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Summary of the 2014 Farm Bill Nutrition Title: Includes Bipartisan Improvements to SNAP While Excluding Harsh House Provisions

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The nutrition title of the farm bill that House and Senate negotiators unveiled last week represents a solid outcome after a difficult two-year congressional effort. While it unfortunately doesn't make progress in addressing hunger and poverty by investing new resources in SNAP (or by reinvesting the SNAP savings that it generates), it includes sound reforms that should strengthen SNAP over time. Most important, it rejects the harsh eligibility cuts in the House-passed version of the farm bill.¹

The conference agreement includes numerous provisions that reflect bipartisan, bicameral consensus. Of its more than two dozen SNAP provisions, about half appeared in both the House and the Senate bills. Virtually every SNAP provision from the Senate bill is in the final agreement, as are virtually all House provisions designed to improve United States Department of Agriculture (USDA) oversight and state program operations and administration (as distinguished from the House provisions to scale back SNAP eligibility).

SNAP has proven itself both effective and efficient, helping 47 million individuals each month afford an adequate diet while achieving the lowest payment error rate in the program's history. Payments to ineligible households and overpayments to eligible households now total less than 3 percent of SNAP benefit expenditures. The conference agreement would reauthorize SNAP for five years while making certain adjustments to clarify policies in areas Congress has identified as needing tightening and giving states new authority to test innovative approaches to boost employment and earnings among SNAP households. Specifically, the nutrition title of the conference agreement would:

- **Clarify certain SNAP eligibility rules**, such as by ensuring that lottery winners and affluent college students are not eligible for SNAP.

¹ This analysis is based on the conference report to accompany H.R.2641 filed with the House Rules Committee, January 27, 2014, <http://docs.house.gov/billsthisweek/20140127/CRPT-113hrpt-HR2642.pdf> and the Congressional Budget Office cost estimate of the conference report, January 28, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2642LucasLtr.pdf>.

- **Strengthen SNAP program integrity**, such as through new measures to combat trafficking of benefits by retailers and recipients.
- **Test innovative strategies to connect more SNAP participants to employment**, by including a pilot project to spark state innovation accompanied by rigorous evaluation of the impact on participants' employment and earnings.
- **Improve access to healthy food options** by requiring stores to stock more perishable foods and testing new ways for clients to make purchases with their SNAP benefit card (for example, by swiping SNAP cards on mobile devices at farmers' markets) that could open up the program to more retailers with healthy options.

The conference agreement includes none of the highly contentious House provisions that would have eliminated SNAP eligibility for 3.8 million people in 2014 and cut SNAP spending by nearly \$40 billion, according to the Congressional Budget Office (CBO).² Nor does it contain other ill-advised House provisions that would have compromised the program's ability to serve needy families. (See box.)

The conference agreement does include one substantial SNAP benefit cut, which would save \$8.55 billion over ten years and shrink benefits for about 850,000 households in 17 states by an average of \$90 a month, according to CBO. This provision would address a practice that these states adopted to stretch the benefit formula in a way that enables them not only to simplify paperwork for many SNAP households, but also to boost SNAP benefits for some SNAP households by assuming those households pay several hundred dollars a month in heating or cooling utility costs that they do not actually incur. Both the Senate and House farm bills sought to curtail this practice, viewing it as a weakness in program rules that Congress did not intend.

Finally, the conference agreement includes several provisions that would affect nutrition programs other than SNAP, such as increased funding for food banks through The Emergency Food Assistance Program (TEFAP) and community food grants, as well as a number of new pilots.

² For more detail on the House bill's SNAP cuts, see Dorothy Rosenbaum, Stacy Dean, and Robert Greenstein, "Cuts Contained in SNAP Bill Coming to the House Floor Would Affect Millions of Low Income Americans," Center on Budget and Policy Priorities, revised September 17, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4009>.

Conference Agreement Does Not Include House Bill's Harsh Eligibility Cuts

The conference agreement removes virtually no individuals from SNAP — in sharp contrast to the House-passed farm bill, which would have cut off nearly 4 million people, including some of the nation's most destitute adults as well as many low-income children, seniors, and families that work for low wages. House provisions *not* included in the conference agreement include:

- **Cutting off unemployed childless adults even when jobs are scarce.** The House bill would have limited SNAP benefits to three months out of every three years for people between ages 18 and 50 who aren't raising children, even if they live in high-unemployment areas and can't find at least half-time work. (Current law already cuts off benefits after three months for such individuals if they live in areas that do *not* have high unemployment.) This provision would have cut off at least 1.7 million impoverished people in nearly every state.
- **Encouraging states to end SNAP for poor families that cannot find work.** The House bill would have given states large financial rewards for cutting their SNAP caseloads by removing parents and their children (as young as 1 year old) from the program if they can't find at least half-time employment, even if the state didn't offer them a slot in a training or work program and they can't find a job. Millions of low-income adults and children live in households whose food assistance would have been at risk under this provision.
- **Eliminating SNAP eligibility based on the "expanded categorical eligibility" state option.** The House bill would have eliminated SNAP benefits for 2.1 million people in households with incomes or assets modestly above federal limits. Most of the benefit cuts from this provision would have come from eliminating SNAP benefits for certain low-income working families and seniors.
- **Allowing states to subject every SNAP applicant and recipient to drug testing.** The House bill would have allowed states to drug test all SNAP applicants (including children) for controlled substances, irrespective of whether there is any suspicion that an individual is engaged in illicit drug use, and would have made anyone testing positive ineligible for SNAP. The conference agreement also dropped House provisions that would have eliminated incentive payments for states that meet certain performance standards (-\$480 million over ten years), substantially reduced funding for nutrition education for SNAP households (-\$308 million over ten years), and capped funding for employment and training services for SNAP recipients.

Finally, the conference agreement sharply pared back a provision that would have barred people from SNAP *for life* if they were convicted of a violent crime at any point in their lives. Under this provision, a youth convicted of a single such crime who has paid his debt to society and has been a law-abiding citizen for decades would still have been ineligible for SNAP if he were poor in old age 50 years later. The provision has been greatly revised in the proposed conference agreement so that it would have no impact on the SNAP eligibility of formerly convicted individuals who are now law-abiding citizens.

Nutrition Provisions of the Agricultural Act of 2014

This paper briefly summarizes the nutrition provisions of Title IV of the proposed conference agreement. Estimated costs and savings are based on CBO's preliminary cost estimate. (See the Appendix for a table summarizing the CBO cost estimate. All estimates represent changes from the

program’s “baseline” — in other words, from what program costs would be if no program changes were made.)

Clarifying SNAP Eligibility and Benefit Rules

Unlike most means-tested benefit programs, which are restricted to particular categories of low-income individuals, SNAP is broadly available to almost all households with low incomes. SNAP eligibility rules and benefit levels are, for the most part, set at the federal level and uniform across the nation, though states have flexibility to tailor aspects of the program, such as the value of a vehicle a household may own and still qualify for benefits.³

One important aspect of SNAP eligibility is how benefits are calculated. SNAP expects families receiving benefits to spend 30 percent of their net income on food. Deductions play an important role in determining SNAP benefits; they reflect the fact that not all of a household’s income is available for purchasing food since some must meet other needs. To address concerns that some individuals have been claiming expenses under SNAP’s shelter deduction and medical expense deduction that are inconsistent with congressional intent, the conference agreement would tighten eligibility for those deductions.

Some categories of people are ineligible for SNAP, such as strikers, most college students, undocumented immigrants, and certain legal immigrants. Since the last SNAP reauthorization there have been very isolated instances where federal law was not sufficiently clear regarding the ineligibility of certain groups, such as lottery winners. The conference agreement would address these incidents by tightening or clarifying federal law to align with congressional intent.

Treatment of LIHEAP (Sec. 4006, effective 30 days after enactment with a state option to delay implementation for up to five months for current participants)

SNAP benefits go to households based on their ability to purchase adequate food; the lower an eligible household’s disposable income, the higher its benefit. To determine a household’s disposable income (technically, its “net income”), SNAP allows deductions from gross income for certain essential household expenses. One of the most important deductions is the shelter deduction, available to households that spend more than half of their income (after other deductions) on rent or mortgage payments and utility expenses.

This deduction is designed to ensure that households facing high housing and utility costs receive sufficient SNAP benefits to purchase an adequate diet.

Each state sets a Standard Utility Allowance (SUA) reflecting typical utility costs for low-income households in the state that incur heating (and/or cooling) costs apart from their rent. (If the landlord pays these costs directly, they are reflected in the household’s rental charge itself, which is already fully counted in computing a household’s shelter deduction.) Thus, if a household shows that it incurs out-of-pocket heating or cooling costs, the state agency adds the household’s rent and

³ For more information on SNAP eligibility and benefit rules see “A Quick Guide to SNAP Eligibility and Benefits,” Center on Budget and Policy Priorities, revised August 30, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=1269>.

the SUA to determine the household's total monthly shelter costs and computes whether they exceed 50 percent of the household's income.⁴

Under federal law, SNAP households that participate in the Low Income Home Energy Assistance Program (LIHEAP) can qualify for the SUA in lieu of showing their heating and cooling bills. States target their LIHEAP funds on low-income households that have trouble affording their home energy bills, but LIHEAP assistance typically defrays only a modest portion of a household's utility expenses. As a result, LIHEAP participation has long been considered sound evidence that a household pays heating or cooling costs, and connecting LIHEAP and SNAP in this way reduces paperwork and administrative burdens — as well as costs — for states and SNAP beneficiaries.

To simplify verification requirements for the shelter deduction and qualify more households for the SUA, 16 states and Washington, DC began providing a very small LIHEAP benefit to SNAP households that don't otherwise receive a LIHEAP benefit, including many households that do *not* incur heating or cooling costs. This enabled a considerable number of households that don't incur heating or cooling costs to gain credit for utility costs they don't actually pay and consequently to receive larger SNAP benefits.

Both the House and Senate farm bills sought to curtail this practice, and the conference agreement adopts the House provision, which would require a household to receive a LIHEAP benefit of at least \$20 a year in order to get the SUA automatically. A household that does not receive an annual LIHEAP benefit of at least \$20 would still get the SUA if it showed that it incurred heating and cooling costs (such as by producing a heating bill); this is the practice that SNAP follows in most states for households that incur heating or cooling costs but do not receive a LIHEAP benefit.⁵

CBO estimated that the House-passed version of this change would cut SNAP benefits for about 850,000 households each year by approximately \$90 a month. The conference agreement provision would have the same impact on households and is reported to save \$8.55 billion over the fiscal year 2014 to 2023 period.

Excluding Medical Marijuana (Sec. 4005, effective upon enactment)

Households with an elderly or disabled member may deduct certain medical expenses from their income when determining SNAP benefits. After reports that a few states with legalized medical marijuana were permitting SNAP participants to deduct its costs under the medical expense deduction, USDA clarified through administrative guidance that this was not permitted. The conference agreement would make the prohibition on deducting medical marijuana expenses part of SNAP law.

College Student Eligibility (Sec. 4007, effective upon enactment)

⁴ States also establish lower SUAs for households that do not incur heating or cooling costs but pay other utility bills. Some states also establish different SUAs for different regions of the state.

⁵ For more information on this provision, see Robert Greenstein, "Commentary: Nutrition Title of Farm Bill Agreement Drops Draconian Cuts and Represents Reasonable Compromise," Center on Budget and Policy Priorities, January 24, 2014, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4081>.

For SNAP participants enrolled in school as a requirement of their SNAP employment and training plan, the conference agreement would limit the types of qualifying classes to career and technical education, remedial courses, basic adult education, literacy, or English as a second language. SNAP rules have long limited eligibility for college students, and this provision would ensure that federal law conforms to current administrative practice on this aspect of student eligibility.

Ex-Felon Eligibility (Sec. 4008, effective upon enactment)

The conference agreement would clarify that ex-felons convicted of particularly heinous crimes such as murder, who have served their sentence, are prohibited from participating in SNAP unless they comply with the terms of their parole.

Lottery Winner Eligibility (Sec. 4009, effective upon enactment)

The conference agreement would make households that contain individuals with significant lottery or gaming winnings ineligible for SNAP. It would also require state SNAP agencies and state gaming agencies to share information to ensure that SNAP can identify these households and remove them from the program.

Strengthening SNAP Program Integrity

With decades of oversight from Congress, USDA and states have amassed a track record of strong stewardship of the program, which is critical to maintaining public confidence in it.

SNAP has one of the most rigorous payment error measurement systems of any public benefit program. Each year states pull a representative sample (totaling about 50,000 cases nationally) and thoroughly review the accuracy of their eligibility and benefit decisions. Federal officials re-review a subsample of the cases to ensure accuracy in the error rates. States are subject to fiscal penalties if their error rates are persistently higher than the national average. USDA reports that states achieved a record-low SNAP error rate in fiscal year 2012. Less than 3 percent of all SNAP benefits represented overpayments, meaning they either went to ineligible households or went to eligible households but in excessive amounts, and *more than 98 percent* of SNAP benefits were issued to eligible households.

In addition, USDA has cut “trafficking” — the sale of SNAP benefits for cash, which violates federal law — dramatically over the past 15 years. USDA estimates that only 1 percent of SNAP benefits are trafficked. USDA has also permanently disqualified thousands of retail stores from the program for not following federal requirements. In fiscal year 2012, USDA’s retailer fraud investigations resulted in 342 convictions and \$57.7 million in recoveries.

The conference agreement includes multiple provisions to build on this strong track record of program integrity by investing new resources in fraud detection and prevention, launching a new federal state partnership on retailer fraud, and enhancing USDA’s and states’ tools.

Prohibiting Cash Payments for Bottle Deposits (Sec. 4001, effective upon enactment)

Ten states impose bottle deposits on virtually all beverages sold in bottles and cans. Under current law, SNAP benefits can be used to cover the nominal cost of the deposit on beverages requiring a deposit. The conference agreement would prohibit the use of SNAP benefits to pay

bottle deposit fees that exceed the state-mandated deposit amount (i.e., deposit fees imposed by the beverage companies, such as deposits on five-gallon water bottles). Such fees would have to be paid in cash.

Multiple EBT Card Issuance (Sec. 4010, effective upon enactment)

The conference agreement would allow states to withhold issuing a replacement EBT card to households that repeatedly lose their EBT card unless the household provides an explanation for the request. In implementing the provision, USDA must protect vulnerable individuals like the homeless, disabled individuals, and victims of domestic violence.

Wage Verification With New Hire Database (Sec. 4013, effective upon enactment)

The Department of Health and Human Services (HHS) operates the National Directory of New Hires, which compiles employer information about individuals who have started new employment from State Directories of New Hires as well as state wage and unemployment insurance data. The National Directory is used primarily by state child support enforcement agencies to obtain employment information about noncustodial parents who reside in other states. Currently, states have the option to use this federal database to verify employment information for SNAP applicants and recipients. The conference agreement would require states to conduct such a match when determining SNAP eligibility and benefit amounts. As a result, all states would need to establish agreements with HHS to gain access to the data and to conduct the matches. CBO estimates that this provision would reduce federal SNAP spending by \$18 million over ten years.

Restaurant Meals (Sec. 4014, effective upon enactment)

As a general rule, SNAP benefits may not be used to purchase prepared food at restaurants. States do have the option to allow homeless, disabled, or elderly individuals to use SNAP benefits at approved restaurants that offer food at concessional prices; this option ensures that certain vulnerable SNAP participants who may not have the means to store and prepare food have access to meals. Only a few states have taken up the option, and participation is quite limited. To increase oversight by USDA, the conference agreement would require states to document the need for such a program and demonstrate an ability to identify as eligible only those individuals who are unable to prepare meals in their own homes.

Immigration Verification (Sec. 4015, effective upon enactment)

Under current law, states must verify the immigration status of non-citizens who apply for SNAP benefits. While many states use the U.S. Citizenship and Immigration Services' immigrant database, known as the Systemic Alien Verification for Entitlements program (SAVE), they are not required to do so. The conference agreement would mandate the use of SAVE by all states to ensure consistent, high-quality third-party verification of immigrants' immigration status.

Data Exchange Standardization (Sec. 4016, proposed rule due within two years of enactment)

As the technologies supporting public benefit programs have advanced, the Office of Management and Budget has developed federal standards to allow data exchanges among programs. This type of standardization can facilitate data matching to improve program integrity. The conference agreement would add these data-exchange standards to SNAP to ensure that SNAP can share data with other key federal and state programs efficiently and effectively.

Fraud Reduction Pilot Projects (Sec. 4017, effective upon enactment)

The conference agreement would authorize pilot projects to expand collaborative state and federal efforts to prevent and detect retailer fraud. States have the authority to monitor and prosecute trafficking and fraud by SNAP recipients, but the federal government has the responsibility to enforce the retailer requirements. With the significant rise recently in the number of authorized retailers participating in the program, this provision allows interested states to dedicate resources to maintaining retailer integrity.

Tolerance Level for Excluding Small Errors (Sec. 4019, effective upon enactment)

SNAP provides targeted nutrition assistance through a complex determination process based on income, expenses, and household characteristics. Households must report their income and other relevant information, and states verify the accuracy of this information using data matches or paper documentation. In addition, the program has a rigorous quality control (QC) process to ensure the accuracy of household eligibility and benefit amounts. States must sample a representative number of cases and different state staff thoroughly review the accuracy of the original eligibility determinations. A subset of these reviews are further checked by a federal review. Based on these reviews, USDA annually reports state overpayment and underpayment error rates; states can be assessed significant penalties for above-average error rates.

To encourage states to focus their payment integrity efforts on the types of errors that cost the program the most, SNAP's QC rules have long had a "tolerance" level below which error amounts do not count toward the state's error rate. The conference agreement would set this tolerance level at \$37 for fiscal year 2014, adjusted annually thereafter for inflation. From 2000 to 2009, the QC tolerance level was set at \$25, with no adjustments for inflation. In 2009, Congress temporarily raised the tolerance level to \$50 as a part of the Recovery Act to acknowledge states' concern that the Recovery Act's temporary increase in household benefits would raise states' error rates without indicating fault in program administration. USDA sought to maintain the \$50 tolerance level through regulation; the conference agreement would override that proposal by setting the tolerance level at \$37 (which is what the \$25 from 2000 would be if it had kept pace with inflation) and indexing it thereafter.

Quality Control Standards (Sec. 4020, effective upon enactment)

States with payment error rates that exceed the national average over several years can be required to implement a correction plan and can be assessed monetary penalties. Under current law, the Secretary may waive a penalty the year it is assessed against a state; this is a common-sense acknowledgment that changes in policies, procedures, or technology, as well as fluctuations in the types of households served, can cause temporary spikes in error rates. Because the Secretary has not used this authority to date, the conference agreement eliminates the Secretary's authority to waive penalties in this way.

Retail Food Store and Recipient Trafficking (Sec. 4029, effective upon enactment)

Trafficking is the unlawful exchange of SNAP benefits for cash or prohibited items (like alcohol or tobacco). Though uncommon (an estimated 1 percent of benefits are trafficked), trafficking limits the success of the program. Federal and state officials work rigorously to detect and prevent trafficking and prosecute individuals and retailers that traffic benefits. The conference agreement

would provide additional funds to expand anti-trafficking efforts, with an emphasis on the use of data mining and other information technologies to identify possible trafficking. It would provide one-time funding of \$15 million in fiscal year 2014 and authorize an additional \$5 million to be appropriated for fiscal years 2014 through 2018.

Annual State Report on Verification (Sec. 4032, effective upon enactment)

Current law requires states to ensure (largely through data matches) that deceased individuals do not participate in SNAP and that individuals disqualified from SNAP in one state do not participate in another state. The conference agreement would require states to report that they have checked and verified that their caseloads do not include such individuals. In addition, it directs the Secretary to oversee a temporary pilot program to test the detection and prevention of simultaneous receipt of SNAP in multiple states and report on the findings.

Testing Innovative Strategies to Connect More SNAP Participants to Employment

The overwhelming majority of SNAP recipients who can work do so. Among SNAP households with at least one working-age, non-disabled adult, more than half work while receiving SNAP — and more than 80 percent work in the year prior to or the year after receiving SNAP. The rates are higher for families with children — more than 60 percent work while receiving SNAP, and almost 90 percent work in the prior or subsequent year.

State SNAP programs offer employment and training services to unemployed individuals who participate in SNAP as well as those who are underemployed. While SNAP's employment and training program is small relative to other federal job-training programs, it offers an opportunity to connect SNAP participants to the labor market and build their skills. More can be done to ensure that federal funds are allocated quickly to states able to expand their job training programs, increase state and federal monitoring of the programs' performance, and expand understanding of the most effective ways to improve the employability and wages of SNAP participants. The conference agreement includes several new policies to prioritize employment and training services and program outcomes within SNAP.⁶

Employment and Training (Section 4022, effective upon enactment, with a timeline for USDA to select pilots within one year and issue guidance on E&T monitoring within 18 months.)

The conference agreement would strengthen SNAP's long-standing Employment and Training (E&T) program through several changes that would constitute a significant reform of the program. The agreement would:

- Establish pilot projects, with \$200 million in funding, for up to ten states to test innovative E&T strategies, with a rigorous, independent evaluation of the effects on employment, earnings, and other factors;

⁶ For more information on SNAP's work rules and how SNAP's structure supports work, see Dorothy Rosenbaum, "The Relationship Between SNAP and Work Among Low Income Households," Center on Budget and Policy Priorities, January 29, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3894>.

- Introduce new requirements on states to establish expected outcomes for employment and training services and to monitor and report on such outcomes in all states;
- Establish new requirements for USDA to review and monitor states' employment and training programs, and
- Modestly increase federal E&T funding and reform the state allocation formula to ensure that federal funds are targeted to states able to provide work programs for SNAP participants.

States are required to operate E&T programs for SNAP participants who are not working or are underemployed. States receive federal funding for such activities as well as federal matching funds for state-funded expenditures. Within federal rules, states have flexibility to design their SNAP E&T programs — for example, what services the programs offer, which individuals can or must participate, and how the state sanctions participants for noncompliance. Federal funding for SNAP E&T equaled \$386 million in fiscal year 2012, consisting of \$79 million in grants allocated to all states, \$20 million in grants to states that provide E&T services to all individuals who otherwise would be subject to SNAP's three-month time-limit, and \$287 million matched by states for E&T expenditures, including additional work programs and assistance with child care and transportation costs that some recipients must incur in order to work or to participate in a work program.⁷

The conference agreement would make three major modifications to the SNAP E&T program.

1) Pilot Projects to Test Innovative Strategies. The conference agreement would allow up to ten states to receive additional funding to test E&T strategies designed to enable more SNAP participants to obtain unsubsidized employment, raise SNAP participants' earnings, and reduce their reliance on public assistance. The types of E&T programs states could operate would include any existing SNAP E&T components and services, as well as work and education and training programs allowed under the Temporary Assistance for Needy Families (TANF) program.

The Secretary would select a variety of projects from among the states that apply. For example, the Secretary is instructed to select projects that are in different geographic areas, test a variety of education and training services, target a range of types of SNAP participants (those with low skills, working individuals, and those subject to the three-month time limit), and are both mandatory and optional for participants. The projects would last no more than three years and would include a rigorous, independent evaluation of the impact on participants' employment, earnings, and other measures of well-being.

The pilot projects would operate within the structure of current SNAP E&T rules (except that some additional TANF-authorized activities would be permitted), including which SNAP participants would be exempt from requirements and states' options to sanction participants for noncompliance. The conference agreement would make \$200 million available for the pilot projects, the independent evaluation, and related administrative costs.

⁷ USDA, "2014 USDA Budget Explanatory Notes for Committee on Appropriations, Food and Nutrition Service," <http://www.obpa.usda.gov/exnotes/FY2014/30fns2014notes.pdf>.

- 2) E&T Reporting and Monitoring.** The conference agreement would require USDA to expand efforts to monitor state E&T programs and assess their effectiveness. USDA, in collaboration with the Department of Labor, would develop reporting measures for states to help identify which programs improve participants' skills, employment, and earnings. The measures would need to reflect the challenges facing SNAP E&T participants, who tend to have lower education and skills than participants in other existing workforce training programs. Also, states and USDA would more regularly report on the effectiveness of E&T programs. Finally, USDA would be required to evaluate states' employment and training programs on a regular basis.
- 3) Additional Funds for E&T.** The conference agreement would expand federal grants to states for E&T services (the 100 percent federal funding for which all states can qualify) from \$79 million a year to \$90 million a year. The agreement also would allocate these funds more efficiently by allowing them to remain available for two years (rather than 15 months) and requiring USDA to reallocate the money from states that are not spending it quickly to those that can make use of it to enhance their E&T programs.

Improving Access to Healthy Food

Over 240,000 food stores participate in SNAP, giving most SNAP participants access to healthy, affordable foods. The conference agreement includes several provisions to build on the program's strong platform and help non-traditional retailers that offer healthy foods to participate in the program, as well as to ensure that participating stores offer a diverse set of healthy choices.

Retail Food Stores (Sec. 4002, effective upon enactment except as noted)

This provision includes three changes. First, it would modestly increase the requirements on what SNAP retailers must carry, known as "stocking requirements." Retailers that participate in SNAP must typically offer a certain level of diversity in the food they offer, but current law does not define diversity. The conference agreement would require them to offer at least seven items in each of four basic categories (fruits and vegetables, grains, dairy, and meat) and to offer perishable items in at least three of these categories (up from the current requirement of two).

Second, the conference agreement would shift, from the state to participating retailers, the responsibility for paying for the equipment used to redeem SNAP benefits on participant EBT cards. States could exempt certain types of retailers that provide valuable access but may not have the resources to purchase point-of-sale equipment, such as farmers' markets, shelters, and group homes.

Third, the conference agreement would include provisions to help USDA prevent fraudulent transactions. Regulations implementing one part of this provision cannot be issued until two years after enactment.

Improving Access for Homebound Seniors and Disabled Individuals (Sec. 4003, effective upon enactment)

Under current law, non-profits that purchase and deliver food to homebound seniors and disabled individuals may not accept SNAP benefits as reimbursement for those purchases. The conference agreement would permit these delivery services to accept SNAP benefits as payment from SNAP

participants so long as they meet certain standards, such as not deducting a delivery fee from the SNAP account.

Technology Modernization for Retailers (Sec. 4011, effective upon enactment with both the mobile technology and online pilots completed by July 1, 2016)

The conference agreement would establish a demonstration project to test the use of mobile technologies, such as a smart phone app, for authorized retailers. The demonstration would test whether such technologies improve access for retailers already using the technology and those that may find wired point-of-sale technology too expensive (like some farmers' markets and farm stands). If the demonstration proves successful, USDA would authorize retailers using mobile technology. The conference agreement also includes a similar provision to test online benefit redemption.

Use of Benefits for CSAs (Sec. 4012, effective upon enactment)

In Community Supported Agriculture (CSA), consumers pay in advance for a share of a farmer's production, allowing the farmer to raise revenue to cover expected costs prior to harvest. In return, consumers receive a share of the results, such as a box of fresh vegetables each week. Because payment is made in advance of the receipt of food, CSA shares have not been an allowable purchase under SNAP. The conference agreement would allow CSA operations to become authorized retailers and redeem SNAP benefits.

Other SNAP and Food and Nutrition Act Provisions

Food Distribution Program on Indian Reservations (Sec. 4004, effective upon enactment)

Under current law, state agencies typically administer the major federal food assistance programs, with the exception of the Food Distribution Program on Indian Reservations (FDPIR) and the Special Supplemental Nutrition Assistance Program for Women, Infants and Children (WIC), which can be operated by tribal organizations. The conference agreement would require USDA to conduct a study to assess the feasibility of tribal organizations administering additional (or all) federal food programs, services, and activities. In addition, the conference agreement would allow at least one tribal organization administering FDPIR to purchase traditional foods and, when practicable, foods produced locally by Indian producers. The conference agreement provides \$1 million for USDA to conduct the study.

Prohibiting Government Sponsored Recruitment (Sec. 4018, effective upon enactment)

Informing eligible individuals of the potential benefits of and the rules that govern applying for SNAP, as well as assisting those who are unable or unlikely to apply by themselves, are administrative expenses borne by the states and matched with federal funds. Permitted activities are limited but can include the production of informational materials, media advertising, and application assistance. Federal law has long prohibited any of these outreach activities from "recruiting" individuals to participate in SNAP. The conference agreement would further clarify that efforts "designed to persuade an individual to apply for benefits" are prohibited. It also would clarify in statute the long-standing practice that state outreach programs may not reimburse recruiters on a per-applicant basis. In addition, the conference agreement would eliminate the use of federal funding for television, radio, and billboard ads. Finally, it would prohibit USDA from entering into cooperative agreements with foreign government to promote SNAP.

Performance Bonus Payments (Sec. 4021, effective upon enactment)

To encourage and sustain improvements in SNAP administration, USDA offers \$48 million per year in performance awards based on excellence in payment accuracy, program access, application timeliness, and low rates of improper denials. The conference agreement would not change the awards themselves but would require states winning an award to reinvest the funds in their SNAP program to improve technology, administration, and program integrity. This would ensure that the incentive payments stay in SNAP. Some states require depositing all such revenues into the general fund absent clear direction from the federal government.

Cooperation With Program Research and Evaluation (Sec. 4023, effective upon enactment)

The conference agreement would require state and local agencies, institutions, contractors, and other entities involved in SNAP and other Food and Nutrition Act programs to cooperate with USDA's research and evaluation efforts. Privacy protections for program participants would continue to apply.

Authorization of Appropriations (Sec. 4024)

This provision would renew authorization of appropriations for programs under the Food and Nutrition Act through 2018, including SNAP (benefits, state administration, nutrition education, and employment and training), TEFAP, nutrition assistance in the U.S. territories, FDPIR, and Community Food Security grants.

Review and Regulation of Cash Nutrition Assistance in Puerto Rico (Sec. 4025, effective upon enactment)

Puerto Rico receives a nutrition assistance block grant to in lieu of participating in SNAP. Up to one-quarter of the assistance issued under the block grant is cash so that participants can purchase food from retailers that lack the EBT technology needed to redeem benefits. The conference agreement would require a review of this policy and, based on the results, would gradually reduce the proportion of the grant that may be cash by 5 percent per year until, by fiscal year 2021, no cash would be issued. The Secretary would have the authority to exempt participants or categories of participants if the elimination of cash benefits would likely have significant adverse effects. The conference agreement provides \$1 million for USDA to carry out the study.

Assistance for Community Food Projects (Sec. 4026)

The Community Food Projects Competitive Grant Program provides grants to promote self-sufficiency and food security in low-income communities by encouraging innovative food resources and nutrition education efforts. The conference agreement would add public food program service providers, tribal organizations, and "gleaners" (organizations that rescue food that would otherwise go to waste from food retailers, restaurants, and agricultural producers and distribute it to individuals in need) to the list of entities eligible for grant funding. It also would increase annual funding from \$5 million to \$9 million per year beginning in fiscal year 2015.

Emergency Food Assistance (Sec. 4027, effective upon enactment)

TEFAP funds the purchase of commodities for distribution through food banks and the emergency food system. Mandatory funding from the Food and Nutrition Act for fiscal year 2013

was \$266 million.⁸ The conference agreement would raise the grant by \$50 million in fiscal year 2015 \$40 million in fiscal year 2016, \$20 million in fiscal year 2017, and \$15 million in fiscal year 2018 and later years (with annual adjustments for inflation in subsequent years). In addition, it would make funds available for two years, giving food providers more flexibility to respond to fluctuations in need for emergency assistance.

Nutrition Education (Sec. 4028, effective upon enactment)

State SNAP agencies receive federal funding to provide nutrition education and obesity prevention activities to SNAP participants and other low-income households. The conference agreement would add the promotion of “physical activity” as a permitted use of this funding.

Technical and Conforming Amendments (Sec. 4030, effective upon enactment)

This provision would ensure that all aspects of SNAP law are modified to reflect the policy changes articulated in other provisions.

Commonwealth of Northern Mariana Islands Pilot Project (Sec. 4031, effective upon enactment)

The U.S. territory Commonwealth of Northern Mariana Islands (CNMI) receives a modest nutrition assistance block grant instead of participating in SNAP, due in part to the unique characteristics of CNMI. The conference agreement would authorize a study to assess CNMI’s capacity to administer SNAP in manner similar to the way the states administer it or via an alternative method. It would provide \$2 million for the study and, upon a finding that a pilot to administer SNAP is feasible, would fund up to \$30.5 million to operate the pilot over three years.

Non-SNAP Provisions in Title IV

Commodity Distribution

Commodity Distribution Program (Sec. 4101, effective upon enactment)

The conference agreement would reauthorize the Commodity Distribution Program, which includes the Commodity Supplemental Food Program and FDPIR, through 2018.

Commodity Supplemental Food Program (Sec 4102, effective upon enactment)

The Commodity Supplement Food Program (CSFP), which operates in 39 states, two Indian reservations, and the District of Columbia provides commodities to elderly persons and pregnant and post-partum women, infants, and children. Over the past several years, WIC has grown in size and capacity to serve all eligible women, infants and children, making CSFP somewhat redundant for this population. At the same time, CSFP programs have increasingly targeted only seniors. The conference agreement would eliminate CSFP eligibility for women, infants, and children, allowing the program to focus purely on seniors. It would provide for a transition by maintaining CSFP eligibility for currently participating women, infants, and children.

⁸ USDA, “2014 USDA Budget Explanatory Notes for Committee on Appropriations, Food and Nutrition Service,” <http://www.obpa.usda.gov/exnotes/FY2014/30fns2014notes.pdf>. TEFAP also receives additional funding through annual appropriations.

Distribution of Surplus Commodities to Special Nutrition Programs (Sec. 4103, effective upon enactment)

Reauthorized through 2018.

Processing of Commodities (Sec. 4104, effective upon enactment)

Under current law, USDA may contract with private companies to process commodity foods for donation and distribution to nutrition programs. The conference agreement would authorize USDA to retain title to foods delivered to a processor; it also adds several accountability measures for processors.

Multiagency Task Force (Sec. 4205, effective upon enactment)

The conference agreement would create a task force to monitor and evaluate commodity programs, composed of representatives from relevant USDA divisions and agencies. It also would require publication of an annual report with recommendations on procurement, distribution, and alignment with the needs of producers and the preferences of recipient agencies.

Purchase of Halal and Kosher Food for Emergency Food Assistance Programs (Sec. 4207, effective upon enactment)

The conference agreement would permit the purchase and proper identification of Kosher and Halal foods for distribution through TEFAP recipient organizations.

Miscellaneous

Service of Traditional Foods in Public Facilities (Sec. 4032, effective upon enactment)

The conference agreement would allow for the donation and serving of traditional foods for Native Americans in public programs. Facilities covered would include residential child care facilities, child nutrition programs, senior meal programs, and food services at hospitals and other health facilities.

Fresh Fruits and Vegetables for School and Service Institutions (Sec. 4201, effective upon enactment)

The conference agreement would reauthorize the Fresh Fruits and Vegetables program through 2018.

Pilot Project for Procurement of Unprocessed Fruits and Vegetables (Sec. 4202, effective upon enactment)

The conference agreement would create a pilot project to give up to eight states some flexibility in procuring unprocessed fruits and vegetables, such as using multiple suppliers and local sources. Priority would be given to states with a demonstrated commitment to farm-to-school efforts and a variety of local fruit and vegetable growers.

Seniors Farmers' Market Nutrition Program (Sec. 4203, effective upon enactment)

The conference agreement would reauthorize the Seniors Farmers' Market Nutrition Program through 2018.

Dietary Guidelines for Americans (Sec. 4204, effective upon enactment)

The conference agreement would modify the Dietary Guidelines for Americans to include, by 2020, nutrition and dietary guidelines designed specifically for pregnant women and children from birth until age 2.

Healthy Food Financing Initiative (Sec. 4206, effective upon enactment)

The federal Healthy Food Financing Initiative provides grants and tax incentives to food retailers to operate in underserved communities. Current funding is provided through the Treasury. The conference agreement would authorize appropriations of \$125 million for USDA to provide financial incentives through a community development financial institution.

Food Insecurity Nutrition Incentive Grants (Sec. 4208, effective upon enactment)

The conference agreement would create Food Insecurity Nutrition Incentive grants for governmental agencies and non-profits that seek to increase the purchase of fruits and vegetables by SNAP participants by providing incentives at the point of purchase. The agreement provides \$100 million in total over fiscal years 2014 through 2018 to cover 50 percent of the costs of local programs, and an additional \$5 million a year would be authorized to be appropriated.

Food and Agriculture Service Learning Program (Sec. 4209, effective upon enactment)

The conference agreement would create a food and agriculture service learning grant program to increase knowledge and improve nutritional health among children in school settings. Activities could include food, garden, and nutrition education, expansion of farm-to-school programs, and efforts to improve school meals.

Nutrition Information and Awareness Pilot Program (Sec. 4210, effective upon enactment)

The conference agreement would repeal the Nutrition Information and Awareness Pilot Program.

Termination of Existing Agreement (Sec. 4211, effective upon enactment)

Consistent with the prohibition on agreements with foreign governments in Section 4018 (see above), the conference agreement would terminate the existing memorandum of understanding between USDA and Mexico describing a partnership for nutrition assistance.

Review of Sole-Source Contracts in Federal Nutrition Programs (Sec. 4212, report due one year after enactment, effective upon enactment)

The conference agreement would require a study and report on sole-source contracts in the federal nutrition programs and their effects on participants, the programs themselves, and retailers.

Pulse Crop Products (Sec. 4213, evaluation due by September 30, 2016, effective upon enactment)

The conference agreement would authorize appropriations of a one-time sum of \$10 million for the purchase of dried beans, peas, lentils, and chickpeas for use in school lunch and breakfast programs. An evaluation and report would be required.

Pilot Project for Canned, Frozen, or Dried Fruits and Vegetables (Sec. 4214, pilot to operate during 2014-2015 school year)

Under this pilot, schools in five states would test the use of canned, frozen, or dried fruits and vegetables as part of the Fresh Fruit and Vegetable Program. An evaluation of the pilot project would be required. The conference agreement makes \$5 million available for the pilot project.

Appendix Table 1			
CBO Cost Estimates of Farm Bill Nutrition Provisions: Conference Agreement Compared to House- and Senate-Passed Bills (Outlays, in millions of dollars over fiscal years 2014-2023)			
Provision	Conference Agreement	House (H.R. 2642)	Senate (S. 954)
SNAP Benefits			
Sec. 4006: Standard utility allowances based on the receipt of energy assistance payments	-8,550	-8,690	-4,110
Sec. 4008: Eligibility disqualifications for certain convicted felons		-21	-21 or -185*
Sec. 4013: Improved wage verification using the National Directory of New Hires	-18	-18*	
Cutting off unemployed childless adults even when jobs are scarce (eliminates waivers) (H.R. 2642, Sec. 4009)		-19,000	
Eliminating SNAP eligibility that is based on “expanded categorical eligibility” (H.R. 2642, Sec. 4005)		-\$11,555	
Testing applicants for the unlawful use of controlled substances (H.R. 2642, Sec. 4036)		-35	
Interactions among provisions		715	
Subtotal, SNAP benefits	-8,568	-38,586	-4,131 to -4,295
SNAP Employment and Training			
Sec. 4022: Pilot projects to reduce dependency and increase work requirements and work effort under SNAP**	250	34	26
Other SNAP and SNAP-Related Provisions			
Sec. 4002: Retailers (equipment)	-77	-79	-79
Sec. 4004: Food distribution program on Indian reservations	1		
Sec. 4025: Review, report, and regulation of cash nutrition assistance program benefits provided in Puerto Rico	1		
Sec. 4026: Assistance for community food projects	36	100	

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CBO Cost Estimates of Farm Bill Nutrition Provisions: Conference Agreement Compared to House- and Senate-Passed Bills (Outlays, in millions of dollars over fiscal years 2014-2023)			
Provision	Conference Agreement	House (H.R. 2642)	Senate (S. 954)
Sec. 4027: Emergency food assistance	205	333	54
Sec. 4029: Retail food store and recipient trafficking	15	50	5
Sec. 4031: Commonwealth of the Northern Mariana Islands pilot program	33	33	
Repeal of bonus program (H.R. 2642, Sec. 4019)		-480	
Nutrition education (H.R. 2642, Sec. 4028)		-308	
Expungement of SNAP benefits (H.R. 2642, Sec. 4038)		-95	
Other Nutrition Title Provisions			
Sec. 4208: Food insecurity nutrition incentive	100		100
Sec. 4214: Pilot project for canned, frozen, or dried fruits and vegetables	5		
Total	-\$8,000	-38,999	-4,004
<p>Notes: Based on a preliminary Congressional Budget Office estimate, letter to the Honorable Frank D. Lucas, September 16, 2013, letter to the Honorable Debbie Stabenow, May 17, 2013, letter to the Honorable David Vitter, November 20, 2013, and a preliminary Congressional Budget Office estimate, letter to the Honorable Frank D. Lucas, January 28, 2014.</p> <p>* CBO did not include these estimates in the cost estimates issued at the time. For similar provisions we have included information from estimates CBO published later; as a result, the details may not add to the totals.</p> <p>** This provision from the conference agreement includes several different provisions from the House bill, including Section 4039 (known as the "Southerland Amendment"). CBO's estimate of this provision did not assume large effects on SNAP caseloads, benefits, or bonus payments.</p>			