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DESCRIPTION OF PROVISIONS IN SENATE FARM BILL NUTRITION TITLE

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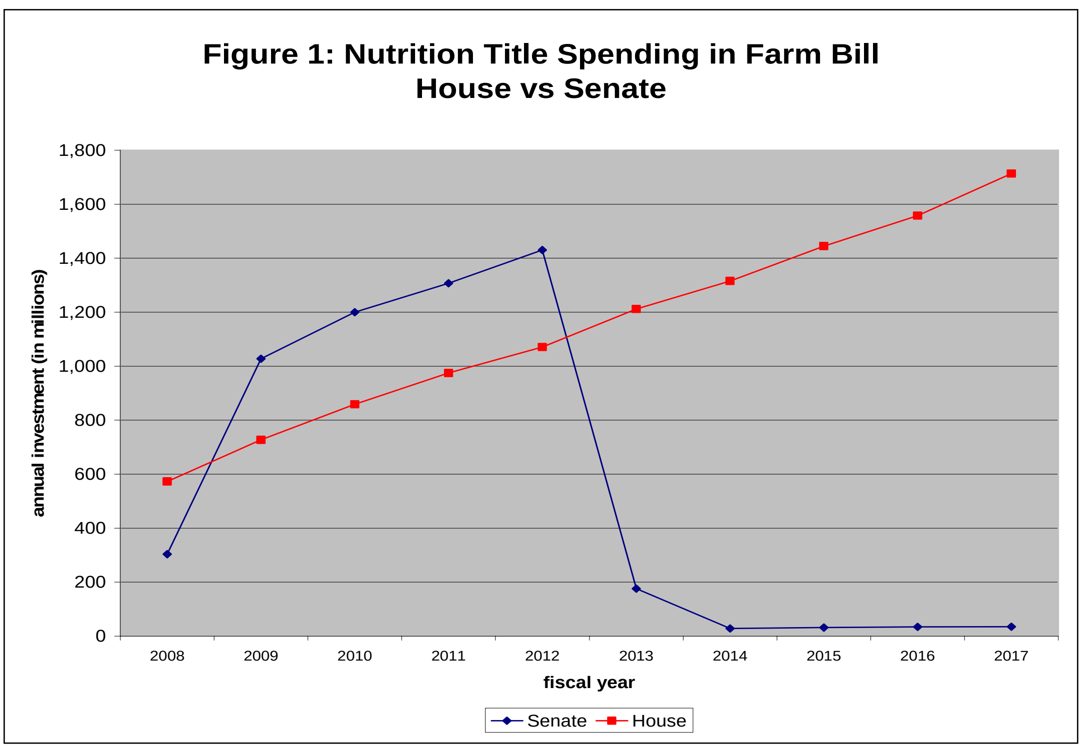
The Senate passed its 2007 Farm Bill, H.R. 2419, "The Food and Energy Security Act of 2007," on December 14, 2007. The nutrition provisions of the bill include about $4.1 billion over five years in improvements for the Food Stamp Program and the Emergency Food Assistance Program (TEFAP), $1.0 billion for an expanded program under the School Lunch Program to provide free fresh fruits and vegetables in schools, as well as various provisions that reauthorize and improve the Food Stamp Program and various commodity distribution and other nutrition programs.

Under the Senate farm bill all of the food stamp improvements listed below, with one small exception that is noted, would expire after five years (see Figure 1). This unprecedented approach to food stamp legislation appears to result from the bill not including sufficient budgetary offsets to make these improvements permanent. Unless Congress later took action to extend the proposed policies, more than 10 million recipients would experience benefit cuts and more than 300,000 low-



income people would be cut off food stamps in 2013. (Note: Provisions of the nutrition title that do not have an estimated budgetary cost would be made permanent under the bill.)

The bill's most significant nutrition provisions would:

- ***End the erosion of food stamp benefits.*** The minimum **standard deduction** that households with 3 or fewer members receive — a group that makes up 75 percent of all food stamp households — would increase from $134 to $140 in 2008 and be indexed in each subsequent year for inflation. The change would provide a typical working family of three with an additional $4 a month in 2009, rising to $8 a month by 2012. The standard deduction for these households has been frozen since 1995, resulting in cuts of $24 a month in 2008 for a typical working family. As a result of indexing, the food stamp benefit's purchasing power would no longer shrink each year and some of the lost ground would be made up. (5-year CBO cost, $1.4 billion.)

  In addition, the $10 **minimum benefit**, which goes overwhelmingly to people who are elderly or have a disability and has not been adjusted for inflation in 30 years, would rise to $16 in fiscal year 2009 and would be adjusted for inflation in later years. (5-year CBO cost estimate, $214 million.)

- ***Support work.*** The bill would eliminate the cap on the **dependent care deduction**, so that working families that pay for child care could deduct the full amount of costs they incur in order to work. (5-year CBO cost, $213 million.)

- ***Encourage savings.*** The food stamp **asset limits** have been frozen since 1986 at $2,000 for most households and $3,000 for households with members who are elderly or disabled. The steady shrinkage in the inflation-adjusted value of the asset limits discourages saving and undermines a key path to self-sufficiency. The bill would address this problem by **raising the asset limits to $3,500 and $4,500** respectively and indexing them to inflation in future years. In addition, under the bill, **tax-preferred retirement accounts and education accounts** would no longer counted toward the asset limit; this would remove the current disincentive for working households to save for retirement and education. (5-year CBO cost, $1.5 billion.)

- ***Moderate and simplify the overly harsh three-month time limit.*** The bill would change the Food Stamp Program's **time limit on unemployed childless adults** from three out of every 36 months to six out of every 36 months, and would eliminate the second three month period that individuals can currently qualify for if they subsequently become employed, apply for food stamps, and then lose their job. (5-year CBO cost, $64 million.)

- ***Build on the successes of the 2002 Farm Bill.*** The bill would build upon popular state options to simplify service delivery enacted in the 2002 Farm Bill, such as streamlining paperwork burdens on seniors and people with disabilities, expanding the "transitional benefit" option to cover more families leaving welfare for work, and supporting state efforts to modernize service delivery. The bill also enhances program integrity by increasing penalties for retailers who abuse the program. The expanded simplified reporting state option mentioned above is the only food stamp provision with an estimated cost that would continue past 2012. (5-year CBO cost for simplified reporting, $123 million, and for transitional food stamps, $58 million.)

- ***Increase support for emergency feeding organizations.*** Annual funding for commodity purchases for **TEFAP** under the Food Stamp Program would increase from $140 million to $250 million. (5-year CBO cost, $550 million.)

- ***Expand free fresh fruits and vegetables in schools.*** The bill would dramatically expand, from $9 million a year to $225 million a year, the Fresh Fruit and Vegetable Program under the Richard B. Russell National School Lunch Act. The expanded program would provide free fresh fruits and vegetables to children in schools in all 50 states and the District of Columbia. (5-year CBO cost, $1.0 billion)

The Center on Budget and Policy Priorities has conducted a preliminary analysis of the state-by-state impacts of some of the key provisions: the standard deduction, child care deduction, minimum benefit, and TEFAP changes. Tables at the end of this report present information on the number of people affected in each state and the size of the benefit increases under the bill based on CBPP analysis of 5-year CBO costs, where available, or our own estimates.

The following description of the bill's nutrition provisions is organized based on their section number in the Senate farm bill.

PART I — RENAMING OF THE FOOD STAMP PROGRAM

Section 4001: Renaming of Food Stamp Program

Food stamp benefits are no longer issued in stamp form; instead they are delivered on Electronic Benefit Transfer (EBT) cards that program participants swipe at the supermarket counter like credit or debit cards. This change has significantly enhanced program integrity, while also reducing the stigma associated with receiving food stamps.

Virtually all program supporters have called for the program's name to be changed to reflect this transformation in benefit delivery. This section of the Senate bill would change the name of the Food Stamp Program to the Food and Nutrition Program. Section 4909 makes technical and conforming changes to the Food Stamp Act and other laws to reflect the name change.

PART II — IMPROVING PROGRAM BENEFITS

Section 4101: Exclusion of Certain Military Payments from Income

In each of the last several years, the Administration has proposed that special military pay for military personnel deployed to a designated combat zone be excluded from food stamp income calculations, and Congress has enacted this proposal as part of the appropriations process. As a result, low-income households with a spouse or parent overseas in a combat zone have not had this special pay count towards household income when they apply for food stamps. Nor have low-income families seen their food stamp benefits go down when a family member is sent to combat. The Senate bill would make this income exclusion permanent.

CBO estimates this provision costs $2 million over the five years from fiscal year 2008 through fiscal year 2012.

Section 4102: Strengthening the Food Purchasing Power of Low-Income Americans

As a result of benefit cuts enacted in the 1996 welfare law, the purchasing power of most households' food stamp benefits is eroding each year. In 2008, a typical working parent with two children will receive about $37 less in food stamps each month than she would have without the 1996 cuts. By 2017, the average benefit reduction from those cuts will reach almost $45 a month (in 2008 dollars). In fact, by 2017 the benefit cuts will cost a typical working parent of two the equivalent of more than one and a half months' worth of food stamps each year.

The bulk of the benefit loss caused by the 1996 law, and the cut that deepens with each passing year, results from a freeze in the food stamp standard deduction. Similar to income tax rules, food stamp rules allow households to subtract a standard deduction from their income to reflect the cost of non-food essentials such as housing and transportation. Prior to 1996, the standard deduction was indexed to inflation, since basic living expenses rise with inflation. The welfare law, however, froze the standard deduction permanently. This causes a deeper cut in benefits with each passing year, for most households.

In the 2002 Farm Bill, Congress changed the standard deduction from a flat $134 for all households to 8.31 percent of the federal poverty income guidelines. This helped larger households (since the poverty guidelines are higher for larger households), raising their benefit levels and stopping the erosion of their benefits. But the 2002 change has had no effect thus far on households with three or fewer members, a group that makes up three-quarters of all food stamp households. For these households, the standard deduction is scheduled to remain frozen at $134 — and benefits will continue to erode in purchasing power — for another six to 30 years[1].

This provision of the Senate bill would raise the standard deduction for households of 3 or fewer members to $140 index it to inflation in future years. This change would both end the erosion in food stamps' purchasing power and make up some of the ground lost since 1996. The change would provide a typical family an additional $4 a month in 2009, rising to $8 a month by 2012.

The provision would help about 10 million recipients in an average month and would increase food stamp benefits by $1.4 billion over the 2008 to 2012 period. The estimated state-by-state effects of the change can be found in tables at the end of this report.

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[1] Under current law, the standard deduction is scheduled to remain frozen at its current level of $134 *until FY2014* for three-person households, and *until FY 2025* for two-person households. As a result, the value of food stamp benefits will continue to erode for another six years for households with three members and for another 17 years for households of two. For most one person households, many of whom are elderly widows, the value of food stamp benefits will continue to erode for another 30 years, until FY2038.

Section 4103: Supporting Working Families with Child Care Expenses

For low-income working families who have preschool or young school-age children, high quality, affordable child care is a critical support for finding and keeping employment. Some low-income working families receive child care subsidies, have children who attend Head Start, or have satisfactory and affordable informal child care arrangements with family or friends. Many other families, however, do not have these options available, or, even with help, face substantial co-payments or other out-of-pocket child care costs. According to the U.S. Census Bureau, poor families that pay for child care spend roughly three times the share of their income on it as other families do (25 percent compared with 7 percent).

The food stamp benefit formula allows families to deduct some of their child care expenses from their income so they can receive more help from the Food Stamp Program to reflect the fact that they have less money available to purchase food. Yet under current law, this deduction is capped at $175 per month ($200 for infants), well below the amounts that some low-income families must pay for child care.

This provision of the bill would allow households to deduct the full amount of dependent care costs they incur in order to work (or participate in approved education and training programs). That, in turn, would qualify them for larger food stamp benefits. By allowing households to deduct their child care costs, the proposal targets more food assistance to working families that are less able to afford food because of this important expense. President Bush proposed this policy in his 2007 Farm Bill proposal.

The change would provide an average of almost $500 a year (more than $40 a month) to approximately 100,000 households that pay high child care costs. A mother of three who works 35 hours a week at $9 an hour and pays $350 a month for child care for a pre-school-aged child (the average out-of-pocket costs for employed mothers with income below the poverty level, according to the Census Bureau) would receive an additional $79 in food stamps each month ($334 rather than $255), or almost $1,000 a year.

The same provision is in the House-passed farm bill. CBO estimates the change would increase food stamp benefits by about $50 million each year, or $213 million over five years. The estimated state-by-state effects of the change can be found in tables at the end of this report.

Section 4104: Encouraging Retirement and Education Savings among Food Stamp Recipients

This section would make three changes in policies related to the Food Stamp Program's resource (asset) limits: 1) increase and adjust the asset limits for inflation, 2) exclude retirement accounts from counting as an asset, and 3) exclude education savings accounts from counting as an asset. CBO estimates the combined cost of these three policies would be approximately $1.5 billion.

Adjusting Countable Resources for Inflation

The food stamp asset limits ($2,000 for most households, $3,000 for households with members who are elderly or have a disability) have not been adjusted for inflation for most households since 1986. If the limits had maintained their real 1986 values, in 2008 they would be $3,700 for most households and $5,500 for elderly or disabled households.

The steady shrinkage in the value of the asset limits discourages saving and undermines a key path to self-sufficiency. Policymakers from across the political spectrum agree that asset development is important to helping low-income Americans transition out of poverty.

This provision of the bill would raise the asset limits to $3,500 and $4,500 respectively and index the limits to inflation in future years. (The inflation-adjusted amount would be rounded down to the nearest $250 increment.) CBPP estimates that this change would cost approximately $1 billion over five years.

Excluding Retirement Accounts from Countable Resources

Under this proposal, included in President Bush's 2007 budget and in legislation that Senators Chambliss and Harkin introduced earlier this year, retirement savings accounts would no longer count toward the food stamp asset limit.

Current food stamp rules regarding retirement accounts are inconsistent and can disqualify workers who need temporary help feeding their families. The Food Stamp Program excludes amounts in 401(k) retirement plans from the asset test, but *counts* amounts in Individual Retirement Accounts (IRAs). As a result, working families who manage to save more than $2,000 for retirement in an IRA must partially liquidate that account in order to qualify for food stamps during periods of unemployment. This forces families to choose between hardship when they lose their job and a higher risk of poverty in their old age.

The inconsistent treatment of 401(k)s and IRAs poses special problems for workers who have saved in 401(k)s but change (or lose) their job. Such workers are often *required* to roll their 401(k) savings over into an IRA — which in most cases would disqualify the family from food stamps, since those savings would now be counted against the asset test. To preserve their food stamp eligibility, these workers would have to liquidate their retirement accounts and spend the proceeds.

Exempting retirement accounts from asset tests for food stamps and other means-tested programs was one of the recommendations of the 2006 National Summit on Retirement Savings, convened by the Department of Labor. Consistent with this recommendation, the President's budget recommends allowing workers who experience hard times "to maintain ownership of their retirement assets, preserving their stake in America's future." And Senator Saxby Chambliss, who has proposed exempting retirement accounts in food stamps, echoed these themes at a 2007 Heritage Foundation event on his bill:

> *Reforming the food stamp asset test is an idea that spans the political spectrum. … Today's food stamp asset rules conflict with families' ability to save for their future, and discourage working families from utilizing all the financial investment tools encouraged by the tax code for working Americans. … Furthermore, permitting participants to invest in their own retirement may ease the federal burden of caring for the participants once they retire.*

The same provision is in the House-passed farm bill. CBO estimates that this change would make about 100,000 people newly eligible for food stamps and that they would each receive an average of about $120 a month in food stamps. The same policy was a stand-alone provision in the House-passed farm bill. CBO estimated that provision would increase food stamp benefits by $560 million over five years.

Excluding Education Accounts from Resources

Similar to the above section on retirement accounts, this provision would exclude certain education savings accounts (such as 529 plans) from the food stamp asset test, thereby removing the Food Stamp Program's disincentive for households to save for education. President Bush included this change in his 2007 Farm Bill proposal. The same policy was a stand-alone provision in the House-passed farm bill. CBO estimated that provision would increase food stamp benefits by $8 million over five years.

Section 4105: Facilitating Simplified Reporting

The 2002 Farm Bill gave states the option to simplify the rules under which many food stamp participants (primarily families with children) inform the state about their income and circumstances. Previously, these households had to report fluctuations in their income and other family circumstances subject to a number of complicated rules. These rules discriminated against working families — and the states that were most successful in serving them — because their incomes fluctuate more than those of non-working families. In fact, many working families essentially had to submit paperwork *every month* and reapply for food stamps *every three months*, a process that could take multiple trips to the welfare office and several hours away from work).

States complained that this system forced families to notify the state about relatively small income changes, that caseworkers could not keep up with the unnecessary paperwork, and that states' payment accuracy rates suffered as a result.

Congress addressed this problem by giving states an option to allow many households to receive food stamps for up to six months at time, during which period they need only report changes in income that would make them ineligible for food stamps altogether. At the six-month mark, families must again provide detailed information, including verification, of their income and family situation so that the state may adjust their benefit amounts (if necessary) for the next six months.

Over 45 states have adopted the new option (called "simplified reporting"), which has proven one of the most successful state options in the 2002 Farm Bill. It has reduced paperwork burdens on states and families and has been a major factor in the sustained drop in state food stamp error rates.

Unfortunately, due to an oversight in the option's design, states are not allowed to apply simplified reporting to several categories of households, such as households with only elderly or disabled members. As a result, states must operate two reporting systems, each with different forms, staff training, and rules.

This provision of the Senate bill would allow households with only elderly and disabled members to participate in simplified reporting. In addition, the option establishes 12-month simplified reporting for these households in lieu of six-month reporting to reflect the fact that many of them live on fixed incomes and have stable living situations and thus do not have many changes to report. If all of these states adopted the bill's further simplification — to allow households with elderly or disabled members and no earning to participate in simplified reporting — approximately 2.3 million such households would see their paperwork requirements for maintaining food stamps drop dramatically. CBO estimated that provision would increase food stamp benefits by $123 million over five years.

Section 4106: Accrual of Benefits

Some food stamp households receive only small benefit amounts. This is particularly true for seniors and people with disabilities, many of whom have enough Social Security income that they qualify for only the $10 minimum food stamp benefit. Under the former coupon-based system, these households had no deadline for when they could spend their food stamps, and some chose to use several months' worth in one shopping trip or for a special occasion, such as a large family gathering.

Under food stamps' new EBT system, however, states may move recipients' food stamps "off line" after three months if recipients are not using benefits. This action is intended to reduce administrative costs for "dormant" accounts. But taking benefit off-line can result in some eligible poor households believing they have lost eligibility. Technically, states must reinstate these off-line benefits within a year if the household contacts the state, but many households are not aware of this fact and simply assume that their benefits are gone when they cannot access them on their EBT card. (Some states have taken action to keep clients' benefits available longer; Minnesota, for example, recently passed legislation to keep benefits available to clients unless the account has not been accessed for 12 months.)

This provision of the bill would strike a balance between program efficiency and customer service by allowing states to move a household's benefits "off line" if the household has not accessed the EBT account for six months. The state would be required to notify the household of this step and to reinstate its benefits within 48 hours after a request from the household. The provision would also require states to "expunge" a household's benefits if the household has not accessed the account for 12 months

Section 4107: Eligibility for Unemployed Adults

This provision would set the time limit on food stamp eligibility for unemployed childless adults at no more than *six* months out of every 36 months rather than the current three months out of 36 months. Individuals may only continue to receive benefits after the current three month period if they are working or are in a job training program 20 hours a week or more, although there is no requirement that states offer such work slots. States have long opposed the time-limit — its design being one of their primary objections. They find it complicated to administer and believe it undermines their efforts to simplify program rules and to improve payment accuracy.

States may apply for waivers from the time limit for areas with high unemployment and may exempt a small share of individuals from the time limit, but many areas of the country are not eligible for waivers. The time limit thus prevents thousands of people who cannot find a job from receiving food stamps.

The population affected is very poor and typically has limited education and very low skills. Many have no income other than food stamps and qualify for no other benefits; the food stamps they may receive, worth up to $162 per month, are the only safety net they have. USDA data from a 1998 report of those affected by the time limit show that

- 82 percent have income below half of the poverty line;

- 57 percent have no income at all;

- more than 40 percent are women;

- 29 percent are over age 40, an age above which individuals with limited skills may have more difficulty finding jobs quickly; and

- more than 40 percent lack a high school diploma.

In addition, this population has a demonstrated attachment to the labor force, but they work in low-skilled jobs and their work is often part-time and not always steady. Research shows that workers who have limited education and are lacking in labor market skills experience substantial periods of unemployment and have difficulties finding jobs even when the economy is strong. Unemployed workers in some poor rural areas also confront limited employment opportunities.

As noted, States view the time limit as complicated to administer and undermining their efforts to simplify program rules and improve payment accuracy. One of the more complicated areas of the policy is how individuals subject to the time-limit may qualify for a second 3 months of benefits within the 36 month period. After individuals hit the time-limit and lose food stamp eligibility, they may regain eligibility while they are working more than 80 hours in a month (i.e., more than 20 hours week), assuming they still meet the income eligibility standards which this group normally would. Once on the program again, these individuals can regain 3-months of eligibility to be banked for a future period of unemployment. Often, such individuals never get access to the second three months of eligibility because they do not think to apply for food stamps while they are working, even though they may be earning wages low enough to qualify for food stamps. Even if they do participate as a worker, many may not know to seek a reinstatement of the additional three months of eligibility because it would only be available to the individual if they lose their job at some later point. These cumbersome program rules make the second three months difficult to administer and hard for eligible individuals to understand.

The design of the time limit also makes it difficult for states to target employment and training funds effectively, since it gives states very little time to determine which clients need work slots and which clients can quickly return to the labor force. As a result, work slots are often wasted on clients who do not need them or are used more to help clients retain food stamp eligibility than to improve the population's work effort.

A number of these problems would be addressed by the proposal in the Senate bill, which would combine the two three-month periods of eligibility and set the limit at a more realistic six months. This would simplify state administration and increase access to food stamps for jobless adults without weakening the core intent of the time limit.

All other aspects of the current time limit would remain in place. As a result, these individuals would be barred from participating in food stamps for 30 months out of every 36 months. The provision would be effective beginning in fiscal year 2009.

The Senate has endorsed a less restrictive limit on a bipartisan basis on several occasions, including six months of food stamps out of every 12 months, four months out of every 12 months and, in 2001, six months out of every 24 months. But the Senate's more reasonable approach has never been enacted. CBO estimated that provision would increase food stamp benefit costs by $64 million over five years.

Section 4108: Transitional Benefits Option

One of the most successful provisions of the 2002 Farm Bill gave states the option to provide up to five months of transitional food stamps to families that leave TANF cash assistance. It was designed to help address a problem that arose after TANF implementation: many families that left welfare for work were not staying connected to food stamps, despite remaining eligible, because of confusion about what paperwork was required of them in order to retain eligibility. Currently, approximately 20 states provide transitional food stamps, with additional states adopting the option each year.

The 2002 provision, however, applied only to families that leave federal TANF-funded programs. Some states have established separate state-funded cash assistance programs for certain groups of poor families with children, which gives them greater flexibility to develop services and supports that can serve these families appropriately. When families in these state programs find jobs, they are ineligible for transitional food stamp benefits, even if the state has chosen to provide transitional food stamps to similarly situated families that leave TANF programs. (States can "work around" this prohibition administratively by switching the family to the TANF program in its last month of assistance, but this is administratively burdensome.)

This provision of the Senate bill would allow states to provide transitional food stamps to families with children that leave a state-funded cash assistance program. This would provide states with a new tool to ensure that all families transitioning from cash assistance to work stay connected to the work supports that food stamps provide, regardless of how that cash assistance was financed. States that currently have state-funded programs in operation and have adopted the transitional food stamp option — such as Maryland, Massachusetts, Nebraska, New Hampshire, New Mexico, Oregon, and Virginia — will be helped immediately. Households in other states that adopt state-funded programs in the future, or that choose to begin offering transitional food stamps, will also be helped. CBO estimated that provision would increase food stamp benefit costs by $58 million over five years.

Section 4109: Updating the Minimum Benefit

This provision would raise the food stamp minimum benefit by more than 50 percent, from $10 a month to $16 a month in FY2009. The minimum benefit value would be set at 10 percent of the maximum benefit (or Thrifty Food Plan) for a household of one. Because the value of the maximum benefit is adjusted annually for inflation, under this change the minimum benefit would automatically be adjusted for inflation each fiscal year to ensure that it does not lose purchasing power over time. By FY2012, the benefit would be expected to rise to $18.

Under current food stamp rules, one- and two-person households that qualify for a monthly benefit amount of less than $10 receive a $10 "minimum benefit." The minimum benefit was put in place when the current benefit calculation rules were established in the Food Stamp Act of 1977, on the rationale that a larger benefit would give small households — primarily individuals and couples who are elderly or have a disability — a greater incentive to participate in the program. The vast majority of households that receive the minimum benefit (almost 90 percent) have income from Supplemental Security Income (SSI) and/or Social Security.

Because the minimum benefit has not been adjusted for inflation in almost 30 years, households that receive it can purchase only about one-third as much food as they could have in 1979, when the minimum benefit went into effect. Approximately 650,000 households with 780,000 individuals would receive higher benefits under this provision, nearly all of them containing seniors or people with disabilities. Food stamp spending would increase by about $214 million over five years. The estimated state-by-state effects of this change can be found in tables at the end of this report.

Section 4110: Availability of Commodities for the Emergency Food Assistance Program

Currently, federal mandatory funding under the Food Stamp Act for the Emergency Food Assistance Program (TEFAP), which supports food purchases by food banks, is set at $140 million per year. Because this amount has been flat since 2002 it has lost purchasing power, while food prices have climbed by more than 15 percent. Had the amount kept pace with inflation it would be $163 million in fiscal year 2008. In addition, the program also receives money through the appropriations process and from "bonus commodities" that USDA purchases and provides under other authority. "Bonus commodities" from USDA have declined by more than 70 percent in the past three years.

This provision would increase mandatory funding by $110 million a year (or more than 75 percent) to $250 million a year for a total 5 year cost of $550 million. Mandatory TEFAP funds would remain flat at this level in the future, rather than adjusting for increases in food prices.

PART III — IMPROVING PROGRAM OPERATIONS

Section 4201: Technical Clarification Regarding Eligibility

A provision of the 1996 welfare law that was intended to deny food stamps to criminals who are fleeing to avoid prosecution is also denying food stamps to people whom law enforcement is *not* pursuing. For example, they may be victims of mistaken identity (due to identity theft or outdated, incomplete or inaccurate information in the databases that hold information on outstanding warrants). USDA has issued guidance explaining how states can address this problem, but not all states are applying it.

This provision would ensure a consistent application of the USDA guidance and thereby ensure that the 1996 provision achieves its intended purpose of preventing criminals from receiving food stamps.

Section 4202: Issuance and use of Program Benefits

This provision, also part of the Administration's Farm Bill proposal, would phase out food stamp coupons as legal tender and make other conforming changes. Electronic Benefit Transfer (EBT) has been implemented nationally and few coupons are being redeemed each month.

According to the CBO estimate of the same provision in the House-passed farm bill, the change is estimated to increase federal costs by $2 million in 2008, as people redeem coupons they may still possess in anticipation of the change, but over the 2008-2012 period it would save $3 million, since stores would no longer accept (and the Treasury would no longer redeem) outstanding food stamp coupons.

The section also would require a GAO study of "the effects of the Secretary issuing a rule requiring that benefits shall only be used to purchase food that is included in the most recent applicable thrifty food plan market basket." Finally, the section provides that no "interchange fees" — the fees that card companies charge merchants — may apply to food stamp EBT transactions.

Section 4203: Clarification of Split Issuance

Food stamp benefits are provided on a monthly basis. Current law allows states to issue food stamps to different households on different days of the month as a way of evening out their workload and helping supermarkets smooth out the demand for food. This is known as "staggered issuance." For example, some states issue benefits on different days of the month based on the last digit of the Social Security number for the head of the household.

This provision of the Senate bill would clarify that states may not, as a routine practice, stagger benefits by dividing individual households' monthly allotment into two or more issuances. Such a practice would make food stamps much less useful for many households. Almost 90 percent of food stamp benefits are spent in supermarkets, according to USDA, yet many households do not live near a supermarket and must make a significant effort to go there (such as getting help from a friend or family member) in order to get better prices. Households would have to make these arrangements several times each month if their food stamps came in two or more installments.

In addition, dividing households' monthly food stamp allotments could prevent them from purchasing large, economy-size containers of staple foods. It also would be burdensome on households with small benefit amounts — such as seniors who receive the $10 minimum benefit —

because they would have to use their food stamp EBT card at multiple shopping trips during the month instead of only one.

This provision would not prevent states from issuing food stamps on different days of the month for different households.

Section 4204: State Option for Telephonic Signature

Historically, food stamp applicants have been required to apply in person at a local welfare office, and food stamp recipients have been required to come to the welfare office to renew their eligibility.

In an effort to reach out to populations that can have a hard time coming to welfare offices, such as working families (who often have difficult schedules) and senior citizens (who often have difficulty traveling), some states have experimented with policies such as online applications and telephone interviews. Also, the Food Stamp Act has been amended to allow for electronic signatures.

Consistent with these changes, the Senate bill would allow households to apply for food stamps and establish a filing date over the telephone. (Without the latter change, households that apply by phone may experience a delay in benefits — and smaller benefits for the first month — because their application would not be accepted on the day they contacted the office.)

To preserve program integrity, the provision includes safeguards such as a requirement that both the household's assent that it is officially applying for benefits based on the information provided over the phone and the information it provided to the food stamp office be recorded.

Section 4205: Privacy Protections

This provision would apply a "need to know" policy to the exceptions to the Food Stamp Act's privacy protections. Current law requires all information about applicant and recipient households to be held confidential, subject to exceptions related to computer matching and similar efforts, law enforcement, research, and matters involving program administration.

Unfortunately, these exceptions are framed in all-or-nothing terms. If an automation contractor needs access to household benefit amounts in order to operate the EBT issuance system, it can obtain a host of other personal information that it does *not* need for that task — but that may have other commercial applications for the contractor.

This provision of the Senate bill would not impose new restrictions on who may obtain program information or for what purposes. It would, however, prohibit commercial exploitation of that data for purposes unrelated to program administration.

Section 4206: Study on Comparable Access to Food and Nutrition Assistance for Puerto Rico

This section would require the Secretary of Agriculture to conduct a study of the feasibility and effects of having the Food Stamp Program treat Puerto Rico the same as one of the states, in lieu of the block grant it currently receives. The bill would provide $1 million for USDA to conduct the study.

Puerto Rico has very high rates of poverty and food insecurity. Yet since the early 1980s, it has received a block grant for food assistance under the Food Stamp Act, rather than operating the regular Food Stamp Program. Unlike the regular Food Stamp Program, Puerto Rico's block grant does not respond to economic or demographic conditions such as changes in unemployment, incomes, or food costs. This study would examine the ramifications of treating Puerto Rico like a state for purposes of food stamp benefits.

Section 4207: Civil Rights Compliance

The Food Stamp Act prohibits discrimination in food stamp eligibility decisions on the basis of race, sex, religion, national origin, and political beliefs. This provision, however, was written long before the establishment of the Food Stamp Employment and Training (FSET) program and does not apply to that program. Nor does it protect the civil rights of persons with disabilities. This is a particular concern to older food stamp recipients and persons with disabilities, who do not want to be shunted into dead-end placements in preference to younger recipients and those without disabilities.

USDA has promulgated department-wide civil rights regulations, which can be interpreted to address this problem in part. Nonetheless, when Congress replaced AFDC with TANF and emphasized welfare-to-work efforts, it included specific requirements that agencies carrying out the TANF programs comply with four major civil rights statutes: the Age Discrimination in Employment Act, Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and Title VI of the Civil Rights Act.

This provision would be parallel to that included in the TANF law. It applies those four civil rights statutes to all aspects of food stamp program administration, not just eligibility determinations.

Section 4208: Employment, Training, and Job Retention

This section makes two changes to the FSET program. First, it allows FSET funds to be used for post-employment job retention services for up to 90 days after FSET participants begin employment. Second, it clarifies that people who volunteer for an FSET program are not subject to the 120 hour-a-month limit on participation in an FSET activity or the requirement that the number of hours of participation not exceed the number of hours equal to the household's food stamp benefit divided by the minimum wage.

Section 4209: Codification of Access Rules

For almost three decades, states have complied with USDA regulations requiring translated forms and interpreters in areas where large numbers of low-income families speak a language other than English. These rules are particularly important in serving migrant farmworker families when adverse weather conditions or crop failures prevent them from working.

While USDA promulgated these rules to implement Section 11(e)(1)(B) of the Food Stamp Act, a federal district court in Ohio recently held that they were not enforceable because there was insufficient evidence that Congress intended the Department to issue rules on this matter.

This provision of the Senate bill would clarify that Congress did authorize the Department to issue regulations and intends that states comply with them. It does not in any way change the substance of those requirements, which have caused few problems over the years.

Section 4210: Expanding the use of EBT Cards at Farmers' Markets

The technology now exists to enable farmers' markets to accept food stamps, but the cost involved may discourage them from taking this step. Accordingly, this provision establishes a $5 million grant program to state and local governments as well as farmers' market cooperatives to encourage them to develop the capacity to allow food stamp recipients to use their benefits to purchase fresh foods at farmers' markets.

No specific transaction method would be prescribed. Funds could be used to help states work with farmers' markets by providing technical assistance, training, or help with start-up costs, for example.

Section 4211: Review of Major Changes in Program Design

A number of states are embarking on major redesigns of the way they operate the Food Stamp Program. Some states are experimenting with small changes, such as moving to a paperless system in part of the state or offering an on-line application option. Other states are adopting dramatic changes in the ways low-income households interact with local offices, such as closing county food stamp offices and requiring households to contact a statewide call center to apply for benefits, provide documentation, and report changes. Although these initiatives can improve the quality of service if administered properly, they also can leave households without recourse if the technology breaks down or the state agency lacks sufficient staff to keep up with it.

The Government Accountability Office (GAO) recently examined these state initiatives but found that "[i]nsufficient information is available to determine the results of using alternative methods to provide access to the Food Stamp Program." GAO recommended that USDA enhance its ability to assess the effects of alternative methods on program access, payment accuracy, and administrative costs and then disseminate its findings among the states.

This provision of the Senate bill asks USDA to set criteria for identifying such major changes and asks states implementing such changes to collect data on the impact of these changes on program integrity and household access, particularly for vulnerable households. This would allow states to identify problems (such as technology that is inaccessible to technically unsophisticated elderly applicants or persons with disabilities) before the program's error rate — or large numbers of households — suffer.

A separate provision in this section would clarify the responsibility of state agencies in states where another unit of government administers the Food Stamp Program. In about one-third of the states, the program is administered by county or city governments rather than by state employees directly. In such states, USDA still works primarily with the state human services department, which retains an overall policy-setting role. USDA lacks the staff to supervise program administration in every jurisdiction within the state and should not be compelled to allocate a disproportionate amount of staff time to a given state just because that state has chosen to delegate administration to county offices. States generally have understood this and performed those supervisory functions themselves. On occasion, however, state agencies have claimed that they lack the authority to compel local offices to comply with program requirements. This provision makes the state's continuing responsibility clear.

Section 4212: Preservation of Access and Payment Accuracy

While food stamp benefits are federally funded, federal and state governments share the program's administrative costs, including the costs of developing and procuring computer systems and other technology such as call centers. Over the last two decades, USDA has permitted a number of states to roll out new automation systems into service before adequate testing, with disastrous results. The states' error rates jumped, sometimes approaching twice the national average. In some cases, program administration became chaotic, applications were lost, and needy households' benefits were terminated. Several months, sometimes even years, were required to restore effective program operations. These problems could have been avoided had USDA required the state to first test the system properly.

This provision of the Senate bill states that USDA may not approve federal funding for new state automated systems unless the state has plans to properly test and update the system.

Section 4213: Nutrition Education

This section codifies nutrition education activities that USDA and states conduct for individuals eligible for food stamps as a specific component under the Food Stamp Program.

PART IV — IMPROVING PROGRAM INTEGRITY

Section 4301: Major Systems Failure

This provision, included in President Bush's 2007 Farm Bill proposal, would prohibit states from collecting overissuances (or overpayments) in cases where they resulted from a major systems failure by the state agency. Instead, the state would be responsible for reimbursing the federal government for the claim.

When a state discovers it has paid too much in food stamps to a household, federal food stamp rules require the state to establish a claim against the household and collect repayment of the overissuance. If the overissuance was a result of an intentional program violation (i.e., fraud), the individual is disqualified and must repay the amount. But even if the overissuance was caused by an honest mistake on the part of the household or the state agency, the household still must repay the overissued food stamps. Indeed, even if the mistake is caused by a major systems failure by the state, the household generally must repay the overissuance.

If the household is still participating in the Food Stamp Program, the state must collect the overissuance by reducing its monthly benefit by $10 or 10 percent (whichever is greater) until the amount is fully repaid. This reduces the household's ability to purchase food, as it is unlikely the household would have saved up food stamps or other money while receiving food stamp overpayments in order to prepare for such a contingency.

This provision of the Senate bill would prohibit states from establishing and collecting claims if the overissuance resulted from a major systems failure, such as a faulty new computer system. It is appropriate to forgive overissuances in these cases because the mistake is clearly not the household's fault. When major state problems occur, the state should focus on fixing the problem rather than pursuing households for overissuances.

The provision would also encourage states to pilot-test new computer systems thoroughly to ensure that benefits will be issued accurately. USDA's Farm Bill proposal states, "as States have moved to replace outdated computer systems, there have been situations where time and budget have driven implementation of systems before they have been thoroughly tested." By holding states accountable for these errors, this provision would create a greater incentive to prevent such large-scale system mistakes in the future.

Section 4302: Performance Standards for Biometric Identification Technology

Currently, USDA permits states to deny an eligible household access to food stamps if the household members are unwilling to provide a fingerprint to the state agency administering the program. In some cases, the state requires that all adult members be fingerprinted, including the elderly. The goal is to prevent the same individual from receiving benefits multiple times under more than one name. However, the equipment necessary to implement finger-imaging is very costly, raising questions about the requirement's cost-effectiveness.

Several states have imposed this requirement based on the assertion — made by the data companies that sell fingerprinting equipment — that fingerprinting deters fraud. Yet no serious evidence supports this claim, and there is significant evidence that the equipment costs the Food Stamp Program more than it saves. States already have extensive anti-fraud measures in place, including: 1) rigorous automated verification of a household's identity, residence, income, and circumstances; 2) use of data sources, such as credit-rating companies, to verify client information; and 3) optional home visits prior to certifying a household that the state suspects of fraud.

The fingerprinting requirement can be a significant barrier to food stamp participation. Some people may be deeply concerned that their fingerprint will not be kept secure, or they may have other privacy concerns. Others, particularly working families and the elderly, may find the process stigmatizing. In addition, working people may find the extra trip to the office and long wait times difficult to balance with their work hours.

This provision of the Senate bill would require states, subject to standards set by the Secretary, to ensure that finger-imaging is a cost-effective way to detect and deter dual participation in the Food Stamp Program compared to other available measures. This would ensure that federal funds are not used for expensive, redundant equipment and processes that have no proven payoff and are likely to deter some eligible households from receiving needed help.

Section 4303: Civil Penalties and Disqualification of Retail Food Stores and Wholesale Food Concerns

This provision, included in President Bush's 2007 Farm Bill proposal, would give USDA more flexibility in setting disqualification periods and fines for certain retailer violations such as allowing customers to purchase non-food items with food stamp benefits. USDA has asked for this change to allow it to assess fines and/or disqualify retailers that have committed egregious violations, while being more lenient in circumstances where there is less reason for ongoing concern.

Section 4304: Funding of Employment and Training Programs

USDA provides grants to states to operate employment and training (FSET) programs for food stamp recipients. The grants are divided among states according to an allocation formula designed by the Secretary. Under current law the funds for the grants do not expire, and USDA may reallocate the grants from states that have not spent all of their allocation to states that have. This allows the Secretary to adjust for the fact that the allocation formula may not perfectly align with the design of states' employment and training programs.

Because the grant money is permanently available, not all funds are spent immediately. States that have significant FSET programs and that are able to spend more funds serving food stamp clients when funds are reallocated to them could also spend some of the unspent grant money from prior years. These states have often expressed frustration that USDA does not inform them of the extra available funding and they therefore do not serve as many clients as they otherwise could.
On occasion, the Appropriators have rescinded some of these unspent funds for savings to finance appropriations spending, further frustrating these states' efforts.

This provision of the farm bill would rescind all funds that are currently unobligated (i.e., have not been allocated to states) at the time of enactment. In addition, the Senate bill would require that the annual FSET grant money be spent within two years. The provision would produce savings because the rescission and the requirement that funds be spent within 2 years would reduce the total amount available to states for FSET programs.

If the Agriculture Committee has concerns that FSET funds are not being spent and are therefore being rescinded by another Committee, an alternative approach to cutting funds might be to require USDA to make states more aware of the available funding to ensure that the Food Stamp Program is supporting employment and training programs. CBO estimate that this provision would save $16 million over five years.

Section 4305: Eligibility Disqualification

Under this section, an individual would be disqualified from food stamps if he or she is found to have intentionally obtained cash by using food stamps to purchase a product that has a returnable container, discarding the product, and returning the container for the deposit amount. In addition, the provision would give the Secretary virtually unlimited authority to disqualify a recipient if he or she is found to have intentionally sold food that was purchased using food stamp benefits. While the intent of the latter half of this provision is to target those who misuse their benefits, as written it could harm innocent people. The provision could result in an individual being permanently disqualified from the program for selling a few eggs to a neighbor who was not able to make it to the grocery store.

PART V — MISCELLANEOUS

Section 4401: Definition of "Staple Foods"

Under the Food Stamp Act, most retailers that participate in the program must stock a certain amount of "staple foods," such as meat and fish, bread and grains, fruits and vegetables, and dairy products. This section amends the definition of "staple foods" in two ways. First, it explicitly excludes dietary supplements (i.e., vitamins) from staple foods. (Section 4402 allows food stamps to be used to purchase certain dietary supplements.) Second, it authorizes the Secretary to issue regulations to define "depth of stock" with the goal of ensuring that a wide variety of these staple foods are available continuously in retail stores that participate in the Food Stamp Program.

Section 4402: Accessory Food Items

This section requires the Secretary to issue final regulations to allow certain dietary supplements to be considered "accessory foods," and thus allows these supplements to be purchased with food stamps. The supplements covered are those that: 1) provide folic acid or calcium in accordance with existing Food and Drug Administration (FDA) rules and 2) are multi-vitamins that provide 100 percent of the daily value levels for at least two-thirds of the essential vitamins and minerals (as recommended by the FDA) and do not exceed the daily upper limit for those nutrients established by the Institute of Medicine of the National Academy of Sciences. Dietary supplements could not be purchased with food stamps before USDA issued these final regulations unless the dietary supplement and retailer industries developed acceptable standards for labeling eligible supplements.

There is some question as to the necessity of this provision. Supplements can be very expensive and funds spent on them would not be available for food. Most food stamp recipients who have a medical need for supplements, such as pregnant women or those with anemia would likely be eligible to receive supplements under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and Medicaid programs. Making supplements an allowable food could undermine the Program's mission, as well as the nation's official dietary guidance focus on food as the source of nutrients and other substances necessary for good health.

Section 4403: Pilot Projects to Evaluate Health and Nutrition Promotion in the Food and Nutrition Program

This section would provide $50 million for the Secretary to conduct a pilot program to test and rigorously evaluate strategies to use the Food Stamp Program to improve the dietary and health status of food stamp recipients and reduce obesity. President Bush's Farm Bill proposal contained a similar initiative.

Section 4404: Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows

This section would authorize the Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows programs, which fund fellowships to address hunger and poverty in the United States and abroad, respectively.

Section 4405: Hunger-free Communities

This section would: 1) require the Secretary to conduct a study and make recommendations on various aspects of reducing hunger in the United States; 2) authorize "hunger-free communities collaborative grants" to public or nonprofit organizations to collaborate on activities to reduce hunger; and 3) authorize "hunger-free communities infrastructure grants" to emergency feeding organizations in order to improve facilities or equipment, obtain locally produced produce or protein products, or process and serve wild game. The bill authorizes $50 million a year for these purposes.

Section 4406: State Performance on Enrolling Children Receiving Program Benefits for Free School Meals.

This section would require the Secretary of Agriculture to annually submit to Congress a report on the effectiveness of each state in automatically enrolling school-aged children in free school meals using "direct certification" based on their food stamp participation, including best practices.

All children in households participating in the Food Stamp Program are eligible for free meals at school. School districts and state agencies have long had the option of automatically enrolling such children for free meals through a process called "direct certification," under which they bypass the standard application process. Direct certification ensures that children most in need of food assistance — those whose parents have sought help from the Food Stamp Program — get the benefit of free school meals. In addition, direct certification eliminates redundant paperwork for families and schools.

The Child Nutrition and WIC Reauthorization Act of 2004 made direct certification of children in households receiving food stamp benefits a *requirement*. The requirement applied to large school districts first and will phase in to cover all districts by the 2008-2009 school year. Unfortunately, districts that already conduct direct certification still miss many eligible children. Some of these children ultimately get free meals, but have to go through a duplicative application process; others never get free meals at all. Moreover, there is a wide variation across states with regard to how effectively they are providing this benefit to children in households getting food stamps.

This section requires USDA to estimate annually the portion of children in households receiving food stamp benefits who are actually directly certified for free meals. This measure will allow USDA to assess whether state and district direct certification efforts are effective and measure progress over time. A regular measure of effectiveness will clarify whether the goals of the reauthorization legislation are being met, help USDA to identify states that have effective direct certification systems in place that can serve as best practice models, and allow USDA to identify states that are not performing well so as to assist them in making improvements.

Section 4407: Sense of Congress Regarding Nutrition Education under the Food and Nutrition Program

This section would create a “sense of Congress” that USDA should support and encourage effective interventions for food stamp nutrition education and coordinate with other programs and resources. It would also provide that Congress intends that nutrition education funds be used only for activities that are consistent with the Dietary Guidelines and only for food stamp recipients and people who are potentially eligible for food stamps.

Subtitle B — Food Distribution Program on Indian Reservations

Section 4501: Assessing the Nutritional Value of the FDPIR Food Package

This section would amend the authorization for the Food Distribution Program on Indian Reservations (FDPIR), which some American Indians may receive in lieu of food stamps. It would: 1) disqualify from food stamps any individual who is disqualified from FDPIR; 2) authorize appropriations for the Secretary to purchase bison meat for the program; and 3) require the Secretary to submit a report on the adequacy of the FDPIR food package.

Subtitle C — Emergency Food Assistance Program and Commodity Supplemental Food Program

Section 4601: Emergency Food Assistance

This section would require states to submit to USDA a distribution plan for TEFAP commodities under the Emergency Food Assistance Act of 1983 every three years rather than every four years and would add “donated wild game” to the list of commodities that TEFAP appropriated funds may be used to support.

Section 4602: Commodity Supplemental Food Program

The Commodity Supplemental Food Program (CSFP) provides monthly food packages to low-income women, infants, and children and seniors aged 60 and older in parts of most states. Currently, CSFP sites must give priority to women, infants, and children who apply for benefits over elderly. This provision of the Senate bill would remove the priority for service to women, infants, and children.

Subtitle D — Senior Farmers' Market Nutrition Program

Section 4701: Exclusion of Benefits in Determining Eligibility for Other Programs

This section would extend and expand the Senior Farmers' Market Nutrition Program, which provides low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agriculture programs, and exclude program benefits from consideration as income for eligibility determinations in other federal or state means-tested assistance programs, such as Medicaid and TANF. Current funding levels are $15 million per year. This provision would increase funding to $25 million per year.

Section 4912 of the Senate bill would require that $2 million from funds made available for this Program be used for a pilot program created under that section which would promote whole grain foods in schools.

Section 4702: Prohibition on Collection of Sales Tax

This section would prohibit a state from participating in the Senior Farmers' Market Nutrition Program if it collects sales tax on the purchase of food using program benefits.

Subtitle E — Reauthorization of Federal Food Assistance Programs

Section 4801: Food and Nutrition Program

This section would reauthorize the Food Stamp Program, including employment and training funds, the block grant for Puerto Rico and American Samoa, and the grant program to improve access to benefits. It also would extend the annual reduction in state administrative funding known as “cost allocation.”

The section would increase funding for the funding for Community Food Projects, which promote communities' self-reliance in providing for their own food needs, from $5 million to $10 million per year. However, Section 4912 of the Senate bill reduces the amount by $2 million for a pilot program created under that section to promote whole grain foods in schools.

Section 4802: Commodity Distribution

This section would reauthorize several discretionary commodity distribution programs and activities: the Emergency Food Assistance Program, the Commodity Distribution Program, the Commodity Supplemental Food Program (CSFP), and distribution of surplus commodities to special nutrition programs. Also, consistent with Section 4602, this section removes the priority in CSFP for women, infants, and children who apply for benefits over elderly, and in addition, provides that states may serve seniors with income up to 185 percent of the federal poverty level in CSFP if the Secretary finds that appropriations for the program are sufficient to expand CSFP to every state that seeks to participate.

Section 4803: Nutrition Information and Awareness Pilot Program

This section would extend a provision of the 2002 Farm Bill that authorizes appropriations of $10 million a year for demonstration projects in up to five states that are designed to increase the domestic consumption of fresh fruits and vegetables.

Subtitle F — Miscellaneous

Section 4901: Periodic surveys of foods purchased by School Food Authorities

This section would require USDA (in FY 2008 and every five years thereafter) to conduct a nationally representative survey of the foods purchased by school food authorities that participate in the National School Lunch Program. It provides up to $3 million for each survey.

Section 4902: Purchases of Locally Grown Fruits and Vegetables

This provision would direct the Secretary to encourage institutions, such as schools, that receive funds from the Child Nutrition Programs to purchase locally grown fruits and vegetables to the "maximum extent practicable and appropriate." It also allows the use of a geographic preference in procurement in all programs funded under the National School Lunch Act, Child Nutrition Act, and Department of Defense Fresh Fruit and Vegetable Program.

Section 4903: Healthy Food Education and Program Replicability

This section would amend a pilot program under the National School Lunch Program that promotes access to local foods and school gardens to clarify that healthy food education activities are allowable under the program and to give priority to projects that can be replicated in other schools.

In addition, it authorizes appropriations of $10 million under the National School Lunch Act for a pilot community gardening and nutrition education program in up to five states.

Section 4904: Fresh Fruit and Vegetable Program

The Fresh Fruit and Vegetable Program, authorized under the Richard B. Russell National School Lunch Act, provides free fresh fruits and vegetables to children in school throughout the school day. It has been receiving $9 million a year in mandatory funds and operates in 14 states and 3 Indian tribes. In fiscal year 2008, an additional $9.9 million in discretionary funds was provided to expand the program into all states and the District of Columbia.

This section of the Senate bill would expand the program to $225 million a year, with inflation adjustments to that amount in later years. The program would operate in all 50 states and the District of Columbia.

Under the current program, USDA selects which schools participate such that, to the maximum extent practicable, in the majority of selected schools at least half of the students are eligible for free or reduced-price meals. The Senate bill would provide grants to states, and states would select which schools would participate, ensuring that: 1) at least half of the students in participating schools are eligible for free- or reduced-price meals, and 2) priority is given to schools with the highest proportion of children who are eligible for free- or reduced-price meals. The annual grant to schools under the program would be in the range of $50 to $75 per student.

The section would also require an evaluation of the program to determine whether it helped children consume more fresh fruits and vegetables, improve their diets in other ways, and experience other outcomes considered important by the Secretary.

Section 4905: Team Nutrition

USDA's Team Nutrition initiative has developed educational materials and provided grants to states to promote healthy eating and physical activity by, for example, educating families and school food service staff. Team Nutrition has generally been provided with $10 million in discretionary funds each year ($13 million in fiscal year 2008). This provision provides $3 million in mandatory funds for each of fiscal years 2008 through 2011, while authorizing the appropriation of additional discretionary funds.

Section 4906: Buy American Requirements

This section encourages USDA to better implement the Buy American statutory requirements under their authority, such as the School Lunch Act and DOD fresh fruit and vegetable distribution program.

Section 4907: Minimum Purchases of Fruits, Vegetables, and Nuts through Section 32 to Support Domestic Nutrition Assistance Programs

This section would require that USDA's purchases of fruits, vegetables, and nuts for domestic assistance programs that is made with funding from Section 32 be of an annual amount equal to the current CBO baseline.

Section 4908: Agricultural Policy and Public Health

This section requires the Government Accountability Office (GAO) to conduct a study and report to Congress on whether the agricultural policies of the U.S. have an impact on health, nutrition, overweight and obesity, and diet-related chronic disease.

Section 4909: Conforming Amendments to Renaming of Food Stamp Program

This section would amend other statutes to conform with the change in the name of the Food Stamp Program under section 4001.

Section 4910: Effective and Implementation Dates

This section provides effective dates for the provisions in the nutrition title. Most provisions would be effective April 1, 2008. States could implement most of the provisions in Part II of subtitle A (the food stamp improvements) on a date of their choice between April 1, 2008 and October 1, 2008. For two provisions, the child care deduction and the resource improvements, states could implement the changes for participant households at the time of their next recertification.

Section 4911: Application

This section provides that the following provisions would not be in effect after September 30, 2012:

Section 4101 — exclusion of combat pay
Section 4102 — improvement in standard deduction
Section 4103 — lifting child care deduction cap
Section 4104 — asset improvements
Section 4107 — improvement in time limit for unemployed childless adults
Section 4108 — transitional benefits
Section 4109 — minimum benefit
Section 4110(a)(2) — additional $100 million a year for TEFAP commodities
Section 4208 — changes to food stamp employment and training activitites
Section 4701(a)(3) — additional $10 million a year for Senior Farmers' Markets
Section 4801(g) — funds for community food projects

Section 4903 — fresh fruit and vegetable program.[2]

The only provision of the title that has a budgetary cost that would continue after 2012 would be the state option to expand food stamp simplified reporting to households with only seniors or people with disabilities.

As a result of this provision, if Congress does not act again before fiscal year 2013 to extend these provisions that increase benefits and expand eligibility, the additional benefits made available and changes to eligibility would end. More than 10 million participants would see their benefits cut in 2013 and more than 300,000 would be cut off food stamps because of the expiration.

Section 4912: Grain Pilot Program

This section would create a new pilot program in six states, modeled on the Fruit and Vegetable program, to provide whole grain products as after school snacks in schools in which at least half of the students are eligible for free or reduced-price meals.

The bill provides up to $4 million for the pilot program. The bill further provides that $2 million for of the funding shall come from the Senior Farmers' Market Nutrition Program and $2 million shall come from Community Food Projects (see sections 4701 and 4801(g)). In addition, the bill provides that up to $3 million of the funding made available could be used for an evaluation and administration of the program.

Section 4913: Report on Federal Hunger Programs

This section would require that, within 2 years of enactment, that GAO submit a report to Congress that includes:
1) a list of all federal programs that seek to alleviate hunger or food insecurity or improve nutritional intake;
2) detailed information for each program on its funding history and available research on its effectiveness;
3) historical information on the number of people who are hungry, food insecure, or obese; and
4) the number of employees of USDA and the number of farmers and other producers that receive assistance from USDA.

Section 4914: Food Employment Empowerment and Development Program

This section authorizes discretionary funding for grants to public or nonprofit agencies to encourage the effective use of community resources to combat hunger by creating opportunity for vulnerable populations through food recovery and job training.

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[2] Because of a floor amendment accepted by the bill managers, the bill references the wrong section for the Fruit and Vegetable Program (Section 4903, rather than 4904). As a result, the Fruit and Vegetable program would be permanent if the bill were enacted. This was not the managers' intent.

Section 4915: Infrastructure and Transportation Grants to Support Rural Food Bank Delivery of Healthy Perishable Foods.

This section authorizes appropriations of $10 million a year for grants to state and local food banks in rural areas to help with the costs of receiving, storing, distributing, tracking, and delivering time-sensitive food products.

IMPACT OF SELECTED PROVISIONS OF THE SENATE FARM BILL					
Additional Benefits, FY 2009* ($ millions)					
State	**Standard Deduction Provision**	**Dependent Care Deduction Provision****	**Minimum Benefit Provision**	**TEFAP Provision**	**Total****
Alabama	$5	$1.6	$0.6	$2.0	$9
Alaska	$1	—	$0.2	$0.3	$1
Arizona	$4	$1.0	$0.6	$2.2	$8
Arkansas	$3	$0.8	$0.8	$1.4	$6
California	$17	$0.7	$1.1	$14.9	$34
Colorado	$2	$0.2	$0.5	$1.5	$4
Connecticut	$2	$0.5	$0.7	$1.0	$4
Delaware	$1	$0.2	$0.2	$0.2	$1
District of Columbia	$1	—	$0.2	$0.3	$1
Florida	$14	$2.5	$2.7	$6.1	$25
Georgia	$7	$2.3	$1.2	$2.9	$14
Hawaii	$2	—	—	$0.4	$2
Idaho	$1	$0.6	$0.2	$0.4	$2
Illinois	$10	$2.3	$1.6	$4.7	$19
Indiana	$5	$0.8	$0.9	$2.0	$8
Iowa	$2	$0.1	$0.5	$0.9	$3
Kansas	$2	$0.1	$0.6	$0.9	$3
Kentucky	$6	$0.6	$1.0	$1.7	$9
Louisiana	$6	$3.1	$0.5	$2.1	$12
Maine	$2	$0.3	$0.5	$0.4	$3
Maryland	$3	$1.4	$0.8	$1.5	$7
Massachusetts	$4	$0.3	$1.2	$2.2	$8
Michigan	$8	$2.2	$3.5	$3.9	$18
Minnesota	$4	$0.1	$2.5	$1.4	$8
Mississippi	$3	$0.3	$0.5	$1.4	$5
Missouri	$6	$3.1	$1.8	$2.3	$13
Montana	$1	—	$0.1	$0.4	$1
Nebraska	$1	—	$0.5	$0.5	$2
Nevada	$1	$0.2	$0.3	$0.7	$2
New Hampshire	$1	$0.1	$0.2	$0.3	$1
New Jersey	$5	$0.9	$1.1	$2.5	$9
New Mexico	$2	$0.2	$0.3	$0.9	$3
New York	$17	$3.4	$3.3	$8.2	$32
North Carolina	$7	$2.1	$2.2	$3.5	$15
North Dakota	—	$0.3	$0.1	$0.2	$1
Ohio	$9	$0.7	$1.6	$4.1	$15
Oklahoma	$3	—	$1.8	$1.4	$6
Oregon	$4	$1.1	$1.6	$1.5	$8
Pennsylvania	$10	$1.6	$3.3	$4.2	$19
Rhode Island	$1	$0.1	$0.4	$0.4	$2
South Carolina	$4	$0.9	$0.9	$1.8	$8
South Dakota	$0.4	—	$0.1	$0.2	$1
Tennessee	$7	$2.2	$2.7	$2.4	$14
Texas	$17	$7.8	$1.8	$10.0	$37
Utah	$1	$0.3	$0.3	$0.8	$2
Vermont	$1	$0.1	$0.2	$0.2	$1
Virginia	$5	$0.8	$1.7	$2.0	$9
Washington	$5	$0.2	$0.8	$2.4	$8
West Virginia	$3	$0.1	$0.6	$0.8	$4
Wisconsin	$2	$0.5	$2.0	$1.8	$7
Wyoming	$0.2	—	$0.1	$0.1	$0.5
Guam	$0.2	—	—	—	$0.2
Virgin Islands	$0.1	—	—	—	$0.1
Total	**$225**	**$49**	**$53**	**$110**	**$437**

— Estimated effect is less than $100,000.
National estimates are from CBO. For state estimates the national number is allocated based on CBPP analysis of food stamp administrative data.
* 2009 is the first year the provisions will be effective.
** Total does not reflect the interaction of the three food stamp provisions, the actual impact may be slightly lower.

IMPACT OF SELECTED PROVISIONS OF THE SENATE FARM BILL					
Additional Benefits, FY 2008-2012 ($ millions)					
State	**Standard Deduction Provision**	**Dependent Care Deduction Provision**	**Minimum Benefit Provision**	**TEFAP Provision**	**Total***
Alabama	$28	$7.1	$2.6	$10.2	$48
Alaska	$4	—	$0.8	$1.3	$6
Arizona	$24	$4.1	$2.5	$10.8	$42
Arkansas	$19	$3.4	$3.2	$6.8	$32
California	$106	$3.2	$4.4	$74.3	$187
Colorado	$12	$1.0	$2.2	$7.5	$23
Connecticut	$14	$2.0	$2.8	$4.9	$24
Delaware	$3	$0.7	$0.7	$1.1	$6
District of Columbia	$5	—	$0.9	$1.6	$7
Florida	$85	$11.0	$11.0	$30.4	$138
Georgia	$46	$10.0	$4.7	$14.5	$76
Hawaii	$12	$0.2	$0.2	$1.9	$15
Idaho	$5	$2.6	$0.8	$2.2	$10
Illinois	$64	$9.9	$6.3	$23.3	$104
Indiana	$29	$3.4	$3.5	$10.1	$46
Iowa	$11	$0.3	$1.9	$4.3	$18
Kansas	$11	$0.5	$2.3	$4.4	$18
Kentucky	$36	$2.6	$3.9	$8.3	$51
Louisiana	$39	$13.5	$2.2	$10.6	$65
Maine	$12	$1.2	$2.0	$2.2	$17
Maryland	$18	$6.3	$3.2	$7.4	$35
Massachusetts	$27	$1.4	$4.8	$10.9	$44
Michigan	$53	$9.7	$14.0	$19.6	$97
Minnesota	$25	$0.6	$10.3	$7.1	$43
Mississippi	$16	$1.5	$2.2	$6.9	$27
Missouri	$37	$13.5	$7.2	$11.6	$69
Montana	$5	—	$0.5	$1.8	$7
Nebraska	$6	—	$2.0	$2.5	$11
Nevada	$8	$0.8	$1.3	$3.3	$13
New Hampshire	$4	$0.6	$1.0	$1.5	$7
New Jersey	$28	$4.0	$4.3	$12.7	$49
New Mexico	$12	$1.0	$1.3	$4.5	$19
New York	$106	$14.6	$13.2	$40.9	$175
North Carolina	$44	$9.1	$9.0	$17.4	$80
North Dakota	$3	$1.2	$0.4	$1.0	$5
Ohio	$56	$3.0	$6.5	$20.6	$86
Oklahoma	$19	—	$7.4	$6.8	$33
Oregon	$26	$5.0	$6.5	$7.5	$45
Pennsylvania	$63	$7.1	$13.1	$20.8	$104
Rhode Island	$5	$0.5	$1.5	$2.0	$9
South Carolina	$25	$3.9	$3.7	$9.0	$41
South Dakota	$2	—	$0.5	$1.2	$4
Tennessee	$45	$9.4	$10.8	$11.9	$77
Texas	$108	$33.9	$7.4	$50.0	$199
Utah	$6	$1.4	$1.1	$3.8	$12
Vermont	$3	$0.6	$0.8	$0.9	$6
Virginia	$30	$3.6	$6.7	$10.1	$50
Washington	$29	$0.8	$3.2	$11.9	$45
West Virginia	$16	$0.4	$2.6	$4.0	$23
Wisconsin	$15	$2.2	$7.9	$8.8	$34
Wyoming	$1	$0.1	$0.4	$0.7	$3
Guam	$1	—	—	$0.2	$1
Virgin Islands	—	—	—	$0.2	$1
Total	**$1,408**	**$213**	**$214**	**$550**	**$2,385**

— Estimated effect is less than $100,000.

National estimates are from CBO. For state estimates the national number is allocated based on CBPP analysis of food stamp administrative data.

* Total does not reflect the interaction of the three food stamp provisions, the actual impact may be slightly lower.

NUMBER OF PEOPLE BENEFITING FROM SELECTED PROVISIONS OF THE SENATE FARM BILL

	People Receiving Additional Benefits in 2012 (000s)			
State	**Standard Deduction Provision***	**Dependent Care Deduction Provision****	**Minimum Benefit Provision****	**Total* ***
Alabama	200	11	10	209
Alaska	27	—	2	30
Arizona	174	4	9	184
Arkansas	129	6	11	140
California	850	4	17	866
Colorado	80	2	7	88
Connecticut	88	3	11	98
Delaware	25	1	3	28
District of Columbia	38	—	4	41
Florida	535	20	45	575
Georgia	323	16	19	339
Hawaii	71	—	1	72
Idaho	33	4	3	36
Illinois	415	14	29	438
Indiana	194	4	15	204
Iowa	76	—	7	82
Kansas	71	1	8	77
Kentucky	234	4	16	247
Louisiana	265	21	9	272
Maine	69	2	7	75
Maryland	120	9	13	131
Massachusetts	178	2	21	197
Michigan	395	14	50	446
Minnesota	176	1	18	192
Mississippi	136	2	11	142
Missouri	243	20	28	266
Montana	31	—	2	33
Nebraska	43	—	7	49
Nevada	46	1	5	51
New Hampshire	24	1	4	28
New Jersey	196	8	15	211
New Mexico	96	2	5	100
New York	877	17	40	912
North Carolina	311	15	33	340
North Dakota	17	2	2	18
Ohio	369	4	33	389
Oklahoma	135	—	25	157
Oregon	160	9	24	185
Pennsylvania	408	12	39	450
Rhode Island	33	1	4	38
South Carolina	201	5	14	213
South Dakota	16	—	2	17
Tennessee	309	15	38	345
Texas	857	46	34	890
Utah	41	2	5	44
Vermont	20	1	3	23
Virginia	198	8	23	220
Washington	228	1	12	239
West Virginia	104	1	11	112
Wisconsin	110	3	29	140
Wyoming	10	—	1	11
Guam	4	—	—	4
Virgin Islands	4	—	—	4
Total	**9,992**	**320**	**780**	**10,697**

— Estimated effect is less than 1,000 people.
* CBPP estimate based on food stamp administrative data.
** National estimates are from CBO. For state estimates the national number is allocated based on CBPP analysis of food stamp administrative data.
***Total is less than the sum of the three preceding columns because of overlap in the participants who would benefit from the three provisions.