(I) for fiscal year 2014, at an amount not greater than \$37; and

(II) for each fiscal year thereafter, the amount specified in subclause (I) adjusted by the percentage by which the thrifty food plan is adjusted under section 2012(u)(4) of this title between June 30, 2013, and June 30 of the immediately preceding fiscal year.

**(B) Quality control system integrity**

**(i) In general**

Not later than 180 days after December 20, 2018, the Secretary shall issue interim final regulations that—

(I) ensure that the quality control system established under this subsection produces valid statistical results;

(II) provide for oversight of contracts entered into by a State agency for the purpose of improving payment accuracy;

(III) ensure the accuracy of data collected under the quality control system established under this subsection; and

(IV) for each fiscal year, to the maximum extent practicable, provide for the evaluation of the integrity of the quality control process of not fewer than 2 State agencies, selected in accordance with criteria determined by the Secretary.

**(ii) Debarment**

In accordance with the nonprocurement debarment procedures under part 417 of title 2, Code of Federal Regulations, or successor regulations, the Secretary shall debar any person that, in carrying out the

quality control system established under this subsection, knowingly submits, or causes to be submitted, false information to the Secretary.

**(C) Establishment of liability amount for fiscal year 2003 and thereafter**

With respect to fiscal year 2004 and any fiscal year thereafter for which the Secretary determines that, for the second or subsequent consecutive fiscal year, a 95 percent statistical probability exists that the payment error rate of a State agency exceeds 105 percent of the national performance measure for payment error rates announced under paragraph (6), the Secretary shall establish an amount for which the State agency may be liable (referred to in this paragraph as the “liability amount”) that is equal to the product obtained by multiplying—

- (i) the value of all allotments issued by the State agency in the fiscal year;
- (ii) the difference between—
  - (I) the payment error rate of the State agency; and
  - (II) 6 percent; and
- (iii) 10 percent.

**(D) Authority of Secretary with respect to liability amount**

With respect to the liability amount established for a State agency under subparagraph (C) for any fiscal year, the Secretary shall—

- (i)(I) require that a portion, not to exceed 50 percent, of the liability amount established for the fiscal year be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the supplemental nutrition assistance program (referred to in this paragraph as the “new investment amount”), which new investment amount shall not be matched by Federal funds;
- (II) designate a portion, not to exceed 50 percent, of the amount established for the fiscal year for payment to the Secretary in accordance with subparagraph (E) (referred to in this paragraph as the “at-risk amount”); or
- (III) take any combination of the actions described in subclauses (I) and (II); or
- (ii) make the determinations described in clause (i) and enter into a settlement with the State agency, only with respect to any new investment amount, before the end of the fiscal year in which the liability amount is determined under subparagraph (C).

**(E) Payment of at-risk amount for certain States**

**(i) In general**

A State agency shall pay to the Secretary the at-risk amount designated under subparagraph (D)(i)(II) for any fiscal year in accordance with clause (ii), if, with respect to the immediately following fiscal year, a liability amount has been estab-

lished for the State agency under subparagraph (C).

**(ii) Method of payment of at-risk amount**

**(I) Remission to the Secretary**

In the case of a State agency required to pay an at-risk amount under clause (i), as soon as practicable after completion of all administrative and judicial reviews with respect to that requirement to pay, the chief executive officer of the State shall remit to the Secretary the at-risk amount required to be paid.

**(II) Alternative method of collection**

**(aa) In general**

If the chief executive officer of the State fails to make the payment under subclause (I) within a reasonable period of time determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this section by the amount required to be paid under clause (i).

**(bb) Accrual of interest**

During any period of time determined by the Secretary under item (aa), interest on the payment under subclause (I) shall not accrue under section 2022(a)(2) of this title.

**(F) Use of portion of liability amount for new investment**

**(i) Reduction of other amounts due to State agency**

In the case of a State agency that fails to comply with a requirement for new investment under subparagraph (D)(i)(I) or clause (iii)(I), the Secretary may reduce any amount due to the State agency under any other provision of this section by the portion of the liability amount that has not been used in accordance with that requirement.

**(ii) Effect of State agency’s wholly prevailing on appeal**

If a State agency begins required new investment under subparagraph (D)(i)(I), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is reduced to \$0 on administrative or judicial review, the Secretary shall pay to the State agency an amount equal to 50 percent of the new investment amount that was included in the liability amount subject to the appeal.

**(iii) Effect of Secretary’s wholly prevailing on appeal**

If a State agency does not begin required new investment under subparagraph (D)(i)(I), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is wholly upheld on administrative or judicial review, the Secretary shall—

- (I) require all or any portion of the new investment amount to be used by the

State agency for new investment, approved by the Secretary, to improve administration by the State agency of the supplemental nutrition assistance program, which amount shall not be matched by Federal funds; and

(II) require payment of any remaining portion of the new investment amount in accordance with subparagraph (E)(ii).

**(iv) Effect of neither party's wholly prevailing on appeal**

The Secretary shall promulgate regulations regarding obligations of the Secretary and the State agency in a case in which the State agency appeals the liability amount of the State agency and neither the Secretary nor the State agency wholly prevails.

**(G) Corrective action plans**

The Secretary shall foster management improvements by the States by requiring State agencies, other than State agencies with payment error rates of less than 6 percent, to develop and implement corrective action plans to reduce payment errors.

**(2) Error rate definitions**

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) Exclusions**

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 chapter during the first 120 days 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) Reporting requirements**

The Secretary may require a State agency to report any factors that the Secretary considers necessary, including providing access to applicable State records and the entire information systems in which the records are con-

tained, to determine a State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d). 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.

**(5) Procedures**

To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d). The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraph (1) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 2023 of this title (as provided for in paragraph (7)), before the end of the fiscal year following such fiscal year.

**(6) National performance measure for payment error rates**

**(A) Announcement**

At the time the Secretary makes the notification to State agencies of their error rates, 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 (8) 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 (8).

**(B) Use of alternative measure of State error**

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.

**(C) Use of national performance measure**

The announced national performance measure shall be used in determining the liability amount of a State under paragraph (1)(C) for the fiscal year whose error rates are being announced under paragraph (8).

**(D) No administrative or judicial review**

The national performance measure announced under this paragraph shall not be subject to administrative or judicial review.

**(7) Administrative and judicial review**

**(A) In general**

Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to a State agency

under paragraph (1), the State may seek administrative and judicial review of the action pursuant to section 2023 of this title.

**(B) Determination of payment error rate**

With respect to any fiscal year, a determination of the payment error rate of a State agency or a determination whether the payment error rate exceeds 105 percent of the national performance measure for payment error rates shall be subject to administrative or judicial review only if the Secretary establishes a liability amount with respect to the fiscal year under paragraph (1)(C).

**(C) Authority of Secretary with respect to liability amount**

An action by the Secretary under subparagraph (D) or (F)(iii) of paragraph (1) shall not be subject to administrative or judicial review.

**(8) Criteria for payment by a State agency**

(A) This paragraph applies to the determination of whether a payment is due by a State agency for a fiscal year under paragraph (1).

(B) Not later than the first May 31 after the end of the fiscal year referred to in subparagraph (A), the case review and all arbitrations of State-Federal difference cases shall be completed.

(C) Not later than the first June 30 after the end of the fiscal year referred to in subparagraph (A), the Secretary shall—

(i) determine final error rates, the national average payment error rate, and the amounts of payment claimed against State agencies or liability amount established with respect to State agencies;

(ii) notify State agencies of the payment claims or liability amounts; and

(iii) provide a copy of the document providing notification under clause (ii) to the chief executive officer and the legislature of the State.

(D) A State agency desiring to appeal a payment claim or liability amount determined under subparagraph (C) shall submit to an administrative law judge—

(i) a notice of appeal, not later than 10 days after receiving a notice of the claim or liability amount; and

(ii) evidence in support of the appeal of the State agency, not later than 60 days after receiving a notice of the claim or liability amount.

(E) Not later than 60 days after a State agency submits evidence in support of the appeal, the Secretary shall submit responsive evidence to the administrative law judge to the extent such evidence exists.

(F) Not later than 30 days after the Secretary submits responsive evidence, the State agency shall submit rebuttal evidence to the administrative law judge to the extent such evidence exists.

(G) The administrative law judge, after an evidentiary hearing, shall decide the appeal—

(i) not later than 60 days after receipt of rebuttal evidence submitted by the State agency; or

(ii) if the State agency does not submit rebuttal evidence, not later than 90 days after the State agency submits the notice of appeal and evidence in support of the appeal.

(H) In considering a claim or liability amount under this paragraph, the administrative law judge shall consider all grounds for denying the claim or liability amount, in whole or in part, including the contention of a State agency that the claim or liability amount should be waived, in whole or in part, for good cause.

(I) The deadlines in subparagraphs (D), (E), (F), and (G) shall be extended by the administrative law judge for cause shown.

**(9) “Good cause” defined**

As used in this subsection, the term “good cause” includes—

(A) a natural disaster or civil disorder that adversely affects supplemental nutrition assistance program operations;

(B) a strike by employees of a State agency who are necessary for the determination of eligibility and processing of case changes under the supplemental nutrition assistance program;

(C) a significant growth in the caseload under the supplemental nutrition assistance program in a State prior to or during a fiscal year, such as a 15 percent growth in caseload;

(D) a change in the supplemental nutrition assistance program or other Federal or State program that has a substantial adverse impact on the management of the supplemental nutrition assistance program of a State; and

(E) a significant circumstance beyond the control of the State agency.

**(d) State performance indicators**

**(1) Fiscal years 2003 and 2004**

**(A) Guidance**

With respect to fiscal years 2003 and 2004, the Secretary shall establish, in guidance issued to State agencies not later than October 1, 2002—

(i) performance criteria relating to—

(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

(II) other indicators of effective administration determined by the Secretary; and

(ii) standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii).

**(B) Performance bonus payments**

With respect to each of fiscal years 2003 and 2004, the Secretary shall—

(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that

meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

**(2) Fiscal years 2005 through 2017**

**(A) Regulations**

With respect to fiscal year 2005 through fiscal year 2017, the Secretary shall—

(i) establish, by regulation, performance criteria relating to—

(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

(II) other indicators of effective administration determined by the Secretary;

(ii) establish, by regulation, standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii); and

(iii) before issuing proposed regulations to carry out clauses (i) and (ii), solicit ideas for performance criteria and standards for high and most improved performance from State agencies and organizations that represent State interests.

**(B) Performance bonus payments**

With respect to fiscal year 2005 through fiscal year 2017, the Secretary shall—

(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

**(3) Prohibition on receipt of performance bonus payments**

A State agency shall not be eligible for a performance bonus payment with respect to any fiscal year for which the State agency has a liability amount established under subsection (c)(1)(C).

**(4) Payments not subject to judicial review**

A determination by the Secretary whether, and in what amount, to award a performance bonus payment under this subsection shall not be subject to administrative or judicial review.

**(5) Use of performance bonus payments**

A State agency may use a performance bonus payment received under this subsection only to carry out the program established under this chapter, including investments in—

(A) technology;

(B) improvements in administration and distribution; and

(C) actions to prevent fraud, waste, and abuse.

**(6) Fiscal year 2018 and fiscal years thereafter**

(A) With respect to fiscal year 2018 and each fiscal year thereafter, the Secretary shall establish, by regulation, performance criteria relating to—

(i) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

(ii) other indicators of effective administration determined by the Secretary.

(B) The Secretary shall not award performance bonus payments to State agencies in fiscal year 2019 for fiscal year 2018 performance.

**(e) Use of social security account numbers; access to information**

The Secretary and State agencies shall (1) require, as a condition of eligibility for participation in the supplemental nutrition assistance program, that each household member furnish to the State agency their social security account number (or numbers, if they have more than one number), and (2) use such account numbers in the administration of the supplemental nutrition assistance program. The Secretary and State agencies shall have access to the information regarding individual supplemental nutrition assistance program applicants and participants who receive benefits under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.] that has been provided to the Commissioner of Social Security, but only to the extent that the Secretary and the Commissioner of Social Security determine necessary for purposes of determining or auditing a household's eligibility to receive assistance or the amount thereof under the supplemental nutrition assistance program, or verifying information related thereto.

**(f) Payment of certain legal fees**

Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this chapter.

**(g) Cost sharing for computerization**

**(1) In general**

Except as provided in paragraph (2), the Secretary is authorized to pay to each State agency the amount provided under subsection (a)(6) for the costs incurred by the State agency in the—

(A) planning, design, development, or installation of 1 or more automatic data processing and information retrieval systems that the Secretary determines—

(i) would assist in meeting the requirements of this chapter;

(ii) meet such conditions as the Secretary prescribes;

(iii) are likely to provide more efficient and effective administration of the supplemental nutrition assistance program;

(iv) would be compatible with other systems used in the administration of State programs, including the program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(v) would be tested adequately before and after implementation, including a requirement that—

(I) such testing shall be accomplished through pilot projects in limited areas

for major systems changes (as determined under rules promulgated by the Secretary);

(II) each pilot project described in subclause (I) that is carried out before the implementation of a system shall be conducted in a live-production environment; and

(III) the data resulting from each pilot project carried out under this clause shall be thoroughly evaluated before the Secretary approves the system to be implemented more broadly;

(vi) would be operated in accordance with an adequate plan for—

(I) continuous updating to reflect changed policy and circumstances; and

(II) testing the effect of the system on access for eligible households and on payment accuracy; and

(vii) would be accessible by the Secretary for inspection and audit under section 2020(a)(3)(B) of this title; and

(B) operation of 1 or more automatic data processing and information retrieval systems that the Secretary determines may continue to be operated in accordance with clauses (i) through (vii) of subparagraph (A).

## (2) Limitation

The Secretary shall not make payments to a State agency under paragraph (1) to the extent that the State agency—

(A) is reimbursed for the costs under any other Federal program; or

(B) uses the systems for purposes not connected with the supplemental nutrition assistance program.

## (h) Funding of employment and training programs

(1) IN GENERAL.—

(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies, to remain available for 24 months, from funds made available for each fiscal year under section 2027(a)(1) of this title, \$103,900,000 for each fiscal year.

(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

(i) is determined and adjusted by the Secretary; and

(ii) takes into account the number of individuals who are not exempt from the work requirement under section 2015(o) of this title.

(C) REALLOCATION.—

(i) IN GENERAL.—If a State agency will not expend all of the funds allocated to the State agency for a fiscal year under subparagraph (B), the Secretary, subject to clauses (ii) through (v), shall reallocate the unexpended funds to other States (during the fiscal year or the subsequent fiscal year) as the Secretary considers appropriate and equitable.

(ii) TIMING.—The Secretary shall collect such information as the Secretary deter-

mines to be necessary about the expenditures and anticipated expenditures by the State agencies of the funds initially allocated to the State agencies under subparagraph (A) to make reallocations of unexpended funds under clause (i) within a time-frame that allows each State agency to which funds are reallocated at least 270 days to expend the reallocated funds.

(iii) OPPORTUNITY.—The Secretary shall ensure that all State agencies have an opportunity to obtain reallocated funds.

(iv) PRIORITY.—The Secretary shall reallocate funds under this subparagraph as follows:

(I)(aa) Subject to items (bb) and (cc), not less than 50 percent shall be reallocated to State agencies requesting such funds to conduct employment and training programs and activities for which such State agencies had previously received funding under subparagraph (F)(viii) that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance.

(bb) The Secretary shall base the determination under item (aa) on—

(AA) project results from the independent evaluations conducted under subparagraph (F)(vii)(I); or

(BB) if the project results from the independent evaluations conducted under subparagraph (F)(vii)(I) are not yet available, the reports under subparagraph (F)(vii)(II) or other information relating to performance of the programs and activities funded under subparagraph (F)(viii).

(cc) Employment and training activities funded under this subclause are not subject to subparagraph (F)(vii), but are subject to monitoring under paragraph (h)(5).

(II) Not less than 30 percent shall be reallocated to State agencies requesting such funds to implement or continue employment and training programs and activities under section 2015(d)(4)(B)(i) of this title that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance, including programs and activities that are targeted to—

(aa) individuals 50 years of age or older;

(bb) formerly incarcerated individuals;

(cc) individuals participating in a substance abuse treatment program;

(dd) homeless individuals;

(ee) people with disabilities seeking to enter the workforce;

(ff) other individuals with substantial barriers to employment; or

(gg) households facing multi-generational poverty, to support employment and workforce participation through an integrated and family-focused approach in providing supportive services.

(III) The Secretary shall reallocate any remaining funds available under this subparagraph, to State agencies requesting such funds to use for employment and training programs and activities that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance under section 2015(d)(4)(B)(i) of this title.

(v) CONSIDERATION.—In reallocating funds under this subparagraph, a State agency that receives reallocated funds under clause (iv)(I) may also be considered for reallocated funding under clause (iv)(II).

(D) MINIMUM ALLOCATION.—Notwithstanding subparagraph (B), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than \$100,000 for each fiscal year.

(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 2027(a)(1) of this title, the Secretary shall allocate not more than \$20,000,000 for each fiscal year to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving members of households receiving supplemental nutrition assistance program benefits who—

(I) are not eligible for an exception under section 2015(o)(3) of this title; and

(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 2015(o)(2) of this title.

(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 2015(o)(2) of this title to each applicant or recipient who—

(I) is in the last month of the 3-month period described in section 2015(o)(2) of this title;

(II) is not eligible for an exception under section 2015(o)(3) of this title;

(III) is not eligible for a waiver under section 2015(o)(4) of this title; and

(IV) is not exempt under section 2015(o)(6) of this title.

(F) PILOT PROJECTS TO REDUCE DEPENDENCY AND INCREASE WORK REQUIREMENTS AND WORK EFFORT UNDER SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—

(i) PILOT PROJECTS REQUIRED.—

(I) IN GENERAL.—The Secretary shall carry out pilot projects under which State agencies shall enter into cooperative agreements with the Secretary to develop and test methods, including operating work programs with certain features comparable to the program of block grants to States for temporary assistance for needy families established under part A of title

IV of the Social Security Act (42 U.S.C. 601 et seq.), for employment and training programs and services to raise the number of work registrants under section 2015(d) of this title who obtain unsubsidized employment, increase the earned income of the registrants, and reduce the reliance of the registrants on public assistance, so as to reduce the need for supplemental nutrition assistance benefits.

(II) REQUIREMENTS.—Pilot projects shall—

(aa) meet such terms and conditions as the Secretary considers to be appropriate; and

(bb) except as otherwise provided in this subparagraph, be in accordance with the requirements of sections 2015(d) and 2029 of this title.

(ii) SELECTION CRITERIA.—

(I) IN GENERAL.—The Secretary shall select pilot projects under this subparagraph in accordance with the criteria established under this clause and additional criteria established by the Secretary.

(II) QUALIFYING CRITERIA.—To be eligible to participate in a pilot project, a State agency shall—

(aa) agree to participate in the evaluation described in clause (vii), including providing evidence that the State has a robust data collection system for program administration and cooperating to make available State data on the employment activities and post-participation employment, earnings, and public benefit receipt of participants to ensure proper and timely evaluation;

(bb) commit to collaborate with the State workforce board and other job training programs in the State and local area; and

(cc) commit to maintain at least the amount of State funding for employment and training programs and services under paragraphs (2) and (3) and under section 2029 of this title as the State expended for fiscal year 2013.

(III) SELECTION CRITERIA.—In selecting pilot projects, the Secretary shall—

(aa) consider the degree to which the pilot project would enhance existing employment and training programs in the State;

(bb) consider the degree to which the pilot project would enhance the employment and earnings of program participants;

(cc) consider whether there is evidence that the pilot project could be replicated easily by other States or political subdivisions;

(dd) consider whether the State agency has a demonstrated capacity to operate high quality employment and training programs; and

(ee) ensure the pilot projects, when considered as a group, test a range of strategies, including strategies that—

(AA) target individuals with low skills or limited work experience, indi-



viduals subject to the requirements under section 2015(o) of this title, and individuals who are working;

(BB) are located in a range of geographic areas and States, including rural and urban areas;

(CC) emphasize education and training, rehabilitative services for individuals with barriers to employment, rapid attachment to employment, and mixed strategies; and

(DD) test programs that assign work registrants to mandatory and voluntary participation in employment and training activities.

(iii) ACCOUNTABILITY.—

(I) IN GENERAL.—The Secretary shall establish and implement a process to terminate a pilot project for which the State has failed to meet the criteria described in clause (ii) or other criteria established by the Secretary.

(II) TIMING.—The process shall include a reasonable time period, not to exceed 180 days, for State agencies found noncompliant to correct the noncompliance.

(iv) EMPLOYMENT AND TRAINING ACTIVITIES.—Allowable programs and services carried out under this subparagraph shall include those programs and services authorized under this chapter and employment and training activities authorized under the program of block grants to States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), including:

(I) Employment in the public or private sector that is not subsidized by any public program.

(II) Employment in the private sector for which the employer receives a subsidy from public funds to offset all or a part of the wages and costs of employing an adult.

(III) Employment in the public sector for which the employer receives a subsidy from public funds to offset all or a part of the wages and costs of employing an adult.

(IV) A work activity that—

(aa) is performed in return for public benefits;

(bb) provides an adult with an opportunity to acquire the general skills, knowledge, and work habits necessary to obtain employment;

(cc) is designed to improve the employability of those who cannot find unsubsidized employment; and

(dd) is supervised by an employer, work site sponsor, or other responsible party on an ongoing basis.

(V) Training in the public or private sector that—

(aa) is given to a paid employee while the employee is engaged in productive work; and

(bb) provides knowledge and skills essential to the full and adequate performance of the job.

(VI) Job search, obtaining employment, or preparation to seek or obtain employment, including—

(aa) life skills training;

(bb) substance abuse treatment or mental health treatment, determined to be necessary and documented by a qualified medical, substance abuse, or mental health professional; and

(cc) rehabilitation activities, supervised by a public agency or other responsible party on an ongoing basis.

(VII) Structured programs and embedded activities—

(aa) in which adults perform work for the direct benefit of the community under the auspices of public or nonprofit organizations;

(bb) that are limited to projects that serve useful community purposes in fields such as health, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, public safety, and child care;

(cc) that are designed to improve the employability of adults not otherwise able to obtain unsubsidized employment;

(dd) that are supervised on an ongoing basis; and

(ee) with respect to which a State agency takes into account, to the maximum extent practicable, the prior training, experience, and skills of a recipient in making appropriate community service assignments.

(VIII) Career and technical training programs that are—

(aa) directly related to the preparation of adults for employment in current or emerging occupations; and

(bb) supervised on an ongoing basis.

(IX) Training or education for job skills that are—

(aa) required by an employer to provide an adult with the ability to obtain employment or to advance or adapt to the changing demands of the workplace; and

(bb) supervised on an ongoing basis.

(X) Education that is—

(aa) related to a specific occupation, job, or job offer; and

(bb) supervised on an ongoing basis.

(XI) In the case of an adult who has not completed secondary school or received a certificate of general equivalence, regular attendance that is—

(aa) in accordance with the requirements of the secondary school or course of study, at a secondary school or in a course of study leading to a certificate of general equivalence; and

(bb) supervised on an ongoing basis.

(XII) Providing child care to enable another recipient of public benefits to participate in a community service program that—

(aa) does not provide compensation for the community service;

(bb) is a structured program designed to improve the employability of adults who participate in the program; and

(cc) is supervised on an ongoing basis.

(v) **SANCTIONS.**—Subject to clause (vi), no work registrant shall be eligible to participate in the supplemental nutrition assistance program if the individual refuses without good cause to participate in an employment and training program under this subparagraph, to the extent required by the State agency.

(vi) **STANDARDS.**—

(I) **IN GENERAL.**—Employment and training activities under this subparagraph shall be considered to be carried out under section 2015(d) of this title, including for the purpose of satisfying any conditions of participation and duration of ineligibility.

(II) **STANDARDS FOR CERTAIN EMPLOYMENT ACTIVITIES.**—The Secretary shall establish standards for employment activities described in subclauses (I), (II), and (III) of clause (iv) that ensure that failure to work for reasons beyond the control of an individual, such as involuntary reduction in hours of employment, shall not result in ineligibility.

(III) **PARTICIPATION IN OTHER PROGRAMS.**—Before assigning a work registrant to mandatory employment and training activities, a State agency shall—

(aa) assess whether the work registrant is participating in substantial employment and training activities outside of the pilot project that are expected to result in the work registrant gaining increased skills, training, work, or experience consistent with the objectives of the pilot project; and

(bb) if determined to be acceptable, count hours engaged in the activities toward any minimum participation requirement.

(vii) **EVALUATION AND REPORTING.**—

(I) **INDEPENDENT EVALUATION.**—

(aa) **IN GENERAL.**—The Secretary shall, under such terms and conditions as the Secretary determines to be appropriate, conduct for each State agency that enters into a cooperative agreement under clause (i) an independent longitudinal evaluation of each pilot project of the State agency under this subparagraph, with results reported not less frequently than in consecutive 12-month increments.

(bb) **PURPOSE.**—The purpose of the independent evaluation shall be to measure the impact of employment and training programs and services provided by each State agency under the pilot projects on the ability of adults in each pilot project target population to find and retain employment that leads to increased household income and reduced reliance on public assistance, as well as other measures of household well-being,

compared to what would have occurred in the absence of the pilot project.

(cc) **METHODOLOGY.**—The independent evaluation shall use valid statistical methods that can determine, for each pilot project, the difference, if any, between supplemental nutrition assistance and other public benefit receipt expenditures, employment, earnings and other impacts as determined by the Secretary—

(AA) as a result of the employment and training programs and services provided by the State agency under the pilot project; as compared to

(BB) a control group that is not subject to the employment and training programs and services provided by the State agency under the pilot project.

(II) **REPORTING.**—Not later than December 31, 2015, and each December 31 thereafter until the completion of the last evaluation under subclause (I), 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 and share broadly, including by posting on the Internet website of the Department of Agriculture, a report that includes a description of—

(aa) the status of each pilot project carried out under this subparagraph;

(bb) the results of the evaluation completed during the previous fiscal year;

(cc) to the maximum extent practicable, baseline information relevant to the stated goals and desired outcomes of the pilot project;

(dd) the employment and training programs and services each State tested under the pilot, including—

(AA) the system of the State for assessing the ability of work registrants to participate in and meet the requirements of employment and training activities and assigning work registrants to appropriate activities; and

(BB) the employment and training activities and services provided under the pilot;

(ee) the impact of the employment and training programs and services on appropriate employment, income, and public benefit receipt as well as other outcomes among households participating in the pilot project, relative to households not participating; and

(ff) the steps and funding necessary to incorporate into State employment and training programs and services the components of the pilot projects that demonstrate increased employment and earnings.

(viii) **FUNDING.**—

(I) **IN GENERAL.**—Subject to subclause (II), from amounts made available under section 2027(a)(1) of this title, the Secretary shall use to carry out this subparagraph—

- (aa) for fiscal year 2014, \$10,000,000; and
- (bb) for fiscal year 2015, \$190,000,000.

(II) LIMITATIONS.—

(aa) IN GENERAL.—The Secretary shall not fund more than 10 pilot projects under this subparagraph.

(bb) DURATION.—Each pilot project shall be in effect for not more than 3 years.

(III) AVAILABILITY OF FUNDS.—Funds made available under subclause (I) shall remain available through September 30, 2018.

(ix) USE OF FUNDS.—

(I) IN GENERAL.—Funds made available under this subparagraph for pilot projects shall be used only for—

- (aa) pilot projects that comply with this chapter;
- (bb) the program and administrative costs of carrying out the pilot projects;
- (cc) the costs incurred in developing systems and providing information and data for the independent evaluations under clause (vii); and
- (dd) the costs of the evaluations under clause (vii).

(II) MAINTENANCE OF EFFORT.—Funds made available under this subparagraph shall be used only to supplement, not to supplant, non-Federal funds used for existing employment and training activities or services.

(III) OTHER FUNDS.—In carrying out pilot projects, States may contribute additional funds obtained from other sources, including Federal, State, or private funds, on the condition that the use of the contributions is permissible under Federal law.

(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the first limitation in paragraph (3), including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work.

(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 2015(d)(4) of this title or a pilot project under paragraph (1)(F), except that the amount of the reimbursement for dependent care expenses shall not exceed an amount equal to the payment made under section 2015(d)(4)(I)(i)(II) of this title but not more than the applicable local market rate, and such reimbursement shall not be made out of funds allocated under paragraph (1).

(4) Funds provided to a State agency under this subsection may be used only for operating an employment and training program under section 2015(d)(4) of this title or a pilot project

under paragraph (1)(F), and may not be used for carrying out other provisions of this chapter.

(5) MONITORING.—

(A) IN GENERAL.—The Secretary shall monitor the employment and training programs carried out by State agencies under section 2015(d)(4) of this title and assess the effectiveness of the programs in—

- (i) preparing members of households participating in the supplemental nutrition assistance program for employment, including the acquisition of basic skills necessary for employment; and
- (ii) increasing the number of household members who obtain and retain employment subsequent to participation in the employment and training programs.

(B) REPORTING MEASURES.—

(i) IN GENERAL.—The Secretary, in consultation with the Secretary of Labor, shall develop State reporting measures that identify improvements in the skills, training, education, or work experience of members of households participating in the supplemental nutrition assistance program.

(ii) REQUIREMENTS.—Measures shall—

(I) be based on common measures of performance for Federal workforce training programs; and

(II) include additional indicators that reflect the challenges facing the types of members of households participating in the supplemental nutrition assistance program who participate in a specific employment and training component.

(iii) STATE REQUIREMENTS.—The Secretary shall require that each State employment and training plan submitted under section 2020(e)(19) of this title identifies appropriate reporting measures for each proposed component that serves a threshold number of participants determined by the Secretary of at least 100 people a year.

(iv) INCLUSIONS.—Reporting measures described in clause (iii) may include—

(I) the percentage and number of program participants who received employment and training services and are in unsubsidized employment subsequent to the receipt of those services;

(II) the percentage and number of program participants who obtain a recognized credential, including a registered apprenticeship, or a regular secondary school diploma or its recognized equivalent, while participating in, or within 1 year after receiving, employment and training services;

(III) the percentage and number of program participants who are in an education or training program that is intended to lead to a recognized credential, including a registered apprenticeship or on-the-job training program, a regular secondary school diploma or its recognized equivalent, or unsubsidized employment;

(IV) subject to terms and conditions established by the Secretary, measures developed by each State agency to assess the skills acquisition of employment and training program participants that reflect

the goals of the specific employment and training program components of the State agency, which may include, at a minimum—

(aa) the percentage and number of program participants who are meeting program requirements in each component of the education and training program of the State agency;

(bb) the percentage and number of program participants who are gaining skills likely to lead to employment as measured through testing, quantitative or qualitative assessment, or other method; and

(cc) the percentage and number of program participants who do not comply with employment and training requirements and who are ineligible under section 2015(b) of this title; and

(V) other indicators approved by the Secretary.

(v) **STATE OPTION.**—The State agency may report relevant data from a workforce partnership carried out under section 2015(d)(4)(N) of this title to demonstrate the number of program participants served by the workforce partnership.

(C) **OVERSIGHT OF STATE EMPLOYMENT AND TRAINING ACTIVITIES.**—The Secretary shall assess State employment and training programs on a periodic basis to ensure—

(i) compliance with Federal employment and training program rules and regulations;

(ii) that program activities are appropriate to meet the needs of the individuals referred by the State agency to an employment and training program component;

(iii) that reporting measures are appropriate to identify improvements in skills, training, work and experience for participants in an employment and training program component; and

(iv) for States receiving additional allocations under paragraph (1)(E), any information the Secretary may require to evaluate the compliance of the State agency with paragraph (1), which may include—

(I) a report for each fiscal year of the number of individuals in the State who meet the conditions of paragraph (1)(E)(ii), the number of individuals the State agency offers a position in a program described in subparagraph (B) or (C) of section 2015(o)(2) of this title, and the number who participate in such a program;

(II) a description of the types of employment and training programs the State agency uses to comply with paragraph (1)(E) and the availability of those programs throughout the State; and

(III) any additional information the Secretary determines to be appropriate.

(D) **STATE REPORT.**—Each State agency shall annually prepare and submit to the Secretary a report on the State employment and training program that includes, using measures identified under subparagraph (B), the numbers of supplemental nutrition assistance pro-

gram participants who have gained skills, training, work, or experience that will increase the ability of the participants to obtain regular employment.

(E) **MODIFICATIONS TO THE STATE EMPLOYMENT AND TRAINING PLAN.**—Subject to terms and conditions established by the Secretary, if the Secretary determines that the performance of a State agency with respect to employment and training outcomes is inadequate, the Secretary may require the State agency to make modifications to the State employment and training plan to improve the outcomes.

(F) **PERIODIC EVALUATION.**—Subject to terms and conditions established by the Secretary, not later than October 1, 2016, and not less frequently than once every 5 years thereafter, the Secretary shall conduct a study to review existing practice and research to identify employment and training program components and practices that—

(i) effectively assist members of households participating in the supplemental nutrition assistance program in gaining skills, training, work, or experience that will increase the ability of the participants to obtain regular employment; and

(ii) are best integrated with statewide workforce development systems.

**(i) Geographical error-prone profiles**

(1) The Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1)) that impair the integrity of the supplemental nutrition assistance program.

(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the supplemental nutrition assistance program and be cost effective.

**(j) Training materials regarding certification of farming households**

Not later than 180 days after September 19, 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.

**(k) Reductions in payments for administrative costs**

**(1) Definitions**

In this subsection:

**(A) AFDC program**

The term “AFDC program” means the program of aid to families with dependent children established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq. (as in effect, with respect to a State, during the base period for that State)).

**(B) Base period**

The term “base period” means the period used to determine the amount of the State

family assistance grant for a State under section 403 of the Social Security Act (42 U.S.C. 603).

**(C) Medicaid program**

The term “medicaid program” means the program of medical assistance under a State plan or under a waiver of the plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

**(2) Determinations of amounts attributable to benefiting programs**

Not later than 180 days after June 23, 1998, the Secretary of Health and Human Services, in consultation with the Secretary of Agriculture and the States, shall, with respect to the base period for each State, determine—

(A) the annualized amount the State received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as in effect during the base period)) for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the supplemental nutrition assistance program, the AFDC program and the medicaid program, and the AFDC program, the supplemental nutrition assistance program, and the medicaid program that were allocated to the AFDC program; and

(B) the annualized amount the State would have received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as so in effect)), section 1903(a)(7) of the Social Security Act (42 U.S.C. 1396b(a)(7) (as so in effect)), and subsection (a) of this section (as so in effect), for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the supplemental nutrition assistance program, the AFDC program and the medicaid program, and the AFDC program, the supplemental nutrition assistance program, and the medicaid program, if those costs had been allocated equally among such programs for which the individual, family, or household was eligible or applied for.

**(3) Reduction in payment**

**(A) In general**

Notwithstanding any other provision of this section, the Secretary shall reduce, for each fiscal year, the amount paid under subsection (a) to each State by an amount equal to the amount determined for the supplemental nutrition assistance program under paragraph (2)(B). The Secretary shall, to the extent practicable, make the reductions required by this paragraph on a quarterly basis.

**(B) Application**

If the Secretary of Health and Human Services does not make the determinations required by paragraph (2) by September 30, 1999—

(i) during the fiscal year in which the determinations are made, the Secretary shall reduce the amount paid under subsection (a) to each State by an amount

equal to the sum of the amounts determined for the supplemental nutrition assistance program under paragraph (2)(B) for fiscal year 1999 through the fiscal year during which the determinations are made; and

(ii) for each subsequent fiscal year, subparagraph (A) applies.

**(4) Appeal of determinations**

**(A) In general**

Not later than 5 days after the date on which the Secretary of Health and Human Services makes any determination required by paragraph (2) with respect to a State, the Secretary shall notify the chief executive officer of the State of the determination.

**(B) Review by administrative law judge**

**(i) In general**

Not later than 60 days after the date on which a State receives notice under subparagraph (A) of a determination, the State may appeal the determination, in whole or in part, to an administrative law judge of the Department of Health and Human Services by filing an appeal with the administrative law judge.

**(ii) Documentation**

The administrative law judge shall consider an appeal filed by a State under clause (i) on the basis of such documentation as the State may submit and as the administrative law judge may require to support the final decision of the administrative law judge.

**(iii) Review**

In deciding whether to uphold a determination, in whole or in part, the administrative law judge shall conduct a thorough review of the issues and take into account all relevant evidence.

**(iv) Deadline**

Not later than 60 days after the date on which the record is closed, the administrative law judge shall—

(I) make a final decision with respect to an appeal filed under clause (i); and

(II) notify the chief executive officer of the State of the decision.

**(C) Review by Departmental Appeals Board**

**(i) In general**

Not later than 30 days after the date on which a State receives notice under subparagraph (B) of a final decision, the State may appeal the decision, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (referred to in this paragraph as the “Board”) by filing an appeal with the Board.

**(ii) Review**

The Board shall review the decision on the record.

**(iii) Deadline**

Not later than 60 days after the date on which the appeal is filed, the Board shall—

- (I) make a final decision with respect to an appeal filed under clause (i); and
- (II) notify the chief executive officer of the State of the decision.

**(D) Judicial review**

The determinations of the Secretary of Health and Human Services under paragraph (2), and a final decision of the administrative law judge or Board under subparagraphs (B) and (C), respectively, shall not be subject to judicial review.

**(E) Reduced payments pending appeal**

The pendency of an appeal under this paragraph shall not affect the requirement that the Secretary reduce payments in accordance with paragraph (3).

**(5) Allocation of administrative costs**

**(A) In general**

No funds or expenditures described in subparagraph (B) may be used to pay for costs—

- (i) eligible for reimbursement under subsection (a) (or costs that would have been eligible for reimbursement but for this subsection); and
- (ii) allocated for reimbursement to the supplemental nutrition assistance program under a plan submitted by a State to the Secretary of Health and Human Services to allocate administrative costs for public assistance programs.

**(B) Funds and expenditures**

Subparagraph (A) applies to—

- (i) funds made available to carry out part A of title IV, or title XX, of the Social Security Act (42 U.S.C. 601 et seq., 1397 et seq.);
- (ii) expenditures made as qualified State expenditures (as defined in section 409(a)(7)(B) of that Act (42 U.S.C. 609(a)(7)(B)));
- (iii) any other Federal funds (except funds provided under subsection (a)); and
- (iv) any other State funds that are—
  - (I) expended as a condition of receiving Federal funds; or
  - (II) used to match Federal funds under a Federal program other than the supplemental nutrition assistance program.

(Pub. L. 88-525, §16, Aug. 31, 1964, 78 Stat. 709; Pub. L. 90-91 §§1, 2, Sept. 27, 1967, 81 Stat. 228; Pub. L. 90-552, Oct. 8, 1968, 82 Stat. 958; Pub. L. 91-116, Nov. 13, 1969, 83 Stat. 191; Pub. L. 91-671, §9, Jan. 11, 1971, 84 Stat. 2052; Pub. L. 93-86, §3(j), Aug. 10, 1973, 87 Stat. 248; Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 976; Pub. L. 96-58, §§4, 6, Aug. 14, 1979, 93 Stat. 391; Pub. L. 96-249, title I, §§121, 125, 126, 128, 129, May 26, 1980, 94 Stat. 363, 364, 367; Pub. L. 97-35, title I, §§111(b), 114, Aug. 13, 1981, 95 Stat. 362, 363; Pub. L. 97-98, title XIII, §§1325-1327, Dec. 22, 1981, 95 Stat. 1289; Pub. L. 97-253, title I, §§179, 180(a), 189(b)(3), (c), Sept. 8, 1982, 96 Stat. 782, 787; Pub. L. 99-198, title XV, §§1517(c), 1524, 1535(c)(1), 1537(a), 1539, Dec. 23, 1985, 99 Stat. 1577, 1580, 1585, 1588; Pub. L. 99-603, title I, §121(b)(5), Nov. 6, 1986, 100 Stat. 3391; Pub. L. 100-77, title VIII, §808(b), July 22, 1987, 101 Stat. 536; Pub. L. 100-435, title II, §204(b), title III, §321(b), (c), title

IV, §404(e), (g), title VI, §604, Sept. 19, 1988, 102 Stat. 1657, 1662, 1668, 1675; Pub. L. 101-624, title XVII, §§1750, 1752(a), 1753, Nov. 28, 1990, 104 Stat. 3797, 3798; Pub. L. 102-237, title IX, §941(7), Dec. 13, 1991, 105 Stat. 1892; Pub. L. 103-66, title XIII, §§13922(c), 13951(c), 13961, Aug. 10, 1993, 107 Stat. 675, 678, 679; Pub. L. 103-296, title I, §108(f)(2), Aug. 15, 1994, 108 Stat. 1487; Pub. L. 104-66, title I, §1011(j), Dec. 21, 1995, 109 Stat. 710; Pub. L. 104-127, title IV, §401(b), Apr. 4, 1996, 110 Stat. 1026; Pub. L. 104-193, title I, §109(c), title VIII, §§817(b)-(d), 844(c), 847, 848(a), (b)(2), 849, Aug. 22, 1996, 110 Stat. 2169, 2319, 2320, 2333-2335; Pub. L. 105-33, title I, §1002(a), Aug. 5, 1997, 111 Stat. 252; Pub. L. 105-185, title V, §§501, 502(a), June 23, 1998, 112 Stat. 575; Pub. L. 106-78, title VII, §758, Oct. 22, 1999, 113 Stat. 1172; Pub. L. 107-171, title IV, §§4118(a), 4119(a), 4120(a), 4121(a), (d), 4122(a), May 13, 2002, 116 Stat. 316, 321, 323, 324; Pub. L. 110-234, title IV, §§4001(b), 4002(a)(8), 4115(b)(11), 4121, 4122, 4406(a)(3), (4), May 22, 2008, 122 Stat. 1092, 1094, 1108, 1113, 1140, 1141; Pub. L. 110-246, §4(a), title IV, §§4001(b), 4002(a)(8), 4115(b)(11), 4121, 4122, 4406(a)(3), (4), June 18, 2008, 122 Stat. 1664, 1853, 1855, 1869, 1874, 1875, 1902; Pub. L. 112-240, title VII, §701(d)(1), Jan. 2, 2013, 126 Stat. 2363; Pub. L. 113-76, div. A, title VII, §717, Jan. 17, 2014, 128 Stat. 36; Pub. L. 113-79, title IV, §§4018(a), 4019, 4020(a), (b)(2), 4021, 4022(a), (b)(2), 4030(i), Feb. 7, 2014, 128 Stat. 797-799, 808, 814; Pub. L. 115-334, title IV, §§4005(d), 4012, 4013(b)-(e), 4015(b), Dec. 20, 2018, 132 Stat. 4632, 4641-4643, 4648.)

**Editorial Notes**

**REFERENCES IN TEXT**

The Social Security Act, referred to in subsecs. (e), (g)(1)(D), (h)(1)(F)(i)(I), (iv), and (k), is act Aug. 14, 1935, ch. 531, 49 Stat. 620. Part A of title IV of the Act is classified generally to part A (§601 et seq.) of subchapter IV of chapter 7 of Title 42, The Public Health and Welfare. Titles XVI, XIX, and XX of the Act are classified generally to subchapters XVI (§1381 et seq.), XIX (§1396 et seq.), and XX (§1397 et seq.), respectively, of chapter 7 of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

**CODIFICATION**

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

**AMENDMENTS**

- 2018—Subsec. (a). Pub. L. 115-334, §4015(b), added cl. (9).
- Subsec. (c)(1)(B). Pub. L. 115-334, §4013(b), amended subpar. (B) generally. Prior to amendment, subpar. (B) related to adjustment of Federal share of administrative costs for fiscal years before fiscal year 2003.
- Subsec. (c)(4). Pub. L. 115-334, §4013(c), inserted “, including providing access to applicable State records and the entire information systems in which the records are contained,” after “the Secretary considers necessary”.
- Subsec. (d). Pub. L. 115-334, §4013(d)(1), substituted “State performance indicators” for “Bonuses for States that demonstrate high or most improved performance” in heading.
- Subsec. (d)(2). Pub. L. 115-334, §4013(d)(2)(A), substituted “through 2017” for “and thereafter” in heading.
- Subsec. (d)(2)(A), (B). Pub. L. 115-334, §4013(d)(2)(B), (C), substituted “through fiscal year 2017” for “and each fiscal year thereafter” in introductory provisions.

Subsec. (d)(6). Pub. L. 115-334, §4013(d)(3), added par. (6).

Subsec. (g)(1). Pub. L. 115-334, §4012(2), (3), in introductory provisions, substituted “paragraph (2)” for “paragraphs (2) and (3)” and “in the—” for “in the”, inserted subpar. (A) designation before “planning”, and redesignated former subpars. (A) to (D) as cls. (i) to (iv), respectively, of subpar. (A).

Subsec. (g)(1)(A)(v). Pub. L. 115-334, §4012(2), (4), redesignated subsec. (g)(1)(E) as cl. (v) of subsec. (g)(1)(A) and substituted “, including a requirement that—”, subcls. (I) and (II), and “(III) the data resulting from each pilot project carried out under this clause” for “, including through pilot projects in limited areas for major systems changes as determined under rules promulgated by the Secretary, data from which”.

Subsec. (g)(1)(A)(vi). Pub. L. 115-334, §4012(1), (2), redesignated subsec. (g)(1)(F) as cl. (vi) of subsec. (g)(1)(A) and cls. (i) and (ii) of former subpar. (F) as subcls. (I) and (II), respectively, of cl. (vi).

Subsec. (g)(1)(A)(vii). Pub. L. 115-334, §§4012(5), 4013(e), added cl. (vii).

Subsec. (g)(1)(B). Pub. L. 115-334, §4012(6), added subpar. (B). Former subpar. (B) redesignated cl. (ii) of subsec. (g)(1)(A).

Subsec. (g)(1)(C) to (F). Pub. L. 115-334, §4012(2), redesignated subpars. (C) to (F) as cls. (iii) to (vi), respectively, of subsec. (g)(1)(A).

Subsec. (h)(1)(A). Pub. L. 115-334, §4005(d)(1)(A), substituted “\$103,900,000” for “\$90,000,000”.

Subsec. (h)(1)(C)(i). Pub. L. 115-334, §4005(d)(1)(B)(i), inserted “, subject to clauses (ii) through (v),” before “shall reallocate”.

Subsec. (h)(1)(C)(iv), (v). Pub. L. 115-334, §4005(d)(1)(B)(ii), added cls. (iv) and (v).

Subsec. (h)(1)(D). Pub. L. 115-334, §4005(d)(1)(C), substituted “\$100,000” for “\$50,000”.

Subsec. (h)(5)(B)(v). Pub. L. 115-334, §4005(d)(2), added cl. (v).

2014—Subsec. (a). Pub. L. 113-79, §4030(i), made technical amendment to reference in original act which was executed in text by striking out period after “section 1610(b) of title 43” in proviso following cl. (8).

Subsec. (a)(4). Pub. L. 113-79, §4018(a), inserted “designed to persuade an individual to apply for program benefits or that promote the program through television, radio, or billboard advertisements” after “recruitment activities”.

Subsec. (c)(1)(A). Pub. L. 113-79, §4019, designated existing provisions as cl. (i), inserted heading, and added cl. (ii).

Subsec. (c)(1)(D)(i). Pub. L. 113-79, §4020(a), (b)(2)(A)(i), redesignated subcls. (II) to (IV) as (I) to (III), respectively, substituted “and (II)” for “through (III)” in subcl. (III), and struck out former subcl. (I) which read as follows: “waive the responsibility of the State agency to pay all or any portion of the liability amount established for the fiscal year (referred to in this paragraph as the ‘waiver amount’)”.

Subsec. (c)(1)(D)(ii). Pub. L. 113-79, §4020(b)(2)(A)(ii), struck out “waiver amount or” before “new investment”.

Subsec. (c)(1)(E)(i). Pub. L. 113-79, §4020(b)(2)(B), substituted “(D)(i)(II)” for “(D)(i)(III)”.

Subsec. (c)(1)(F). Pub. L. 113-79, §4020(b)(2)(C), substituted “(D)(i)(I)” for “(D)(i)(II)” wherever appearing.

Subsec. (d)(5). Pub. L. 113-79, §4021, added par. (5).

Subsec. (h)(1)(A). Pub. L. 113-79, §4022(a)(1)(A), substituted “24 months” for “15 months” and struck out “, except that for fiscal year 2013 and fiscal year 2014, the amount shall be \$79,000,000” before period at end.

Pub. L. 113-76 inserted “and fiscal year 2014” after “2013”.

Subsec. (h)(1)(C). Pub. L. 113-79, §4022(a)(1)(B), designated existing provisions as cl. (i), inserted heading, and added cls. (ii) and (iii).

Subsec. (h)(1)(F). Pub. L. 113-79, §4022(a)(1)(C), added subpar. (F).

Subsec. (h)(3), (4). Pub. L. 113-79, §4022(b)(2), inserted “or a pilot project under paragraph (1)(F)” after “section 2015(d)(4) of this title”.

Subsec. (h)(5). Pub. L. 113-79, §4022(a)(2), added par. (5) and struck out former par. (5) which read as follows: “The Secretary shall monitor the employment and training programs carried out by State agencies under section 2015(d)(4) of this title to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.”

2013—Subsec. (h)(1)(A). Pub. L. 112-240 inserted “, except that for fiscal year 2013, the amount shall be \$79,000,000” before period at end.

2008—Pub. L. 110-246, §4001(b), substituted “supplemental nutrition assistance program” for “food stamp program” wherever appearing in subsecs. (a) to (c), (e), (i), and (k).

Subsec. (a)(2), (3). Pub. L. 110-246, §4115(b)(11), substituted “benefits” for “coupons”.

Subsec. (a)(4). Pub. L. 110-246, §4002(a)(8)(A), substituted “informational activities relating to the supplemental nutrition assistance program” for “food stamp informational activities”.

Subsec. (c)(9)(C). Pub. L. 110-246, §4002(a)(8)(B), substituted “the caseload under the supplemental nutrition assistance program” for “food stamp caseload”.

Subsec. (g). Pub. L. 110-246, §4121, added subsec. (g) and struck out former subsec. (g) which read as follows: “The Secretary is authorized to pay to each State agency the amount provided under subsection (a)(6) of this section for the costs incurred by the State agency in the planning, design, development, or installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this chapter, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State programs funded under part A of title IV of the Social Security Act: *Provided*, That there shall be no such payments to the extent that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency’s administrative costs under any other subsection of this section.”

Subsec. (h)(1)(A). Pub. L. 110-246, §4406(a)(3)(A), substituted provisions relating to reservation of \$90,000,000 for each fiscal year for provisions relating to reservation of \$75,000,000 for fiscal year 1996, \$79,000,000 for fiscal year 1997, \$81,000,000 and an additional \$131,000,000 for fiscal year 1998, \$84,000,000 and an additional \$31,000,000 for fiscal year 1999, \$86,000,000 and an additional \$86,000,000 fiscal year 2000, \$88,000,000 and an additional \$131,000,000 for fiscal year 2001, and \$90,000,000 for each of fiscal years 2002 through 2007.

Pub. L. 110-246, §4122, substituted “to remain available for 15 months” for “to remain available until expended”.

Subsec. (h)(1)(E)(i). Pub. L. 110-246, §4406(a)(3)(B), substituted “for each fiscal year” for “for each of fiscal years 2002 through 2007” in introductory provisions.

Pub. L. 110-246, §4002(a)(8)(C), substituted “members of households receiving supplemental nutrition assistance program benefits” for “food stamp recipients” in introductory provisions.

Subsec. (k)(3)(A). Pub. L. 110-246, §4406(a)(4)(A), struck out “effective for each of fiscal years 1999 through 2007,” before “the Secretary shall reduce”.

Subsec. (k)(3)(B)(ii). Pub. L. 110-246, §4406(a)(4)(B), struck out “through fiscal year 2007” after “for each subsequent fiscal year”.

2002—Subsec. (c). Pub. L. 107-171, §4118(a)(1), inserted heading.

Subsec. (c)(1). Pub. L. 107-171, §4118(a)(1), added par. (1) and struck out former par. (1) which related to payment error improvement system.

Subsec. (c)(4). Pub. L. 107-171, §4118(a)(2), inserted heading and substituted “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, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d)." for "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."

Subsec. (c)(5). Pub. L. 107-171, §4118(a)(3), inserted heading and substituted "To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d)." for "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." and "paragraph (1) for a fiscal year" for "paragraph (1)(C) for a fiscal year".

Subsec. (c)(6). Pub. L. 107-171, §4118(a)(4), inserted heading, designated first sentence as subpar. (A), inserted heading, struck out "and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C)" after "State agencies of their error rates", and substituted "paragraph (8)" for "paragraph (5)" in two places, designated second sentence as subpar. (B) and inserted heading, designated third sentence as subpar. (C), inserted heading, and substituted "the liability amount of a State under paragraph (1)(C)" for "the State share of the cost of payment error under paragraph (1)(C)" and "paragraph (8)" for "paragraph (5)", and added subpar. (D).

Subsec. (c)(7). Pub. L. 107-171, §4118(a)(5), inserted heading, designated existing provisions as subpar. (A), inserted heading, substituted "Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to" for "If the Secretary asserts a financial claim against" and "paragraph (1)" for "paragraph (1)(C)", and added subpars. (B) and (C).

Subsec. (c)(8)(A). Pub. L. 107-171, §4118(a)(6)(A), substituted "paragraph (1)" for "paragraph (1)(C)".

Subsec. (c)(8)(B). Pub. L. 107-171, §4119(a)(1), substituted "the first May 31 after the end of the fiscal year referred to in subparagraph (A)" for "180 days after the end of the fiscal year".

Subsec. (c)(8)(C). Pub. L. 107-171, §4119(a)(2), substituted "the first June 30 after the end of the fiscal year referred to in subparagraph (A)" for "30 days thereafter" in introductory provisions.

Subsec. (c)(8)(C)(i). Pub. L. 107-171, §4118(a)(6)(B)(i), substituted "payment claimed against State agencies or liability amount established with respect to State agencies;" for "payment claimed against State agencies; and".

Subsec. (c)(8)(C)(ii). Pub. L. 107-171, §4118(a)(6)(B)(ii), substituted "claims or liability amounts; and" for "claims."

Subsec. (c)(8)(C)(iii). Pub. L. 107-171, §4118(a)(6)(B)(iii), added cl. (iii).

Subsec. (c)(8)(D), (H). Pub. L. 107-171, §4118(a)(6)(C), inserted "or liability amount" after "claim" wherever appearing.

Subsec. (d). Pub. L. 107-171, §4120(a), added subsec. (d) and struck out former subsec. (d) which read as follows: "The Secretary shall undertake the following studies of the payment error improvement system established under subsection (c) of this section:

"(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) of this section. 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 September 19, 1988."

Subsec. (h)(1)(A)(vii). Pub. L. 107-171, §4121(a)(1), added cl. (vii) and struck out former cl. (vii) which read as follows: "for fiscal year 2002—

"(I) \$90,000,000; and

"(II) an additional amount of \$75,000,000."

Subsec. (h)(1)(B). Pub. L. 107-171, §4121(a)(2), added subpar. (B) and struck out heading and text of former subpar. (B). Text read as follows:

"(i) ALLOCATION FORMULA.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula, as determined and adjusted by the Secretary each fiscal year, to reflect—

"(I) changes in each State's caseload (as defined in section 2015(o)(6)(A) of this title);

"(II) for fiscal year 1998, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title; and

"(III) for each of fiscal years 1999 through 2002, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title and who—

"(aa) do not reside in an area subject to a waiver granted by the Secretary under section 2015(o)(4) of this title; or

"(bb) do reside in an area subject to a waiver granted by the Secretary under section 2015(o)(4) of this title, if the State agency provides employment and training services in the area to food stamp recipients who are not eligible for an exception under section 2015(o)(3) of this title.

"(ii) ESTIMATED FACTORS.—The Secretary shall estimate the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title based on the survey conducted to carry out subsection (c) of this section for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

"(iii) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph."

Subsec. (h)(1)(E) to (G). Pub. L. 107-171, §4121(a)(3), added subpar. (E) and struck out heading and text of former subpars. (E) to (G) which related to use of funds, maintenance of effort, and component costs, respectively.

Subsec. (h)(3). Pub. L. 107-171, §4121(d), substituted "the amount of the reimbursement for dependent care expenses shall not exceed" for "such total amount shall not exceed an amount representing \$25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and".

Subsec. (k)(3)(A). Pub. L. 107-171, §4122(a)(1), substituted "2007" for "2002".

Subsec. (k)(3)(B)(ii). Pub. L. 107-171, §4122(a)(2), substituted "2007" for "2002".

1999—Subsec. (a). Pub. L. 106-78, which directed the amendment of "the Food Stamp Act (Public Law 95-113, section 16(a))" by inserting "or in a Native village within the State of Alaska identified in section 1610(b) of title 43." before "such amounts", was executed by making the amendment to this section, which is section 16(a) of the Food Stamp Act of 1977, Pub. L.



88–525, as amended by Pub. L. 95–113, to reflect the probable intent of Congress.

1998—Subsec. (a). Pub. L. 105–185, § 502(a)(1), substituted “Subject to subsection (k), the Secretary” for “The Secretary” in first sentence.

Subsec. (h)(1)(A)(iv)(II). Pub. L. 105–185, § 501(1), substituted “\$31,000,000” for “\$131,000,000”.

Subsec. (h)(1)(A)(v)(II). Pub. L. 105–185, § 501(2), substituted “\$86,000,000” for “\$131,000,000”.

Subsec. (k). Pub. L. 105–185, § 502(a)(2), added subsec. (k).

1997—Subsec. (h)(1). Pub. L. 105–33 added par. (1) and struck out former par. (1) consisting of subpars. (A) to (D) requiring the Secretary to reserve for allocation to State agencies specified amounts for fiscal years 1996 to 2002 to carry out employment and training programs.

1996—Subsec. (a). Pub. L. 104–193, §§ 844(c), 847, inserted “but not including recruitment activities,” before “(5) fair” and substituted “35 percent of the value of all funds or allotments recovered or collected pursuant to sections 2015(b) and 2022(c) of this title and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise” for “25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 2022 of this title and 10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter of the value of all funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise”.

Subsec. (b). Pub. L. 104–193, §§ 848(a), 849, added subsec. (b) and struck out former subsec. (b) which read as follows: “The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the efficiency and effectiveness standards established pursuant to clause (1) of this subsection.”

Subsec. (c)(1)(B). Pub. L. 104–193, § 848(b)(2), struck out “pursuant to subsection (b) of this section” after “by the States”.

Subsec. (g)(4). Pub. L. 104–193, § 109(c), substituted “State programs funded under part A of” for “State plans under the Aid to Families with Dependent Children Program under”.

Subsec. (h). Pub. L. 104–193, § 817(b), inserted subsec. heading.

Subsec. (h)(1). Pub. L. 104–193, § 817(b), added par. (1) and struck out former par. (1) which authorized Secretary to allocate funds among State agencies for each of the fiscal years 1991 through 2002 to carry out employment and training program under section 2015(d)(4) of this title.

Pub. L. 104–127, § 401(b), substituted “2002” for “1995” wherever appearing in subpars. (A), (B), (D), and (E)(i).

Subsec. (h)(2). Pub. L. 104–193, § 817(c), inserted before period at end “, including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work”.

Subsec. (h)(5). Pub. L. 104–193, § 817(d)(1), struck out “(A)” before “The Secretary shall” and struck out subpar. (B) which read as follows: “The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.”

Subsec. (h)(6). Pub. L. 104–193, § 817(d)(2), struck out par. (6) which read as follows: “The Secretary shall de-

velop, 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 2015(d)(4) of this title.”

1995—Subsec. (i)(3). Pub. L. 104–66 struck out par. (3) which read as follows: “Not later than 12 months after December 23, 1985, and each 12 months thereafter, 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 that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2).”

1994—Subsec. (e). Pub. L. 103–296 substituted “Commissioner of Social Security” for “Secretary of Health and Human Services” in two places.

1993—Subsec. (a). Pub. L. 103–66, § 13961(1), added cls. (6) to (8) and in proviso struck out “authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further” after “That the Secretary is”.

Subsec. (c)(1)(C). Pub. L. 103–66, § 13951(c)(1), substituted “national performance measure” for “payment error tolerance level” and substituted “equal to—” followed by cl. (i) for “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.”

Subsec. (c)(3)(A). Pub. L. 103–66, § 13951(c)(2), substituted “120 days” for “60 days (or 90 days at the discretion of the Secretary)”.

Subsec. (c)(6). Pub. L. 103–66, § 13951(c)(3), struck out “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” after “The announced national performance measure”.

Subsec. (c)(8), (9). Pub. L. 103–66, § 13951(c)(4), added pars. (8) and (9).

Subsec. (g). Pub. L. 103–66, § 13961(2), which directed the substitution of “the amount provided under subsection (a)(6) of this section for” for “an amount equal to 63 percent effective on October 1, 1991, of”, was executed to reflect the probable intent of Congress by making the substitution for “an amount equal to— “63 percent effective on October 1, 1991, of”.

Subsec. (h)(3). Pub. L. 103–66, § 13922(c), substituted “equal to the payment made under section 2015(d)(4)(I)(i)(II) of this title but not more than the applicable local market rate,” for “representing \$160 per month per dependent”.

Subsecs. (j), (k). Pub. L. 103–66, § 13961(3), (4), redesignated subsec. (k) as (j) and struck out former subsec. (j) which read as follows: “The Secretary is authorized to pay to each State agency an amount equal to 100 per centum of the costs incurred by the State agency in implementing and operating the immigration status verification system described in section 1137(d) of the Social Security Act.”

1991—Subsec. (g). Pub. L. 102–237, § 941(7)(A), inserted a comma after “1991”.

Subsec. (h)(4). Pub. L. 102–237, § 941(7)(B), substituted “this chapter” for “the chapter”.

1990—Subsec. (a). Pub. L. 101–624, § 1750, substituted “25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter” for “50 per centum”, and “10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter” for “25 per centum”.

Subsec. (g). Pub. L. 101–624, § 1752(a), substituted “The” for “Effective October 1, 1980, the” and “63 percent effective on October 1, 1991” for “75 per centum”.

Subsec. (h)(1). Pub. L. 101–624, § 1753, amended par. (1) generally. Prior to amendment, par. (1) read as follows:

“The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 2027(a)(1) of this title, the amount of \$40,000,000 for the fiscal year ending September 30, 1986, \$50,000,000 for the fiscal year ending September 30, 1987, \$60,000,000 for the fiscal year ending September 30, 1988, and \$75,000,000 for each of the fiscal years ending September 30, 1989 and September 30, 1990, to carry out the employment and training program under section 2015(d)(4) of this title, except as provided in paragraph (3), during such fiscal year.”

1988—Subsec. (a)(4). Pub. L. 100-435, § 204(b), substituted “, including those undertaken” for “permitted”.

Subsec. (c). Pub. L. 100-435, § 604(1), added subsec. (c) and struck out former subsec. (c) which related to State incentives for reducing error.

Subsec. (d). Pub. L. 100-435, § 604(2), added subsec. (d) and struck out former subsec. (d) which defined “payment error rate” and instituted error rate reduction program.

Subsec. (h). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (h)(3). Pub. L. 100-435, § 404(g), inserted “for costs of transportation and other actual costs (other than dependent care costs) and an amount representing \$160 per month per dependent” after “month”.

Subsec. (h)(6). Pub. L. 100-435, § 404(e), added par. (6).

Subsec. (j). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (k). Pub. L. 100-435, § 321(b), added subsec. (k).  
1987—Subsec. (a). Pub. L. 100-77 substituted “(4) food stamp informational activities permitted under section 2020(e)(1)(A) of this title, and (5)” for “and (4)” in first sentence.

1986—Subsec. (h). Pub. L. 99-603 added, at end of section, subsec. (h) relating to payment of costs of immigration status verification system.

1985—Subsec. (a). Pub. L. 99-198, § 1535(c)(1), substituted “subsections (b)(1) and (c) of section 2022 of this title” for “section 2022(b)(1) of this title”.

Subsec. (b)(1). Pub. L. 99-198, § 1524, inserted “, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program,” after “States”.

Subsec. (d)(2)(A). Pub. L. 99-198, § 1537(a)(1), inserted “less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency”.

Subsec. (d)(6). Pub. L. 99-198, § 1537(a)(2), added par. (6).

Subsec. (h). Pub. L. 99-198, § 1517(c), added subsec. (h) relating to authorization of appropriations, etc.

Subsec. (i). Pub. L. 99-198, § 1539, added subsec. (i).

1982—Subsec. (a). Pub. L. 97-253, § 179, inserted “, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise from an error of a State agency”.

Subsec. (c). Pub. L. 97-253, § 180(a)(1), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “The Secretary is authorized to adjust a State agency’s federally funded share of administrative costs pursuant to subsection (a) of this section, other than the costs already shared in excess of 50 per centum as described in the exception clause of subsection (a) of this section, by increasing such share to (1) effective October 1, 1978, 60 per centum of all such administrative costs in the case of a State agency whose (A) semi-annual cumulative allotment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) of this section are less than five per centum and (B) whose rate of invalid decisions in denying eligibility as calculated in the quality control program conducted under subsection (d)(1) of this

section is less than a nationwide percentage that the Secretary determines to be reasonable; (2) effective October 1, 1980, 65 per centum of all such administrative costs in the case of a State agency meeting the standards contained in paragraph (1) of this subsection; (3) effective October 1, 1980, 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rate as determined under paragraph (1)(A) of this subsection is greater than 5 per centum but less than 8 per centum or the national standard payment error rate for the base period, whichever is lower, and which also meets the standard contained in paragraph (1)(B) of this subsection; and (4) effective October 1, 1980, 55 per centum of all such administrative costs in the case of a State agency whose annual rate of error reduction is equal to or exceeds 25 per centum, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection. No State agency shall receive more than one of the increased federally funded shares of administrative costs set forth in paragraphs (1) through (4) of this subsection.”

Subsec. (d). Pub. L. 97-253, § 180(a)(2), (3), added subsec. (d), and struck out former subsec. (d) which provided that effective October 1, 1981, and annually thereafter, each State not receiving an increased share of administrative costs pursuant to subsec. (c)(2) of this section was required to develop and submit to the Secretary for approval, as part of the plan of operation required to be submitted under section 2020(d) of this title, a quality control plan for the State which had to specify the actions such State proposes to take in order to reduce the incidence of error rates in and the value of food stamp allotments for households which failed to meet basic program eligibility requirements, food stamp allotments overissued to eligible households, and food stamp allotments underissued to eligible households, and (2) the incidence of invalid decisions in certifying or denying eligibility.

Subsec. (e). Pub. L. 97-253, §§ 180(a)(2), 189(b)(3), redesignated subsec. (f) as (e), substituted reference to the Secretary of Health and Human Services for former reference to the Secretary of Health, Education, and Welfare. Former subsec. (e), which defined “quality control” as the monitoring and reduction of the rate of errors in determining basic eligibility and benefit levels, was struck out.

Subsec. (f). Pub. L. 97-253, §§ 180(a)(2), 189(c), redesignated subsec. (h) as (f), substituted a period for the semicolon, and struck out “and” at the end. Former subsec. (f) redesignated (e).

Subsec. (g). Pub. L. 97-253, § 180(a)(2), redesignated former subsec. (i) as (g). Former subsec. (g), which related to State liability for error under this section, was struck out.

Subsecs. (h), (i). Pub. L. 97-253, § 180(a)(2), redesignated subsecs. (h) and (i) as (f) and (g), respectively.

1981—Subsec. (a). Pub. L. 97-35 substituted provisions relating to recovery through section 2022(b)(1) and (2) of this title for provisions relating to recovery through prosecutions or other State activities, substituted “determinations of ineligibility” for “determinations of fraud”, struck out “(1) outreach,” and redesignated cls. (2) to (5) as (1) to (4), respectively.

Subsec. (b)(1). Pub. L. 97-98, § 1325, struck out “, including, but not limited to, staffing standards such as caseload per certification worker limitations,” after “by the States”.

Subsec. (c). Pub. L. 97-98, § 1326(1), inserted “, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection” after “exceeds 25 per centum”.

Subsec. (d). Pub. L. 97-98, § 1326(2), substituted in provision preceding par. (1) “October 1, 1981” for “October 1, 1978” and “subsection (c)(2) of this section” for “subsection (c) of this section”.

Subsec. (f). Pub. L. 97-98, § 1327, substituted “State agencies shall” for “State agencies may”.

1980—Subsec. (b). Pub. L. 96-249, § 121, struck out provisions requiring that if the Secretary finds that a

State has failed without good cause to meet any of the Secretary's standards, or has failed to carry out the approved State plan of operation under section 2020(d) of this title, the Secretary withhold from the State such funds authorized under subsections (a) and (c) of this section as the Secretary determines to be appropriate.

Subsec. (c). Pub. L. 96-249, § 125, designated existing provisions as par. (1), substituted "(A) semiannual cumulative" for "cumulative", and added subpar. (B) and pars. (2) to (4).

Subsec. (g). Pub. L. 96-249, § 126, added subsec. (g).

Subsec. (h). Pub. L. 96-249, § 128, added subsec. (h).

Subsec. (i). Pub. L. 96-249, § 129, added subsec. (i).

1979—Subsec. (a). Pub. L. 96-58, § 6, authorized the Secretary to permit each State to retain 50 per centum of the value of all funds or allotments recovered or collected through prosecutions or other State activities directed against individuals who fraudulently obtain allotments as determined in accordance with this chapter but directed that officials responsible for making determinations of fraud under this chapter should not receive or benefit from revenues retained by the State under the provisions of this subsection.

Subsec. (f). Pub. L. 96-58, § 4, added subsec. (f).

1977—Pub. L. 95-113 substituted revised provisions relating to administrative cost-sharing and quality control for provisions authorizing appropriations and relating to the financial operation of the program which are now covered by section 2027 of this title.

1973—Subsec. (a). Pub. L. 93-86 extended authorization of appropriations from June 30, 1973, to June 30, 1977, and inserted provision relating to availability of appropriated sums.

1971—Subsec. (a). Pub. L. 91-671 substituted appropriation authorization of "\$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate" for "\$170,000,000 for the six months ending December 31, 1970".

1969—Subsec. (a). Pub. L. 91-116 increased appropriation authorization limitation for fiscal year ending June 30, 1970, from \$340,000,000 to \$610,000,000.

1968—Subsec. (a). Pub. L. 90-552 increased appropriations authorization limitation for fiscal year ending June 30, 1969, from \$225,000,000 to \$315,000,000, authorized appropriations of \$340,000,000 and \$170,000,000 for fiscal year ending June 30, 1970, and for six months ending Dec. 31, 1970, substituted "fiscal period" for "fiscal year", and provided for submission of reports to Congress on or before January 20 of each year setting forth operations under this chapter during preceding calendar year and projecting needs for ensuing calendar year.

1967—Subsec. (a). Pub. L. 90-91 provided for appropriations for the fiscal years ending June 30, 1968 and 1969, and inserted provision dealing with the carrying out of this chapter only with funds appropriated from the general fund of the Treasury for the purposes of this chapter.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by section 4022 of Pub. L. 113-79, other than amendment by section 4022(a)(2) of Pub. L. 113-79, applicable beginning on Feb. 7, 2014, see section 4022(c)(1) of Pub. L. 113-79, set out as a note under section 2014 of this title.

##### EFFECTIVE DATE OF 2013 AMENDMENT

Amendment by Pub. L. 112-240 effective Sept. 30, 2012, see section 701(j) of Pub. L. 112-240, set out in a 1-Year Extension of Agricultural Programs note under section 8701 of this title.

##### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as other-

wise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Amendment by sections 4001(b), 4002(a)(8), 4115(b)(11), 4121, 4122, and 4406(a)(3), (4) of Pub. L. 110-246 effective Oct. 1, 2008, see section 4407 of Pub. L. 110-246, set out as a note under section 1161 of Title 2, The Congress.

##### EFFECTIVE DATE OF 2002 AMENDMENT

Amendment by section 4118(a) of Pub. L. 107-171 not applicable with respect to any sanction, appeal, new investment agreement, or other action by the Secretary of Agriculture or a State agency that is based on a payment error rate calculated for any fiscal year before fiscal year 2003, see section 4118(e) of Pub. L. 107-171, set out as a note under section 2022 of this title.

Pub. L. 107-171, title IV, § 4119(b), May 13, 2002, 116 Stat. 321, provided that: "The amendments made by this section [amending this section] take effect on the date of enactment of this Act [May 13, 2002]."

Pub. L. 107-171, title IV, § 4120(b), May 13, 2002, 116 Stat. 323, provided that: "The amendment made by this section [amending this section] takes effect on the date of enactment of this Act [May 13, 2002]."

Amendment by section 4121(a), (d) of Pub. L. 107-171 effective May 13, 2002, see section 4121(e) of Pub. L. 107-171, set out as a note under section 2015 of this title.

Amendment by section 4122(a) of Pub. L. 107-171 effective Oct. 1, 2002, except as otherwise provided, see section 4405 of Pub. L. 107-171, set out as an Effective Date note under section 1161 of Title 2, The Congress.

##### EFFECTIVE DATE OF 1999 AMENDMENT

Pub. L. 106-78, title VII, § 758, Oct. 22, 1999, 113 Stat. 1172, provided that the amendment made by section 758 is effective beginning in fiscal year 2001 and thereafter.

##### EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-185, title V, § 510(a), June 23, 1998, 112 Stat. 580, provided that: "The amendments made by sections 501 and 502 [amending this section] take effect on the date of enactment of this Act [June 23, 1998]."

##### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-33 effective Oct. 1, 1997, without regard to whether regulations have been promulgated to implement such amendment, see section 1005(b) of Pub. L. 105-33, set out as a note under section 2015 of this title.

##### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 109(c) of Pub. L. 104-193 effective July 1, 1997, with transition rules relating to State options to accelerate such date, rules relating to claims, actions, and proceedings commenced before such date, rules relating to closing out of accounts for terminated or substantially modified programs and continuance in office of Assistant Secretary for Family Support, and provisions relating to termination of entitlement under AFDC program, see section 116 of Pub. L. 104-193, as amended, set out as an Effective Date note under section 601 of Title 42, The Public Health and Welfare.

##### EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-296 effective Mar. 31, 1995, see section 110(a) of Pub. L. 103-296, set out as a note under section 401 of Title 42, The Public Health and Welfare.

##### EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title XIII, § 13971, Aug. 10, 1993, 107 Stat. 680, provided that:

"(a) GENERAL EFFECTIVE DATE AND IMPLEMENTATION.—Except as provided in subsection (b), this chapter [chapter 3 (§§ 13901-13971) of title XIII of Pub. L. 103-66, amending this section and sections 2012, 2014, 2015, 2017, 2020 to 2023, 2026, and 2028 of this title, and en-

acting provisions set out as a note under section 2011 of this title] and the amendments made by this chapter shall take effect, and shall be implemented beginning on, October 1, 1993.

“(b) SPECIAL EFFECTIVE DATES AND IMPLEMENTATION.—(1)(A) Except as provided in subparagraph (B), section 13951 [amending this section and sections 2022 and 2023 of this title] shall take effect on October 1, 1991.

“(B) The amendment made by section 13951(c)(2) [amending this section] shall take effect on October 1, 1992.

“(2)(A) Except as provided in subparagraph (B), the amendments made by section 13961 [amending this section] shall be effective with respect to calendar quarters beginning on or after April 1, 1994.

“(B) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1994, and that demonstrates to the satisfaction of the Secretary of Agriculture that there is no mechanism, under the constitution and laws of the State, for appropriating the additional funds required by the amendments made by this section before the next such regular legislative session, the Secretary may delay the effective date of all or part of the amendments made by section 13961 [amending this section] until the beginning date of a calendar quarter that is not later than the first calendar quarter beginning after the close of the first regular session of the State legislature after the date of enactment of this Act [Aug. 10, 1993].

“(3) Sections 13912(a) and 13912(b)(1) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, July 1, 1994.

“(4) Sections 13911, 13913, 13914, 13915, 13916, 13922, 13924, 13931, 13932, and 13942 [amending this section and sections 2012, 2014, 2015, and 2017 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(5)(A) Except as provided in subparagraph (B), section 13921 [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(B) State agencies shall implement the amendment made by section 13921 not later than October 1, 1995.

“(6) Section 13912(b)(2) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, January 1, 1997.”

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-237 effective and to be implemented no later than Feb. 1, 1992, see section 1101(d)(1) of Pub. L. 102-237, set out as a note under section 1421 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 1750 of Pub. L. 101-624 effective Oct. 1, 1990, amendment by section 1752(a) of Pub. L. 101-624 effective and implemented first day of month beginning 120 days after publication of implementing regulations to be promulgated not later than Oct. 1, 1991, and amendment by section 1753 of Pub. L. 101-624 effective Nov. 28, 1990, see section 1781(a), (b)(1), (2) of Pub. L. 101-624, set out as a note under section 2012 of this title.

Pub. L. 101-624, title XVII, §1752(b), Nov. 28, 1990, 104 Stat. 3797, as amended by Pub. L. 110-234, title IV, §4002(b)(1)(B), (2)(KK), May 22, 2008, 122 Stat. 1096, 1098; Pub. L. 110-246, §4(a), title IV, §4002(b)(1)(B), (2)(KK), June 18, 2008, 122 Stat. 1664, 1857, 1859, provided that: “The amendment made by subsection (a)(2) [amending this section] shall not apply to proposals for automatic data processing and information retrieval systems under section 16(g) of the Food and Nutrition Act of 2008 [7 U.S.C. 2025(g)] that were approved by the Secretary of Agriculture prior to the date of enactment of this Act [Nov. 28, 1990].”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by sections 204(b), 321(b), and 404(e) of Pub. L. 100-435 to be effective and implemented on July

1, 1989, amendment by section 321(c) of Pub. L. 100-435 to be effective and implemented on Sept. 19, 1988, amendment by section 404(g) of Pub. L. 100-435 to be effective and implemented on Oct. 1, 1988, and amendment by section 604 of Pub. L. 100-435 effective Oct. 1, 1985, with respect to claims under subsec. (c) of this section for quality control review periods after such date, except as otherwise provided, except that amendment by sections 204(b), 321(b), (c), 404(e), (g) of Pub. L. 100-435 to become effective and implemented on Oct. 1, 1989, if final order is issued under section 902(b) of Title 2, The Congress, for fiscal year 1989 making reductions and sequestrations specified in the report required under section 901(a)(3)(A) of Title 2, see section 701(a), (b)(1), (4), (5), (c)(2) of Pub. L. 100-435, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-603 effective Oct. 1, 1987, see section 121(c)(2) of Pub. L. 99-603, set out as a note under section 502 of Title 42, The Public Health and Welfare.

#### EFFECTIVE DATE OF 1985 AMENDMENT

Pub. L. 99-198, title XV, §1537(a), Dec. 23, 1985, 99 Stat. 1585, provided that the amendment made by section 1537(a) is effective with respect to the fiscal year beginning Oct. 1, 1985, and each fiscal year thereafter.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 179 of Pub. L. 97-253 effective Sept. 8, 1982, see section 193(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Enactment by section 180(a) of Pub. L. 97-253 effective Oct. 1, 1982, see section 193(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1981 AMENDMENTS

Amendment by Pub. L. 97-35 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title, see section 192(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-35 effective and implemented upon such dates as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1979 AMENDMENT

Secretary of Agriculture to issue final regulations implementing the amendment of this section by Pub. L. 96-58 within 150 days after Aug. 14, 1979, see section 10(b) of Pub. L. 96-58, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 958, provided that the amendment made by section 1301 is effective Oct. 1, 1977.

#### REGULATIONS

Secretary of Agriculture to promulgate regulations necessary to implement amendment of this section by Pub. L. 105-33, not later than one year after Aug. 5, 1997, see section 1005(a) of Pub. L. 105-33, set out as a note under section 2015 of this title.

## PROCESS FOR SELECTING PILOT PROGRAMS

Pub. L. 113-79, title IV, § 4022(c)(2), Feb. 7, 2014, 128 Stat. 808, provided that:

“(A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act [Feb. 7, 2014], the Secretary [of Agriculture] shall—

“(i) develop and publish the process for selecting pilot projects under section 16(h)(1)(F) of the Food and Nutrition Act of 2008 [7 U.S.C. 2025(h)(1)(F)] (as added by subsection (a)(1)(C)); and

“(ii) issue such request for proposals for the independent evaluation as is determined appropriate by the Secretary.

“(B) APPLICATION.—The Secretary shall begin considering proposals not earlier than 90 days after the date on which the Secretary completes the actions described in subparagraph (A).

“(C) SELECTION.—Not later than 180 days after the date on which the Secretary completes the actions described in subparagraph (A), the Secretary shall select pilot projects from the applications submitted in response to the request for proposals issued under subparagraph (A).”

## MONITORING OF EMPLOYMENT AND TRAINING PROGRAMS

Pub. L. 113-79, title IV, § 4022(c)(3), Feb. 7, 2014, 128 Stat. 809, provided that:

“(A) IN GENERAL.—Not later than 18 months after the date of enactment of this Act [Feb. 7, 2014], the Secretary [of Agriculture] shall issue interim final regulations implementing the amendments made by subsection (a)(2) [amending this section].

“(B) STATE ACTION.—States shall include reporting measures required under section 16(h)(5) of the Food and Nutrition Act of 2008 [7 U.S.C. 2025(h)(5)] (as amended by subsection (a)(2)) in the employment and training plans of the States for the first full fiscal year that begins not earlier than 180 days after the date that the regulations described in subparagraph (A) are published.”

## CARRYOVER FUNDS

Pub. L. 107-171, title IV, § 4121(b), May 13, 2002, 116 Stat. 323, as amended by Pub. L. 110-234, title IV, § 4002(b)(1)(B), (2)(C), May 22, 2008, 122 Stat. 1096; Pub. L. 110-246, § 4(a), title IV, § 4002(b)(1)(B), (2)(C), June 18, 2008, 122 Stat. 1664, 1857, 1858, provided that: “Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall be rescinded on the date of enactment of this Act [May 13, 2002], unless obligated by a State agency before that date.”

## REVIEW OF METHODOLOGY USED TO MAKE CERTAIN DETERMINATIONS

Pub. L. 105-185, title V, § 502(b), June 23, 1998, 112 Stat. 578, as amended by Pub. L. 110-234, title IV, § 4002(b)(1)(B), (2)(G), May 22, 2008, 122 Stat. 1096, 1097; Pub. L. 110-246, § 4(a), title IV, § 4002(b)(1)(B), (2)(G), June 18, 2008, 122 Stat. 1664, 1857, 1858, provided that: “Not later than 1 year after the date of enactment [June 23, 1998], the Comptroller General of the United States shall—

“(1) review the adequacy of the methodology used in making the determinations required under section 16(k)(2)(B) of the Food and Nutrition Act of 2008 [7 U.S.C. 2025(k)(2)(B)] (as added by subsection (a)(2)); and

“(2) submit a written report on the results of the review to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.”

## REPORT TO CONGRESS

Pub. L. 105-33, title I, § 1002(b), Aug. 5, 1997, 111 Stat. 254, provided that: “Not later than 30 months after the date of enactment of this Act [Aug. 5, 1997], the Sec-

retary of Agriculture 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 regarding whether the amounts made available under section 16(h)(1)(A) of the Food Stamp Act of 1977 [now the Food and Nutrition Act of 2008, 7 U.S.C. 2025(h)(1)(A)] (as a result of the amendment made by subsection (a)) have been used by State agencies to increase the number of work slots for recipients subject to section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) in employment and training programs and workfare in the most efficient and effective manner practicable.”

## QUALITY CONTROL SANCTIONS

Pub. L. 101-624, title XVII, § 1751, Nov. 28, 1990, 104 Stat. 3797, provided that:

“(a) IN GENERAL.—No disallowance or other similar action shall be applied to or collected from any State for any of the fiscal years 1983, 1984, or 1985 under section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) or any predecessor statutory or regulatory provision relating to disallowances or other similar actions for erroneous issuances made in carrying out a State plan under such Act [7 U.S.C. 2011 et seq.], except for amounts to be paid or collected after the date of enactment of this Act [Nov. 28, 1990] pursuant to settlement agreements which do not provide for payment adjustments based on future changes in law.

“(b) APPLICATION.—Subsection (a) shall also apply to disallowances described in subsection (a) with respect to which an administrative or judicial appeal is pending on the date of enactment of this Act [Nov. 28, 1990], including any such disallowance that has been collected before such date.”

## QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

Pub. L. 99-198, title XV, § 1538, Dec. 23, 1985, 99 Stat. 1587, as amended by Pub. L. 99-260, § 12, Mar. 20, 1986, 100 Stat. 52, provided that:

“(a)(1)(A) The Secretary of Agriculture (hereinafter referred to in this section as the ‘Secretary’) shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 [now the Food and Nutrition Act of 2008] (7 U.S.C. 2011 et seq.).

“(B) The study shall—

“(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

“(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

“(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

“(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

“(3) Not later than 1 year after the date the Secretary and the National Academy of Sciences enter into the contract required under paragraph (2), the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

“(b)(1) During the 6-month period beginning on the date of enactment of this Act [Dec. 23, 1985] (hereinafter in this section referred to as the ‘moratorium period’), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

“(2) During the moratorium period, the Secretary and the State agencies shall continue to—

“(A) operate the quality control systems in effect under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.]; and

“(B) calculate error rates under section 16 of such Act [7 U.S.C. 2025].

“(c)(1) Not later than 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall publish regulations that shall—

“(A) restructure the quality control system used under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.] to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

“(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

“(2) Beginning 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall—

“(A) implement the restructured quality control system; and

“(B) reduce payments to State agencies—

“(i) for quarters after implementation of such system in accordance with the restructured quality control system; and

“(ii) for quarters before implementation of such system, as provided under the regulations described in paragraph (1)(B).”

[References to the food stamp program established under the Food and Nutrition Act of 2008 considered to refer to the supplemental nutrition assistance program established under that Act, see section 4002(c) of Pub. L. 110-246, set out as a note under section 2012 of this title.]

## § 2026. Research, demonstration, and evaluations

### (a) Contracts or grants; issuance of aggregate allotments

(1) The Secretary may enter into contracts with or make grants to public or private organizations or agencies under this section to undertake research that will help improve the administration and effectiveness of the supplemental nutrition assistance program in delivering nutrition-related benefits. The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.

(2) The Secretary may, on application, permit not more than two State agencies to establish procedures that allow households whose monthly supplemental nutrition assistance program benefits do not exceed \$20, at their option, to receive, in lieu of their supplemental nutrition assistance program benefits for the initial period under section 2017 of this title and their regular allotment in following months, and at intervals of up to 3 months thereafter, aggregate allotments not to exceed \$60 and covering not more than 3 months' benefits. The allotments shall be provided in accordance with paragraphs (3) and (9) of section 2020(e) of this title (except that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 2020(e)(3) of this title) and (with respect to the first aggregate allotment so issued) within 40 days of the last benefit issuance.

### (b) Pilot projects

(1)(A) The Secretary may conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the supplemental nutrition assistance

program and improve the delivery of supplemental nutrition assistance program benefits to eligible households, and may waive any requirement of this chapter to the extent necessary for the project to be conducted.

#### (B) PROJECT REQUIREMENTS.—

(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless—

(I) the project is consistent with the goal of the supplemental nutrition assistance program of providing food assistance to raise levels of nutrition among low-income individuals; and

(II) the project includes an evaluation to determine the effects of the project.

(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—

(I) improve program administration;

(II) increase the self-sufficiency of supplemental nutrition assistance program recipients;

(III) test innovative welfare reform strategies; or

(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

(iii) RESTRICTIONS ON PERMISSIBLE PROJECTS.—If the Secretary finds that a project under subparagraph (A) would reduce benefits by more than 20 percent for more than 5 percent of households in the area subject to the project (not including any household whose benefits are reduced due to a failure to comply with work or other conduct requirements), the project—

(I) may not include more than 15 percent of the number of households in the State receiving supplemental nutrition assistance program benefits; and

(II) shall continue for not more than 5 years after the date of implementation, unless the Secretary approves an extension requested by the State agency at any time.

(iv) IMPERMISSIBLE PROJECTS.—The Secretary may not conduct a project under subparagraph (A) that—

(I) involves the payment of the value of an allotment in the form of cash or otherwise providing benefits in a form not restricted to the purchase of food, unless the project was approved prior to August 22, 1996;

(II) has the effect of substantially transferring funds made available under this chapter to services or benefits provided primarily through another public assistance program, or using the funds for any purpose other than the purchase of food, program administration, or an employment or training program;

(III) is inconsistent with—

(aa) paragraphs (4) and (5) of section 2012(m) of this title;

(bb) the last sentence of section 2014(a) of this title, insofar as a waiver denies assistance to an otherwise eligible household or individual if the household or individual has not failed to comply with any work, behavioral, or other conduct requirement under this or another program;