



Domestic Food Assistance in 112th Congress 2012 Farm Bill Proposals: S. 3240 and H.R. 6083

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Summary

Many provisions of the 2008 farm bill (P.L. 110-246) expired on September 30, 2012. On January 2, 2013, President Obama signed the American Taxpayer Relief Act (P.L. 112-240), which included an extension of the 2008 farm bill through September 30, 2013.

This report focuses on the Nutrition title (Title IV) of the 2012 farm bill proposals included in the 112th Congress's Senate-passed bill (Agriculture Reform, Food, and Jobs Act of 2012; S. 3240) and House Committee-reported bill (Federal Agriculture Reform and Risk Management Act of 2012; H.R. 6083). These were five-year reauthorization proposals, and, while the 113th Congress must "start from scratch," it is expected that these actions during 2012 will influence the farm bill formulation during the current Congress.

Title IV of both S. 3240 and H.R. 6083 would have largely maintained the nutrition program policies and discretionary and mandatory funding that are contained in the Food and Nutrition Act of 2008 and other nutrition program authorizing statutes. Many provisions in the two bills were the same, but the bills also differed in a number of ways, most notably provisions related to the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). The Congressional Budget Office (CBO) estimated total 10-year budget savings of \$4.0 billion in the Senate-passed bill and \$16.1 billion in the House-reported bill.

SNAP policies constituted the bulk of Title IV of the 112th Congress's farm bill proposals, with notable differences between the Senate-passed and House-reported bills. SNAP provisions in both bills would have changed authorization requirements for retailers and some of the rules that govern participants' and retailers' redemption of SNAP benefits. Both bills would have provided additional mandatory funding for reducing SNAP trafficking (the sale of SNAP benefits for cash or ineligible goods), although the Senate bill proposed a larger amount. In terms of a household's eligibility for SNAP and the calculation of monthly benefit amounts, both bills would have identically reduced the impact of a household's receipt of Low-Income Home Energy Assistance Program (LIHEAP) benefits affecting the household's SNAP benefit calculation. The House Committee bill also would have restricted categorical eligibility, a policy most responsible for the difference between the nutrition title cost estimates. The House committee-reported bill also would have repealed state performance bonuses, clarified the consideration of medical marijuana expenses, and made several other administrative changes. The House committee-reported bill would also have made changes to the nutrition assistance provided to the Commonwealth of the Northern Mariana Islands and Puerto Rico.

Both bills would have increased mandatory funding for The Emergency Food Assistance Program (TEFAP, a major source of federal support for emergency feeding organizations), the Senate by \$174 million over 10 years, and the House Agriculture Committee by \$245 million over 10 years. Both bills would have limited eligibility for the Commodity Supplemental Food Program (CSFP) to low-income elderly participants, phasing out eligibility for low-income pregnant and post-partum women, infants, and children.

Within the child nutrition programs, the Senate bill would have provided authorization and funding to continue a whole grain pilot program and authorization to begin a pulse crops pilot program. In contrast, the House committee-reported bill would not have included these pilots and would have eliminated the "fresh" requirement in the Fresh Fruit and Vegetable Program, which provides such snacks in elementary schools. Both bills would have provided additional

authorizations for “farm to school” efforts to bring local agricultural products into school cafeterias.

Both bills proposed increases for Community Food Projects grants (the Senate by \$5 million each year and the House Agriculture Committee by \$10 million); H.R. 6083 also would have carved out \$5 million of these grants each year for projects that encourage low-income households to purchase fruits and vegetables. The Senate bill would have added discretionary authority for a Healthy Food Financing Initiative, a financing mechanism to sustain and create food retail opportunities in communities that lack access to healthy food; and would have provided \$100 million (over five years) in mandatory funding for Hunger-Free Communities Incentive Grants, which would fund programs that provide incentives for SNAP participants’ purchase of fruits and vegetables; neither of these programs had been included in the House committee’s bill.

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Introduction

The “farm bill” is an omnibus bill which reauthorizes dozens of agriculture and agriculture-related statutes and their programs approximately every five years. Since 1973, the farm bill has included the Supplemental Nutrition Assistance Program (SNAP) (formerly, Food Stamp Program), and has come to include certain other nutrition programs administered by the U.S. Department of Agriculture’s Food and Nutrition Service (USDA-FNS).¹

Many programs reauthorized by the Food, Conservation and Energy Act of 2008 (or “2008 farm bill”; P.L. 110-246), expired at the end of FY2012 (September 30, 2012)—although many continued on the basis of appropriations action.² The American Taxpayer Relief Act of 2012 (P.L. 112-240, enacted on January 2, 2013) included an extension of the 2008 farm bill through September 30, 2013.

This report focuses on the Nutrition title (Title IV) of the 2012 farm bill proposals³ included in the 112th Congress’s Senate-passed bill (Agriculture Reform, Food, and Jobs Act of 2012; S. 3240) and House Committee-reported bill (Federal Agriculture Reform and Risk Management Act of 2012; H.R. 6083). These were five-year reauthorization proposals, and, while the 113th Congress must “start from scratch,” it is expected that these actions during 2012 will influence the farm bill formulation during the current Congress.

This report’s introduction includes a legislative history of the 112th Congress’s farm bill actions as well as a budget-oriented overview. Subsequent sections will take a closer look at the bills’ proposed changes to SNAP. The report also discusses the two bills’ changes to The Emergency Food Assistance Program, Commodity Supplemental Food Program, commodity foods in schools, and additional farm bill nutrition assistance programs and policies. For general background on the USDA-FNS programs, consult CRS Report R42353, *Domestic Food Assistance: Summary of Programs*, by (name redacted) and (name redacted); as well as CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by (name redacted).

While this report focuses on the five-year proposals in S. 3240 and H.R. 6083 from the 112th Congress, the text box below summarizes the impact of the P.L. 112-240 extension on the domestic food assistance programs.

¹ Funding for the Community Food Projects Competitive Grant Program is included in the SNAP account, but the program is administered by the National Institute for Food and Agriculture (NIFA).

² For a discussion of the implications for all titles and related history of an expired farm bill, please see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*, by (name redacted), (name redacted), and (name redacted).

³ For a section-by-section look at *all titles* of the current farm bills, please see CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee’s H.R. 6083 with Current Law*, coordinated by (name redacted).

Domestic Food Assistance in P.L. 112-240's Farm Bill Extension

The 2008 farm bill expired at the end of FY2012 and then was extended through the end of FY2013 in the American Taxpayer Relief Act of 2012 (P.L. 112-240, enacted on January 2, 2013). During the period of expiration, many of the farm bill nutrition programs continued to operate due to appropriations actions.⁴

The Congressional Budget Office found the farm bill extension in P.L. 112-240 to be budget-neutral.⁵ CBO estimated cost of \$110 million for P.L. 112-240's dairy provisions; that cost was offset with a \$110 million reduction for the Nutrition Education and Obesity Prevention Grant Program in FY2013. This is the program known as "SNAP-Ed." As a result of changes made by the Healthy, Hunger-Free Kids Act (P.L. 111-296), this formula grant program, which is part of the SNAP account, has a different financing scheme. As amended by P.L. 111-296, it also has an expanded mission to serve more than SNAP participants only and to incorporate obesity prevention programming.⁶

The extension through P.L. 112-240 also continues the \$11 million reduction (reducing from \$90 million to \$79 million) for SNAP Employment and Training for another year. (Background on this is under "SNAP Employment and Training (E&T) Program.")

For the most part, the P.L. 112-240 extension continues the current law for nutrition programs that was in effect during FY2012. (The expired nutrition provisions—such as the Senior Farmers' Market Nutrition Program, discussed in CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*, by (name redacted), (name redacted), and (name redacted)—were extended through P.L. 112-240.

Legislative History

On April 26, 2012, the Senate Committee on Agriculture, Nutrition and Forestry marked up the Chair's mark of the 2012 farm bill, Agriculture Reform, Food, and Jobs Act of 2012, S. 3240. One Title IV amendment to the Chair's mark was added, and the bill passed by a 16-5 voice vote. The Senate passed S. 3240 on June 21, 2012 by a vote of 65-34; four Title IV amendments were added during the Senate floor consideration. The Senate Committee reported the bill on August 28, 2012 in S.Rept. 112-203.⁷

On July 9, 2012, House Committee on Agriculture Chairman Lucas together with Ranking Member Peterson introduced a Chair's mark of their 2012 farm bill, Federal Agriculture Reform and Risk Management Act of 2012, H.R. 6083. On July 11, 2012, the House Committee on Agriculture considered 23 amendments to the Nutrition title and adopted 9 amendments. H.R. 6083 passed the committee on July 12, 2012 by a vote of 35-11. On September 13, 2012, the House Committee reported the bill (H.Rept. 112-669), incorporating the amendments from the July markup. The 112th Congress ended without the House-reported bill ever being brought to the floor of the House for a vote.

⁴ Please see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*, by (name redacted), (name redacted), and (name redacted) for a further discussion of issues of farm bill expiration, extension, and appropriations.

⁵ Congressional Budget Office Estimate of the Budgetary Effects of H.R. 8, the American Taxpayer Relief Act of 2012, as passed by the Senate on January 1, 2013, (estimate dated January 1, 2013), <http://cbo.gov/sites/default/files/cbofiles/attachments/American%20Taxpayer%20Relief%20Act.pdf>.

⁶ For more on P.L. 111-296 amendments to SNAP-Ed, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*, by (name redacted), p. 6. For more about USDA's operation of the SNAP-Ed program, see <http://snap.nal.usda.gov/national-snap-ed/about-snap-ed>.

⁷ This Committee report (S.Rept. 112-203) was issued after floor consideration. The report is based on the bill as it passed out of committee and does not incorporate floor amendments.

Summary of CBO Cost Estimates of Title IV

From a budget standpoint, the largest difference between the Senate-passed and House Committee bills' Nutrition titles was their forecasted SNAP spending; this is due largely to the House Committee-reported bill's restrictions to SNAP "Categorical Eligibility." **Table 1** displays each of the bill's cost estimates by the Congressional Budget Office (CBO) broken down by policy. These policies are discussed later in the report.

Cost Estimate for Title IV and SNAP

CBO cost estimates compared farm bill nutrition spending under its current law baseline to the policies proposed in S. 3240 and H.R. 6083. The most frequently cited numbers are CBO's estimates for the bills' entire Nutrition title as well as the bills' SNAP proposals—a subset of the Nutrition title. Please note: it is expected that the cost estimates displayed in **Table 1** will change to reflect CBO's January 2013 baseline and possibly updated participation data.

For S. 3240, CBO estimated that if enacted, the bill's Nutrition title—which contains SNAP and non-SNAP proposals—would have resulted in a net reduction in spending of \$4.0 billion over 10 years. The SNAP provisions alone are estimated to reduce spending by \$4.5 billion over 10 years. (The Title's total CBO cost estimate results in fewer estimated savings than SNAP alone because the title estimate includes the effect of non-SNAP proposals that are estimated to spend rather than save.)

For H.R. 6083, CBO estimated that if enacted, the bill's Nutrition title—which contains SNAP and non-SNAP proposals—would have resulted in a net reduction in spending of approximately \$16.1 billion. The SNAP provisions alone are estimated to reduce spending by \$16.5 billion over 10 years. (As in S. 3240, the Title's total CBO cost estimate results in fewer estimated savings than SNAP alone because the title estimate includes the effect of non-SNAP proposals that are estimated to spend rather than save.)

Table 1. Summary of CBO Cost Estimates of 2012 Farm Bill Nutrition Titles, FY2013-2022

(in millions of dollars)

Policy	S. 3240, as Passed	H.R. 6083, as Reported
SNAP "Categorical Eligibility"	Not applicable	-\$11,510
SNAP "Ineligibility for Post-secondary Students and Lottery Winners"	a	a
SNAP "Standard Utility Allowances and the Treatment of LIHEAP Benefits"	-\$4,490	-\$4,490
Interaction Between SNAP Categorical Eligibility and Standard Utility Allowances ^b	Not applicable	\$82
SNAP Restaurant Option (see "Specific Retailers")	a	a

Policy	S. 3240, as Passed	H.R. 6083, as Reported
SNAP Retailer Equipment (see “Electronic Benefit Transfer Equipment and Manual Vouchers”)	-\$79	-\$79
SNAP “Trafficking”	+\$185	+\$50
SNAP “Immigration Verification Amendment”	Not applicable	^a
Repeal of “SNAP Performance Bonuses for State Agencies”	Not applicable	-\$480
SNAP “Spending on Advertising”	Not applicable	-\$50
“SNAP Employment and Training (E&T) Program” ^c	+\$50	\$0
“The Emergency Food Assistance Program (TEFAP)” ^c	+\$174	+\$270
Whole Grain Pilot (see “Commodity Foods in the School Meals Programs”)	+\$10	Not applicable
“Hunger-Free Communities Grants and Bonus Incentives”	+\$100	Not applicable
“Community Food Projects”	+\$50	+\$100
CNMI Pilot (see “Programs in Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands”)	Not applicable	+\$32.5
Bills’ Total Estimated Savings from Title IV (Over 10 years)	-\$4,000	-\$16,075

Source: Congressional Budget Office Official Cost Estimates: S. 3240 as Passed by the United States Senate, July 6, 2012, http://cbo.gov/sites/default/files/cbofiles/attachments/s3240Passed_0.pdf; H.R. 6083 as Ordered Reported by the House Committee on Agriculture, July 26, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/hr6083.pdf>.

- a. CBO estimated this policy would reduce spending by less than \$500,000 over 10 years.
- b. An explanation of this interaction is not included in this CRS report, but it is included in CBO’s July 26, 2012 cost estimate of H.R. 6083: “Restricting categorical eligibility would reduce the total number of households receiving SNAP benefits; changes to standard utility allowances would reduce the benefit amounts that households receive. Therefore, the estimated savings from each provision would be reduced if they were enacted simultaneously. Accounting for the interactions between those provisions, CBO estimates that the total savings would decline by \$82 million over the 2013-2022 period.”
- c. These costs are included in the “expiring provisions” row of the S. 3240 cost estimate.

Supplemental Nutrition Assistance Program (SNAP)⁸

Of the programs in Title IV, SNAP (as food stamps was renamed in the 2008 farm bill) accounts for the largest amount of federal funding and also serves the largest number of households. In fact, the vast majority of the current farm bill's spending is for SNAP—nearly 78% based on current CBO baseline projections.⁹ SNAP is an open-ended appropriated entitlement and program benefits are 100% federally funded. Further, SNAP participation ebbs and flows in relation to the nation's economy.¹⁰

SNAP Authorization and Appropriations

Section 18(a) of the Food and Nutrition Act (codified at 7 U.S.C. 2027(a)) authorized appropriations for SNAP through September 30, 2012, the end of FY2012. P.L. 112-240 extended this authorization through September 30, 2013.

Although SNAP is an open-ended mandatory entitlement program, it is also an *appropriated* entitlement in that not only must households and agencies be eligible for the funds, but the available funding is subject to the appropriations process. This appropriated entitlement status also means that SNAP and the programs funded through the SNAP account can be extended even if the farm bill is not reauthorized or the farm bill is not extended.¹¹ Authority for appropriations for SNAP also affects other programs as appropriations to the SNAP account also fund certain other domestic food assistance programs that are authorized in the Food and Nutrition Act, including the mandatory entitlement commodity purchases for The Emergency Food Assistance Program (TEFAP).

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4012) and H.R. 6083 (Section 4020) would have extended the authorization of appropriations for SNAP until September 30, 2017, the end of FY2017.

⁸ In addition to the policies discussed in this section, the Senate-passed bill's changes described in "Hunger-Free Communities Grants and Bonus Incentives" also have implications for SNAP.

⁹ Please see CRS Report R42484, *Budget Issues Shaping a 2013 Farm Bill*, by (name redacted) for a fuller discussion of this.

¹⁰ See Kenneth Hanson and Victor Oliveira, *How Economic Conditions Affect Participation in USDA Nutrition Assistance Programs*, USDA Economic Research Service, September 2012, <http://www.ers.usda.gov/media/914042/eib100.pdf>.

¹¹ For more information on this scenario and extension or expiration of SNAP and the other programs in the SNAP account, please see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*, by (name redacted), (name redacted), and (name redacted).

SNAP Eligibility

Both Senate-passed and House Committee-reported bills included changes to SNAP eligibility. The House-reported bill included more extensive changes expected to affect how states administer SNAP.

CRS Resources on SNAP Eligibility

CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*

CRS Report R42054, *The Supplemental Nutrition Assistance Program: Categorical Eligibility*

Categorical Eligibility

Federal law provides the basic eligibility rules for SNAP, including limits for income and resources. There are two basic pathways to gain financial eligibility for SNAP: (1) having income and resources below specified levels set out in federal SNAP law;¹² and (2) being “categorically,” or automatically, eligible based on eligibility and receipt of benefits from other specified low-income assistance programs.

Under traditional categorical eligibility, a SNAP applicant household is eligible for SNAP when every member receives Temporary Assistance for Needy Families (TANF) cash assistance, Supplemental Security Income (SSI), or state-funded general assistance cash benefits. Under current law, states must—at minimum—administer traditional categorical eligibility. As of May 2012, five states make this minimum choice.

However, states also have the option to adopt so called “broad-based” categorical eligibility. Under this option, in addition to the programs listed under “Traditional,” households that receive *any TANF-funded benefit* may be deemed eligible for SNAP benefits, if certain income conditions are met. Per USDA regulation, the TANF-funded benefit (cash or non-cash) must be for households at or below 200% of the federal poverty line.¹³ As of May 2012, 43 states had chosen to implement broad-based categorical eligibility in addition to traditional. Since few if any of the non-cash TANF-funded benefits (e.g., other forms of assistance like child care assistance or a brochure advertising a human services hotline) require a test of assets, this option often means that applicants’ assets are not checked.¹⁴

¹² Under the regular federal rules, SNAP provides eligibility to households based on low income and limited assets. Households must have net income (income after specified deductions) below 100% of the federal poverty guidelines. In addition, federal rules provide that households without an elderly or disabled member must have gross income (income before deductions) below 130% of the federal poverty guidelines (see **Table A-1** of CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by (name redacted)). Additionally, the regular eligibility rules provide that a household must have liquid assets below a specified level. Under federal rules in FY2012, a household’s liquid assets must be below \$2,000, and below \$3,250 in the case of households with an elderly or disabled member. The value of the home is excluded from this “assets test,” as are certain other forms of assets (e.g., retirement and educational savings). Further, a portion of the value of a household’s vehicles is not counted toward the asset limit (up to \$4,650 of the fair market value of a household’s vehicles).

¹³ Technically, the 200% gross income limit applies only to TANF benefits and services directed at the block grant’s goals of reducing out-of-wedlock pregnancies and promoting the formation and maintenance of two-parent families. TANF benefits and services directed toward those goals are available to a state’s general population (i.e., not restricted to families with children) and are not necessarily need-tested. TANF benefits and services directed to the block grant’s other goals are restricted to needy families with children. Hence, they are not often used to provide “broad-based” categorical eligibility to all potential SNAP households.

¹⁴ As of the date of this report, five states (Idaho, Michigan, Nebraska, Pennsylvania, and Texas) add an asset limit to their broad-based categorical eligibility.

For further explanation of SNAP eligibility, categorical eligibility, and the details of states' choices on this topic, please see CRS Report R42054, *The Supplemental Nutrition Assistance Program: Categorical Eligibility*, by (name redacted) and (name redacted).

Senate-Passed and House-Reported Bill

S. 3240 would not have changed the current categorical eligibility options. H.R. 6083 (Section 4004), as reported, would have repealed “broad-based categorical eligibility,” and limited categorical eligibility to SNAP applicants that receive TANF cash assistance, SSI, or state-funded general assistance cash benefits.

As shown in **Table 1**, CBO estimated that this change will result in approximately \$11.5 billion in savings. This estimate included the savings from reducing participation in SNAP (CBO estimates that about 1.8 million people per year, on average, would lose benefits if they were subject to SNAP’s income and asset tests) as well as savings from an estimated 280,000 children who would have lost eligibility for free school meals. This is because these households would have been directly certified for free lunch and breakfast through the National School Lunch Program and School Breakfast Program due to household participation in SNAP, but once ineligible for SNAP, CBO assumed the household would qualify for reduced-price meals instead.

Ineligibility for Post-secondary Students and Lottery Winners

For the most part, **college students** (attending higher education courses half-time or more) between ages 18 and 50 are ineligible for SNAP. A student enrolled in an institution of higher education more than half-time is only eligible for SNAP benefits if the individual is (1) under 18 years old or age 50 or older; (2) disabled; (3) employed at least 20 hours per week or participates in a work-study program during the school year; (4) a parent (in some circumstances);¹⁵ (5) receiving TANF cash assistance benefits; or (6) enrolled in school because of participation in certain programs.¹⁶ One of the program enrollment exceptions is a “SNAP Employment and Training” program.¹⁷ Under current law, there is no provision that specifically addresses **lottery or gambling winners**; however, the SNAP program’s means tests [listed in Section 5 of the Food and Nutrition Act and noted in the above “Categorical Eligibility” section] would appear to limit the increase in income or wealth that would be associated with significant winnings.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4003, 4004) and H.R. 6083 (Section 4007, 4008) would have made identical changes regarding post-secondary students and gambling winnings.

¹⁵ An otherwise ineligible student is eligible for SNAP if the student is (1) a single parent enrolled in school full-time caring for a dependent under the age of 12 years old, (2) a parent caring for a dependent under age 6, or (3) a parent caring for a child between the ages of 5 and 12 years old for whom child care is not available to enable the parent to both attend class and work 20 or more hours per week.

¹⁶ A program under title I of the Workforce Investment Act, a SNAP Employment and Training program, a program under section 236 of the Trade Act of 1974, a work incentive program under title IV of the Social Security Act, or “another program for the purpose of employment and training operated by a state or local government, as determined to be appropriate by the Secretary.”

¹⁷ 7 U.S.C. 2015(e).

Regarding post-secondary students, the bills add the requirement that those students enrolled in post-secondary institutions as a requirement of participation in “SNAP Employment and Training,” must be enrolled in certain employment-oriented training to qualify for SNAP; specifically, this would include certain career and technical education, remedial courses, basic adult education, literacy, or English as a second language.

For gambling and lottery winnings, the bills would create more specific rules that would make households that receive “substantial lottery or gambling winnings” (as determined by USDA) ineligible for SNAP until the household meets the SNAP resources (assets) and income eligibility limits. State SNAP agencies would be required to establish agreements with the state gaming agency in order to make determinations of winnings. The Senate Committee’s report on S. 3240 (S.Rept. 112-203) cites a May 2011 lottery winner’s participation in SNAP, describing that, while the bill intends to prohibit such cases in the future, the Committee “does not intend to increase the administrative burden on states by instituting extensive oversight of private or charitable gaming activities, such as those that occur at senior centers, churches, private homes or other non-commercial gaming. Further, it is not the intent of the Committee that the Secretary be required to impose statutory requirements that may otherwise be waived under State option in this Act. The Committee encourages the Secretary to evaluate the criteria for substantial winnings in a manner that does not produce an outcome that increases poverty.”

SNAP Benefit Calculation

Becoming *eligible* for SNAP is only one part of the application process. Once deemed eligible, a household’s benefits are calculated based on the household’s size, income, and SNAP-deductible expenses. A household’s net income is determined by subtracting from the household’s gross income, certain specified expenses and figures. In addition to a standard deduction (available to all households), there are deductions to account for the specific circumstances of a household.

Examples of SNAP deductions are the excess shelter deduction (a figure intended to account for variations in the cost of living) and—for households that include the elderly and disabled—an excess medical expenses deduction (a figure intended to account for variations in a household’s health costs). Once eligible, 30% of the household’s net income is subtracted from USDA’s monthly maximum benefit (for household size) to determine the monthly benefit.

As summarized below, the Senate-passed and House Committee-reported bills, for the most part, would have maintained current federal law on SNAP benefit calculation; however, both bills would have changed the role of LIHEAP in SNAP benefit calculation (specifically, the significance of LIHEAP in the excess shelter deduction). The House Committee-reported bill also included a specification for the excess medical expenses deduction.

CRS Resources on SNAP Benefit Calculation

CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*

CRS Report R42591, *2012 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits*

CRS Report R41374, *Reducing SNAP (Food Stamp) Benefits Provided by the ARRA: P.L. 111-226 and P.L. 111-296*

Standard Utility Allowances and the Treatment of LIHEAP Benefits¹⁸

Under current law, 7 U.S.C. 2014(e)(6)(C), a SNAP household can use a Low Income Home Energy Assistance Program (LIHEAP, the federal program that provides assistance with paying utility bills) payment to document that the household has incurred heating and cooling costs. Further, current law finds that a LIHEAP payment *in any amount* will serve this purpose.

The documentation of LIHEAP receipt triggers a standard utility allowance (SUA), a state-specific figure based on average utility costs that enters into the SNAP benefit calculation equation. Unless the household is already receiving the maximum SNAP benefit, a household's monthly benefit can increase if the SUA calculation results in an excess shelter deduction.

In addition to current law, current practice also affects the interaction between these benefit programs. While virtually all SNAP states consider LIHEAP in their calculation, according to a June 2012 survey by USDA-FNS, approximately 16 states¹⁹ have implemented the so-called "Heat and Eat" policy. "Heat and Eat" is a phrase that the low-income and anti-hunger advocacy community has used to describe state and program policies that leverage nominal (as little as \$1) LIHEAP payments into an increase in households' SNAP benefits that is larger than the initial LIHEAP payment.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4002) and H.R. 6083 (Section 4006) would have made identical changes to the treatment of LIHEAP benefits. Under these proposals, only LIHEAP payments above \$10 per year would have conferred this potential benefit calculation advantage. Payments of \$10 or less would have no longer entitled a household to earn a "standard utility allowance" (SUA) during the benefit calculation process. If a household received \$10 or less in LIHEAP assistance, households would have had to present alternate documentation of utility costs in order to have utilities factored into calculating their excess shelter deduction. In addition to estimating the reduced spending shown in **Table 1**, CBO also estimated the number of households that would be affected and by how much. CBO estimated that nearly 500,000 households each year would have had their SNAP benefits reduced by an average of \$90 per month.

Medical Marijuana and Excess Medical Expense Deduction

Section 5(e) of the Food and Nutrition Act, 7 U.S.C. 2014(e)(5), specifies the parameters for an excess medical expense deduction. Households that contain an elderly or disabled member are eligible to have this deduction included in their net income (where applicable) and benefit calculation processes.

It has been reported that certain states were including a household's medical marijuana expenses to determine a household's excess shelter deduction. In a July 10, 2012 memorandum to regional

¹⁸ For further details and analysis of this policy, please see CRS Report R42591, *2012 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits*, by (name redacted) and (name redacted).

¹⁹ California (which passed a law requiring implementation by October 2013), Connecticut, Delaware (although no nominal payment has been issued in FY2012), District of Columbia, Maine, Massachusetts, Michigan, Montana (issues a \$50 payment every five years to those living in subsidized housing with rent included), New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and Wisconsin.

directors, FNS “reaffirmed its longstanding policy that a household may not use the SNAP medical deduction for the cost of any substance considered illegal under Federal law,” and went on to say that, “States that currently allow for the deduction of medical marijuana must cease this practice immediately and make any necessary corrections to their State policy manuals and instructions. Cases that cannot be readily identified must be corrected at the time of recertification or periodic report, whichever is sooner. States that are not in compliance may face penalties for any overissuance of SNAP benefits.”²⁰

Senate-Passed and House-Reported Bill

H.R. 6083 (Section 4005) would have required USDA to promulgate regulations to ensure that medical marijuana is not treated as a medical expense in the calculation of the excess medical expenses deduction. The Senate-passed bill did not include a proposal in this area.

SNAP-Authorized Retailers and Benefit Redemption Issues

Unlike some other federal income maintenance programs, SNAP does not provide households cash benefits. Instead, participating households are provided benefits on an electronic benefit transfer (EBT) card which participants may only redeem for *SNAP-eligible foods at authorized retailers*.²¹ The Senate-passed and House Committee-reported bills would have changed (1) the process of authorizing retailers (“Retailer Authorization and Equipment”), (2) using technology for EBT transactions (“Methods of Redemption”), and (3) specific types of retailers that may accept SNAP (“Specific Retailers”). The bills also included resources and policies intended to further prevent the illegal use of benefits (“Trafficking”).

Retailer Authorization and Equipment

Definition of Retail Food Store

SNAP benefits can be accepted only by authorized retailers. Among other application requirements, USDA authorization of a retailer is based on the retailer’s inventory and sales. The Food and Nutrition Act defines a retail food store, and includes within that definition an establishment that either (1) offers, on a continuous basis, a variety of foods in each of four staple food categories [defined in 7 U.S.C. 2012(r)(1)], including perishable foods in at least two of the categories, or (2) has over 50% of its sales in staple foods. While the authority exists to consider the nature and extent of the food business conducted, there is currently no statutory policy tying a retailer’s sales of non-food items (e.g., alcohol and tobacco) to its authorization.²²

²⁰ Lizbeth Silbermann, Director, Program Development Division, *Medical Deductions - Medical Marijuana and Other Illegal Substances*, USDA Food and Nutrition Service, Memorandum to All SNAP Regional Directors, July 10, 2012.

²¹ CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by (name redacted), pages 15-18, provide a primer on the issuance and redemption of benefits.

²² 7 U.S.C. 2012(p)(1), 2018.

Electronic Benefit Transfer Equipment and Manual Vouchers

Currently, an electronic benefit transfer (EBT) point-of-sale machine can be provided by the state agency to the retailer at no cost to the retailer. At their own cost, many retailers choose to purchase credit card machines that also accept EBT. (Typically, retailers that accept credit and debit cards pay for a machine that accepts these cards as well as EBT machines). Although SNAP has transitioned to being fully EBT, and paper coupons (“food stamps”) are no longer offered, the authority still exists to accept manual SNAP vouchers. Some small retailers use these rather than acquire an EBT machine. Currently there are no statutory requirements regarding unique terminal identification numbers for EBT machines.²³

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4005(a)-(d)) and H.R. 6083 (Section 4001(a)-(d)) would have made nearly identical changes to retailer authorization and equipment.

Both bills would have amended SNAP’s **definition of retail food store** in two ways. First, the bills would have required SNAP retailers that are authorized, based on their inventory of staple foods, to carry perishable foods in at least *three* (rather than two) of the staple food categories. Second, the bills would have prohibited the authorization of retail food stores which have at least 45% of their total sales in specific SNAP-ineligible items - alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption (other than those authorized in the restaurant option, discussed later in this report). The bills would have given USDA the authority “to consider whether the applicant is located in an area with significantly limited access to food” in its authorization of stores, and the bills would have made an exception to the 45% requirement if USDA determines that the participation of the retailer is “required for the effective and efficient operation of the supplemental nutrition assistance program.”

The bills also would have changed the policy around **EBT equipment** and the related topic of **manual vouchers**. The bills would have shifted the costs of EBT machinery to retailers. Both bills also would have barred states from issuing manual SNAP vouchers or allowing retailers to accept manual vouchers unless USDA makes a determination that circumstances or categories of retailers warrant use of manual vouchers. Both bills would have required EBT service providers to provide for and maintain “unique terminal identification number information”; this was intended to assist USDA in tracking and preventing fraudulent transactions.

The House-reported bill alone included further details for the “unique termination identification number information” provision, requiring USDA to “consider existing commercial practices for other point-of-sale debit transactions” and prohibiting USDA from issuing a regulation earlier than two years from the bills’ enactment.

Methods of Redemption

Typically, government funding provides only wired EBT machines. There are currently no explicit provisions in the authorizing statute regarding redemption of SNAP benefits via wireless EBT machinery for redemption nor for online SNAP transactions. Advocates have asked for

²³ 7 U.S.C. 2016(f), 2018(h)(3).

technological accommodations for farmers' markets and other direct-to-consumer venues.²⁴ From FY2012 appropriated resources, USDA used \$4 million to expand EBT point of sale devices at farmers' markets.²⁵

Currently, using a SNAP EBT card to make an online purchase is neither allowed nor technologically feasible. A number of regulations would need to be rewritten or waived to allow redemption via the Internet.

Senate-Passed and House-Reported Bills

S. 3240 (Section 4007) contained demonstration projects for mobile and online redemption, whereas H.R. 6083 (Section 4010) only contained the mobile demonstration project.

The Senate bill would have required, depending on results of an authorized demonstration project, USDA to authorize retailers that conduct EBT transactions using mobile technologies (defined as "electronic means other than wired point of sale devices"), if retailers met certain requirements. The demonstration project and report would need to be completed by July 1, 2015. USDA would then authorize wireless retailers beginning January 1, 2016, unless USDA reports to congressional committees of jurisdiction that it determines that authorization should not be implemented. Similar to the mobile technologies provision, the bill included a similar statutory authorization for USDA to authorize retailers to accept benefits over the Internet, contingent upon results of a demonstration project and a report to Congress.

For the House Committee-reported bill, the mobile technologies provision was similar to the Senate bill except the language appears to limit the authority to a USDA pilot/demonstration on mobile technologies and does not give USDA authority to continue such redemptions after the end of the pilot. The H.R. 6083 provision did not set a date for the mobile technologies report to Congress. The House-reported bill did not include any provisions authorizing retailers to accept benefits via the Internet.

Specific Retailers

Shares in a **Community Supported Agriculture**²⁶ (CSA) establishment are not a SNAP-eligible purchase. In a CSA, a farmer or community garden grows food for a group of local residents—members, shareholders, or subscribers—who pledge support to a farm at the beginning of each year by agreeing to cover a portion of the farm's expected costs and risks. In return, the members receive shares of the farm's production during the growing season.

For the most part, SNAP benefits are not redeemable at restaurants, as the benefits are not redeemable for hot, prepared foods. However, states may choose to operate **restaurant meals programs**,²⁷ allowing homeless, disabled, or elderly households to redeem SNAP benefits at

²⁴ See, for example, National Sustainable Agriculture Coalition, *A Sustainable Agriculture Agenda for the 2012 Food & Farm Bill*, p. 76, March 2012, http://sustainableagriculture.net/wpcontent/uploads/2008/08/2012_3_21NSACFarmBillPlatform.pdf.

²⁵ P.L. 112-55. 7 U.S.C. 2016(h).

²⁶ Community Supported Agriculture (CSA) is discussed in the CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*, by (name redacted), (name redacted), and (name redacted).

²⁷ Please find further discussion of states that operate such a program at CRS Report R42505, *Supplemental Nutrition* (continued...)

restaurants that offer concessional prices. States contract with restaurants, and USDA authorizes them as SNAP retailers. FY2010 redemption data indicate that approximately \$20 million (or 0.03% of SNAP benefits) were redeemed at “meal delivery/private restaurants.”²⁸

Currently, **non-profit grocery delivery services** for the elderly and disabled are not defined as a “retail food store” that can accept SNAP benefits. Such establishments must negotiate waivers with USDA in order to accept SNAP benefits. Under various authorities and waivers other retailers may conduct deliveries to SNAP participants, but fees may not be paid with SNAP benefits.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4008) and H.R. 6083 (Section 4011) would have made SNAP benefits redeemable for shares of Community-Supported Agriculture (CSA).

For restaurant meal programs, both S. 3240 (Section 4009) and H.R. 6083 (Section 4012) would have created added responsibilities for state agencies, private establishments, and USDA before restaurants would be able to participate in a restaurant meals program. For restaurants that have contracted with the state to accept SNAP benefits before this provision is enacted, the restaurant would be able to continue to accept SNAP without meeting the additional requirements for no more than 180 days.

In addition to the above changes, H.R. 6083 (Section 4002) alone would have added to the definition of a retail food store the term “governmental and non-profit food purchasing and delivery service[s]” that serve the elderly and disabled, emphasizing that delivery fees are not to be paid with SNAP. This bill would have required USDA regulations to include certain protections and limitations.

Trafficking

Trafficking is the sale of SNAP benefits for cash or for ineligible items. Trafficking is illegal and enforced by USDA-FNS using a number of methods. The Food and Nutrition Act includes penalties for retailers and participants engaged in trafficking; penalties include fines and imprisonment. An analysis of trafficking during the 2006-2008 period estimated that the trafficking rate is one cent per SNAP dollar.²⁹

Current law authorizes civil penalties and SNAP disqualification penalties for retailers that engage in SNAP trafficking (the sale of SNAP benefits for money or ineligible items).³⁰ USDA enforces those penalties through a variety of activities and funds from the SNAP account.

(...continued)

Assistance Program (SNAP): A Primer on Eligibility and Benefits, by (name redacted), p. 16. 7 U.S.C. 2012(k)(3),(4),(9); 2012(p).

²⁸ Data source: <http://www.fns.usda.gov/snap/retailers/pdfs/2010-annual-report.pdf> (see .pdf p. 12).

²⁹ Richard Mantovani and Hoke Wilson, *The Extent of Trafficking in SNAP 2006-2008*, USDA-FNS, January 2011, <http://www.fns.usda.gov/ora/menu/published/SNAP/FILES/ProgramIntegrity/Trafficking2006.pdf>.

³⁰ 7 U.S.C. 2021(b)(3).

Approximately \$8 million each year was obligated for retailer integrity and trafficking in FY2010, FY2011, and FY2012.

Some have argued that increasing the monitoring and penalties around lost-EBT-card replacement could eliminate this source of potential trafficking, and FNS has recently proposed a rule in this regard.³¹ Currently, the only mention of replacement cards in the authorizing statute is where the law states that state agencies may collect a fee for replacement of an EBT card by reducing the monthly allotment of the participating household.³²

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4016) and H.R. 6083 (Section 4025) would have changed replacement card policy and provided additional funds for efforts to fight trafficking; however, the bills differ in the amount of dedicated funding they would provide.

S. 3240 would have provided USDA \$18.5 million annually “for FY2013 and each fiscal year thereafter” in additional mandatory funding to track and prevent SNAP trafficking. H.R. 6083 is similar to the Senate-passed bill except that the House-reported bill would have provided USDA \$5 million annually in additional mandatory funding to track and prevent SNAP trafficking.

Both bills would have added additional statutory measures regarding “the purposeful loss of cards.” USDA would be able to require a state agency to decline a request for a replacement card unless the household provides an explanation for the loss of the card. The bills’ provisions specified that USDA must include protections for vulnerable individuals (homeless, disabled, victims of crimes) and must assure that certain procedures occur and that procedures are consistent with participants’ existing due process protections.

SNAP Employment and Training (E&T) Program

In order to participate in SNAP, federal law imposes certain work-related requirements and also exempts certain individuals from those requirements.³³ If an individual is not working already and is not exempt from the work requirements, he or she must, at least, register for work and accept suitable job offers. Individuals may be required to do more if their state SNAP agency requires them to fulfill some type of work, job search, or training obligation.

³¹ Kevin Concannon, *A New Step Forward in Fighting Fraud*, USDA Blog, May 24, 2012, <http://blogs.usda.gov/2012/05/24/a-new-step-forward-in-fighting-food-stamp-fraud/>. U.S. Department of Agriculture, Food and Nutrition Service, “Supplemental Nutrition Assistance: Trafficking Controls and Fraud Investigations,” 77 *Federal Register* 104, May 30, 2012.

³² 7 U.S.C. 2016(h)(8).

³³ Those who are exempt by law from the work requirements include individuals physically or mentally unfit for work; under age 16 or over age 59; between ages 16 and 18 if they are not a head of household or are attending school or a training program; persons working at least 30 hours a week or earning the minimum wage equivalent; persons caring for dependents who are disabled or under age 6; those caring for children between ages 6 and 12 if adequate child care is not available (this second exemption is limited to allowing these persons to refuse a job offer if care is not available); individuals already subject to and complying with another assistance program’s work, training, or job search requirements (for example, Temporary Assistance for Needy Families [TANF] or unemployment compensation); eligible postsecondary students; and residents of substance abuse treatment programs. Please see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by (name redacted) for further discussion of SNAP’s work requirements.

Federal law requires SNAP agencies to operate an Employment and Training (E&T) program of the state's design for work registrants whom states designate. State SNAP agencies may require all work registrants to participate in one or more components of their program, or limit participation by further exempting additional categories and individuals for whom participation is judged impracticable or not cost effective. States may also make E&T activities open only to participants who volunteer to participate. Program components can include any or all of the following activities: supervised job search or training for job search, workfare (work-for-benefits), work experience or training programs, education programs to improve basic skills, or any other employment or training activity approved by USDA-FNS.³⁴ In sum, states have a great deal of flexibility in administering their E&T programs.

Since the 2002 farm bill, (P.L. 107-171), SNAP E&T has been financed using several streams of federal funds.³⁵ The federal government funds SNAP E&T in 4 ways: (1) \$90 million in mandatory funds that are allocated and reallocated to states based on a formula, (2) \$20 million in mandatory funding allocated to states that pledge to provide E&T to all able-bodied adults without dependents (ABAWDs), (3) open-ended matching funds for states' administrative costs for E&T, and (4) open-ended matching funds for states' reimbursement of E&T participants' dependent care and transportation costs. Program requirements, activities, and uptake of these funds vary by state.

Since December 2005, certain appropriations laws have reduced the mandatory \$90 million in E&T funding through changes in mandatory program spending (CHIMPs). With the exception of FY2009 which contained no E&T rescission, certain appropriations laws for FY2006 through FY2012 annually rescinded from \$10.5 to \$15 million from the \$90 million in funds.³⁶ P.L. 112-240's farm bill extension continued the FY2012 appropriations change, and reduced the \$90 million funding to \$79 million.

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4014, 4018, 4019) contained several policies that would have altered SNAP's authorizing statute with regard to the E&T program. S. 3240 would not have made any changes to SNAP E&T.

The House Committee's bill would have continued the FY2012 appropriations' (P.L. 112-55) "CHIMP" of SNAP Employment and Training funding, reducing the \$90 million source of mandatory funding (Section 16(h)(1)(a)(A) of the Food and Nutrition Act of 2008) to \$79 million in mandatory funding for FY2013-FY2017.³⁷ The bill would have established additional

³⁴ Further resources on the SNAP Employment and Training program: USDA-FNS SNAP website and related resources: <http://www.fns.usda.gov/snap/rules/Memo/Support/employment-training.htm>. See also Section 6(d) of the Food and Nutrition Act.

³⁵ 7 U.S.C. 2025(h), et al.

³⁶ FY2006: P.L. 109-148 (Department of Defense Supplemental Appropriations), rescinded \$11.2 million; FY2007: P.L. 110-5 (providing annual appropriations for FY2007), rescinded \$11.2 million; FY2008: P.L. 110-161 (providing annual appropriations for FY2008), rescinded \$10.5 million; FY2009: No rescission; FY2010: P.L. 111-80 (providing annual appropriations for FY2010), rescinded \$11 million; FY2011: P.L. 112-10 (Continuing Resolution for FY2011), rescinded \$15 million; FY2012: P.L. 112-55 (Annual Appropriations for FY2012), rescinded \$11 million.

³⁷ Please note, because in recent years this funding was reduced to \$79 million through appropriations laws, Congressional Budget Office scoring rules score a cost to extending the law at the \$90 million level. Therefore, even though there was not a policy change to E&T in the Senate's bill, an extension of the \$90 million was estimated by (continued...)

monitoring, performance measures, and reporting requirements for SNAP E&T. For USDA evaluations and studies,³⁸ the bill would also have mandated the cooperation of “states, state agencies, local agencies, institutions, facilities such as data consortiums, and contractors” participating in Food and Nutrition Act programs.

Note: As discussed earlier, the P.L. 112-240 farm bill extension also extended the \$79 million for FY2013.

SNAP Performance Bonuses for State Agencies

State agencies are currently eligible for, in total, \$48 million per year in performance awards. These grant awards are provided to states for performance accomplishments in payment accuracy, program access index (a proxy measure for the share of eligible people who participate in SNAP), application timeliness, and best negative (improper denial) error rate.³⁹ The 2002 farm bill (P.L. 107-171) established this system of performance awards and expanded the performance system to include measures other than payment accuracy rates (i.e., error rates). From FY2003 through FY2011, 52 of the 53 state agencies received bonus awards at least once.⁴⁰ Only Connecticut has never received a high performance bonus.

There is currently no requirement that these performance awards be reinvested in SNAP.

As part of SNAP’s quality control system, states are also subject to fiscal penalties for poor performance. Although the system has changed a number of times, under the 2002 farm bill revision, sanctions are only assessed against states with above-threshold rates of error for two consecutive years.

Senate-Passed and House-Reported Bills

S. 3240 (Section 4011) would have required states to reinvest bonus payments into the state’s SNAP program. H.R. 6083 (Section 4016) would have entirely repealed the authority to issue performance awards and the related \$48 million per year in mandatory funding.

(...continued)

CBO to cost \$50 million over the 10-year budget window; see **Table 1** in this report.

³⁸ Because it relates to this proposed change, please note that, under current law, Section 17 of the Food and Nutrition Act (codified at 7 U.S.C. 2026) gives USDA SNAP (and other programs authorized by the act) research and evaluation authorities but does not explicitly require cooperation of related institutions.

³⁹ For an illustration of the award amounts and performance indicators included, please see a summary of USDA-FNS’s performance bonuses for FY2010: http://www.fns.usda.gov/snap/qc/pdfs/2010_CHART_AWARDS.pdf.

⁴⁰ Based on USDA-FNS information provided at <http://www.fns.usda.gov/snap/government/program-improvement.htm>.

Other SNAP Provisions

Quality Control Tolerance Levels

The SNAP quality control system measures the accuracy of the eligibility and benefits calculation in SNAP. The American Recovery and Reinvestment Act of 2009 temporarily changed the definition of a quality control error by raising the threshold for an acceptable error from \$25 to \$50 (i.e., SNAP errors lower than \$50 would not “count” as errors in the quality control system). USDA further extended the \$50 threshold via regulation in November 2011.⁴¹

Senate-Passed and House-Reported Bills

S. 3240 (Section 4010) and H.R. 6083 (Section 4027) both would have reduced the error tolerance level to \$25, but the House-reported bill also would annually adjust the level for inflation.

S. 3240 would have set \$25 as the threshold level for reporting SNAP errors in the quality control system. The House-reported bill was similar to the Senate-passed bill, except it would have set the \$25 threshold only for FY2013 and then would have adjusted the threshold for inflation based on the growth of the cost of the thrifty food plan.⁴²

Nutrition Education and Obesity Prevention Grants

Formerly SNAP Nutrition Education or “SNAP-Ed,” this program provides formula grant funding for states to provide programs for SNAP (and other domestic food assistance program) participants as well as other low-income households. With these funds, “[s]tate agencies may implement a nutrition education and obesity prevention program for eligible individuals that promotes healthy food choices consistent with the most recent Dietary Guidelines for Americans.”⁴³

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4015) and H.R. 6083 (Section 4024) identically amended the Nutrition Education and Obesity Prevention Grants so that funds may also be used for programs that promote physical activity.

Note: As discussed earlier, the P.L. 112-240 farm bill extension also made changes to the funding of this program, reducing FY2013 funding by \$110 million.

⁴¹ Please see 7 U.S.C. 2025(c); P.L. 111-5; 7 CFR 275.12(f)(2) for the authorities discussed in this paragraph.

⁴² The Thrifty Food Plan is a basket of goods calculated by the USDA’s Center for Nutrition Policy and Promotion. The Thrifty Food Plan is the basis for calculating (and inflation-adjusting) the SNAP maximum benefit; it is also the basis for inflation indexing several other sources of federal funding in the Food and Nutrition Act. Additional USDA resources on the Thrifty Food Plan: Andrea Carlson, Mark Lino, and WenYen Juan, et al., Thrifty Food Plan, 2006, USDA Center for Nutrition Policy and Promotion, April 2007, <http://www.cnpp.usda.gov/Publications/FoodPlans/MiscPubs/TFP2006Report.pdf>; USDA-CNPP website, <http://www.cnpp.usda.gov/usdafoodplanscostoffood.htm>.

⁴³ 7 U.S.C. 2036a(b).

Spending on Advertising

Section 11(t) of the Food and Nutrition Act⁴⁴ authorizes USDA to spend \$5 million on grants to states for improving the application process, eligibility determination, and access to SNAP.

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4024) would have repealed this grant program.⁴⁵ S. 3240 makes no changes.

Immigration Verification Amendment⁴⁶

SNAP allows certain legal immigrants to participate in the program.⁴⁷ Many noncitizens are barred—eligibility is extended only to permanent residents legally present in the United States for at least five years, legal immigrant children (under 18), the elderly and disabled who were legally resident before August 1996, refugees and asylees, veterans and others with a military connection, those with a substantial history of work covered under the Social Security system, and certain other limited groups of aliens.⁴⁸

The U.S. Citizenship and Immigration Services (USCIS) operates a computer-based immigration verification system, which they refer to as Systematic Alien Verification for Entitlements (SAVE) Program. Under current law and regulation, states must verify noncitizens' immigration status, but do not have to use the SAVE Program.⁴⁹ According to July 2012 information from USCIS, all but four SNAP state agencies have a memorandum of agreement with the SAVE system.⁵⁰

Senate-Passed and House-Reported Bill

H.R. 6083 (Section 4013) would have required all SNAP agencies to verify immigration status using the SAVE system. S. 3240 did not contain changes.

⁴⁴ 7 U.S.C. 2020(t).

⁴⁵ During the House Agriculture Committee's markup of the bill, multiple Members were critical of USDA's outreach campaign through the use of radio advertisements. It is not clear if this \$5 million grant program funds those advertisements. See also, H.Rept. 112-669, pages 185, 288.

⁴⁶ CRS has released a congressional memorandum that focuses on the laws governing noncitizen eligibility for the Supplemental Nutrition Assistance Program (SNAP) of the Food and Nutrition Act and the verification of immigration status for SNAP eligibility at the state-level. If you would like a copy, please contact Ruth Wasem at [redacted]@crs.loc.gov.

⁴⁷ Please note: It is possible for an ineligible noncitizen to be part of a SNAP household; however, benefits will not be provided for the noncitizen.

⁴⁸ Non-citizen rules are many, intersecting, and tied to a number of state options. USDA-FNS has published a comprehensive guide to non-citizen rules in SNAP - USDA-FNS, Supplemental Nutrition Assistance Program: Guidance on Non-citizen Eligibility, April 2011, http://www.fns.usda.gov/snap/government/pdf/Non-Citizen_Guidance_063011.pdf. Also see CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview and Trends*, by (name redacted).

⁴⁹ 7 U.S.C. 2020(p); 42 U.S.C. 1320b-7.

⁵⁰ California, Massachusetts, Vermont, Washington. For further details, please see memorandum discussed in footnote 46.

Additional Program Integrity Reporting Requirement for States

States are required to match SNAP and Social Security Administration data to assure that deceased individuals do not receive SNAP benefits. Also, households are prohibited from receiving benefits in multiple states simultaneously.⁵¹

Under current law, administrative costs for operating the SNAP program are funded equally by state and federal funds (i.e., 50% federal matching rates).

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4029) would have required states to submit annual reports demonstrating that the agency has not provided benefits to deceased individuals or to households simultaneously receiving benefits in another state. Penalty for noncompliance would have been a 50% reduction in the federal share of administrative costs. The Senate-passed bill did not contain this reporting requirement.

SNAP Datamatching Requirements

In recent years, authorizing laws of Temporary Assistance for Needy Families, child welfare, and Unemployment Insurance have been amended to include data exchange standards and use common reporting mechanisms to prevent fraud, improve program access, and save federal dollars.⁵²

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4015) would have amended SNAP law to include data standardization and exchange requirements. This language was not included in the Senate-passed bill.

⁵¹ 7 U.S.C. 2015(j), 2020(r).

⁵² Please see P.L. 112-96, Sections 2104, 4003; P.L. 112-34, Section 105. In a Committee on Ways and Means report (H.Rept. 112-210) on the bill that became P.L. 112-34, the Committee explained this approach to data exchange: “The Committee believes the programs within its jurisdiction should, from an information technology standpoint, operate consistently within and across programs. By beginning the process of data standardization and the use of common reporting mechanisms in this section, the Committee is achieving three goals: better preventing and identifying fraud and abuse; ensuring appropriate access; and producing program savings for U.S. taxpayers. The Subcommittee on Human Resources, in its March 11, 2011 hearing on the use of data matching to improve customer service, program integrity, and taxpayer savings, received testimony in support of consistent data standards that are non-proprietary and promote the interoperability of data across various information technology platforms, including State legacy systems. The hearing confirmed that not only are programs within the Subcommittee’s jurisdiction in silos, but so is the accompanying data. Improved data standards will help increase the efficiency of data exchanges to use and reuse data within and across programs.”

Some of the SNAP Provisions in S. 3240 and H.R. 6083 were also in the 112th Congress's House-Passed Sequester Replacement Reconciliation Act of 2012 (H.R. 5652)⁵³

While this report focuses on farm bill congressional actions in the 2012 reauthorization process the House also passed P.L. 111-296, the Sequester Replacement Reconciliation Act during the 112th Congress. Included in that bill were versions of four of the SNAP policies discussed in this farm bill report.

Background: On March 29, 2012, the House passed budget resolution, H.Con.Res. 112. It included reconciliation⁵⁴ instructions for the House Committee on Agriculture (in addition to several other committees). On April 18, 2012, the House Committee on Agriculture marked up a bill and voice-voted the bill out of committee, entitled the Agriculture Reconciliation Act of 2012 ("Agriculture Reconciliation Act"); it contained six SNAP policies estimated to reduce spending in response to the reconciliation instructions. On May 7, the House Committee on Budget reported the Sequester Replacement Reconciliation Act (H.R. 5652, which includes the Agriculture Reconciliation Act as one of its titles) to the House of Representatives by a roll call vote, 21-9. On May 10, H.R. 5652 passed the House of Representatives by a roll call vote, 218-199.

Relationship with S. 3240 and H.R. 6083: Four of the H.R. 5652 SNAP proposals were included in H.R. 6083 or S. 3240 in some form. H.R. 5652 proposals would have:

- ended broad-based categorical eligibility, as would H.R. 6083.
- changed the law so *no amount* of LIHEAP benefits would garner additional SNAP benefits. Households would have to present alternative documentation of utility costs. This is different from but related to changes in H.R. 6083 and S. 3240.
- eliminated the open-ended federal matching funds for states' administrative costs and states' reimbursement of participants' costs in the SNAP Employment and Training (E&T) Program. This is different from changes in H.R. 6083 and S. 3240.
- repealed the authority to issue performance awards and the related \$48 million per year, as would H.R. 6083.

H.R. 5652 also would have ended the inflation-indexing of Nutrition Education and Obesity Prevention Grant Program funding and would have established an earlier sunset date for the American Recovery and Reinvestment Act of 2009's increase to the maximum benefit. Neither of these was included in S. 3240 or H.R. 6083.

Programs in Lieu of SNAP

"Programs in Lieu of SNAP" refers to the related programs operated by entities that do not operate SNAP or which are offered as an alternative to SNAP. Puerto Rico, American Samoa, and the Northern Mariana Islands do not participate in the SNAP program. Instead they receive a nutrition assistance block grant, under which they administer a nutrition assistance program with service delivery unique to each territory. Indian tribal organizations may choose to operate the Food Distribution Program on Indian Reservations (FDPIR), instead of having the state offer regular food stamp benefits; the full cost of benefits and most administrative expenses are covered by the federal government.

⁵³ On December 20, 2012, the 112th House also passed a closely related bill, H.R. 6684, The Spending Reduction Act, that contained these same SNAP policies.

⁵⁴ For background on reconciliation, CRS Report R41186, *Reconciliation Directives: Components and Enforcement*, by (name redacted).

Food Distribution Program on Indian Reservations (FDPIR)

The FDPIR provides an alternative to SNAP for participating Indian Reservations by delivering a household food package, which includes specific foods, as opposed to SNAP's electronic benefit transfer benefits that are redeemable at authorized retailers. Funding for FDPIR is included within the SNAP account. The Section 18(a) authority to fund and operate SNAP also serves to continue FDPIR operations. The Food and Nutrition Act includes an authority to fund a local foods pilot program to incorporate local and traditional foods in the FDPIR program. That particular authority expired September 30, 2012, and then was extended by P.L. 112-240.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4001, 4012) and H.R. 6083 (Section 4003, 4020) would have continued to authorize FDPIR and would have reauthorized the local foods pilot program. Funding for FDPIR is included within the account for SNAP. By authorizing the appropriations in Section 18(a) of the Food and Nutrition Act (see "SNAP Authorization and Appropriations"), the bills would continue operations for the program in general. Further, both bills would have reauthorized the local foods pilot program through the end of FY2017.

Programs in Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands

Guam and the Virgin Islands participate in SNAP, but the Commonwealth of the Northern Mariana Islands (CNMI), Puerto Rico, and American Samoa do not. In the Food and Nutrition Act of 2008, American Samoa and Puerto Rico are given mandatory funds for nutrition assistance block grants. CNMI receives a block grant that is negotiated with USDA. Generally speaking, the block grants offer flexibility to the administering territory, but also mean that they have limited funding amounts. While SNAP is an open-ended entitlement, the nutrition assistance block grants of the territories grow at the rates of inflation (measured by the Thrifty Food Plan).

The 2008 farm bill authorized and funded a study of the feasibility of including Puerto Rico in SNAP; the study was completed and published in June 2010.⁵⁵ In the case of Puerto Rico's administration of its block grant, the territory currently has sufficient flexibility to provide some food assistance benefits in the form of SNAP. One of the feasibility study's findings on "Projected Administration Changes" was:

Like SNAP, NAP [Puerto Rico's food assistance program] distributes benefits on an EBT debit card. However, unlike SNAP, up to 25 percent of the monthly benefit may be redeemed for cash. Although the cash is designated for eligible food items, it is widely acknowledged that participants use at least some of their allotted cash for non-food essentials, such as medicine and hygiene products. It is difficult to determine what the full impact of a completely non-cash allotment would be on Puerto Rico retailers and participants. Because

⁵⁵ Please see Anne Peterson, Bryan Johnson, and Benjamin E. Moulton, et al., *Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study*, Insight Policy Research, Inc. for USDA Food and Nutrition Service, June 2010, <http://www.fns.usda.gov/ORA/menu/Published/SNAP/FILES/ProgramDesign/PuertoRico.pdf>.

the current cash allotment is the sole or primary source of cash income for many participants, it is clear that families would need to find other ways to pay for essential non-food items.⁵⁶

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4021) would have amended Puerto Rico's block grant so that Puerto Rico would no longer be permitted to use its block grant funding to provide benefits in the form of cash. Puerto Rico would have to provide benefits only in EBT form.

For the Commonwealth of the Northern Mariana Islands, H.R. 6083 (Section 4028) would have authorized and provide \$1 million in both FY2013 and FY2014 for a feasibility study of CNMI's capacity to administer a SNAP pilot. The bill also would authorize and provide administrative and technical assistance funds to support the pilot depending upon the feasibility study's findings (\$13.5 million in FY2015, \$8.5 million in each of FY2016 and FY2017).

S. 3240 would have made no changes to these territories' programs.

Commodity Distribution Programs

USDA commodity⁵⁷ foods are foods purchased by the USDA for distribution to USDA nutrition programs. They are not necessarily specific types of food; the catalog of commodity foods is a wide variety of fruit, vegetable, livestock, dairy—fresh, frozen, and processed foods. The 2012 farm bill provisions in this section of the report are those which relate to programs that distribute USDA commodity foods.

The USDA Food and Nutrition Service programs that include USDA commodity foods are The Emergency Food Assistance Program (TEFAP), Commodity Supplemental Food Program (CSFP), National School Lunch Program (NSLP), Summer Food Service Program (SFSP), and Child and Adult Care Food Program (CACFP). Many of these programs distribute "entitlement commodities" (an amount of USDA foods to which grantees are entitled by law) as well as "bonus commodities" (USDA food purchases based on requests from the agricultural producer community).⁵⁸

The Emergency Food Assistance Program (TEFAP)

TEFAP, the main USDA-FNS program that supports emergency feeding organizations, currently receives federal government resources in several ways. Congress provides mandatory funding for the purchase of "entitlement commodity" foods that are distributed to emergency feeding organizations (e.g., food banks and food pantries) in addition to discretionary funding for

⁵⁶ Ibid, at page iii.

⁵⁷ "Commodity" or "commodities" in the context of food assistance is broader and distinct from the term used to describe corn, wheat, soybeans, etc. in the context of commodity support programs, such as described in CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*, by (name redacted).

⁵⁸ For more on the procurement of USDA foods, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*, by (name redacted). For more information on FNS's distribution of commodities, please see USDA-FNS website, Food Distribution Programs and Services, <http://www.fns.usda.gov/fdd/programs/default.htm>.

organizations' administrative costs. TEFAP also receives bonus commodity donations from USDA when the Department exercises its purchasing authority in response to requests from the agricultural industry for surplus removal or price support.

In current law, the TEFAP's mandatory funding for "entitlement commodities" included an immediate infusion of \$50 million in FY2008, \$250 million for TEFAP commodities for FY2009, and for each of FY2010, FY2011, and FY2012, \$250 million adjusted for food-price inflation. This mandatory entitlement funding is currently only available to be spent over a one-year period; emergency feeding organizations must expend their entitlement-commodity allocations in the same fiscal year. In addition, current law authorizes to be appropriated up to \$100 million for TEFAP administrative and distribution costs. P.L. 112-240 extended TEFAP law through September 30, 2013.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4014) and H.R. 6083 (Section 4023) would have increased mandatory funding for TEFAP, but the bills proposed to do so in differing amounts and with different approaches.

The Senate bill would have increased the mandatory funding amounts that are indexed to inflation by \$174 million over 10 years. The majority of the funding increase would have been in the first four years—an increase of \$28 million in FY2013, \$44 million in FY2014, \$24 million in FY2015, and \$18 million in FY2016. The Senate bill would have added \$10 million in FY2017 and every following fiscal year. S. 3240 also would have required funding for TEFAP to be available for two-year periods.

While the Senate-passed statutory language would not have changed bonus commodity purchasing for this program, the Senate's Committee Report (S.Rept. 112-203) language does say, "The Committee encourages the Secretary to utilize existing authority to make additional purchases for use at food banks in times of high need when funds are available within the existing budget to accommodate additional commodity purchasing."

The House Committee bill would have increased funding by \$129 million over five years and \$270 million over 10 years (according to CBO)⁵⁹. The House-reported bill would not have made annual commodity funding available for a two-year period.

Commodity Supplemental Food Program (CSFP)

CSFP is a food package program where specific foods are delivered to a household. Under current law, income-eligible pregnant and post-partum women, infants, children, and the elderly (defined as 60 years or older) are eligible to participate in CSFP.⁶⁰ Such women, infants, and children would also be eligible for the Special Supplemental Nutrition Program for Women,

⁵⁹ Because the House Committee language changes the mandatory funding numbers prior to the adjustment for inflation, these numbers include CBO's assumptions of inflation over the 10-year budget window.

⁶⁰ 7 U.S.C. 612c note(g), P.L. 93-86. Please see CRS Report R42353, *Domestic Food Assistance: Summary of Programs*, by (name redacted) and (name redacted) for a summary of CSFP.

Infants, and Children (WIC), but current law limits dual participation in WIC and CSFP. According to FY2011 USDA-FNS data, 97% of CSFP participants were elderly.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4101-4102) and H.R. 6083 (Section 4101-4102) would have extended the authorities for USDA to purchase commodity foods for and otherwise operate CSFP. In addition, both bills would have limited eligibility for CSFP to income-eligible elderly. Enrolled women, infants, and children (who are disqualified by this new provision) would have been allowed to participate until their certification period expires.

Commodity Foods in the School Meals Programs

In addition to USDA commodity foods purchased and distributed for TEFAP and CSFP, child-serving institutions that participate in the National School Lunch Program (NSLP), Summer Food Service Program (SFSP), and Child and Adult Care Food Program (CACFP) also receive assistance in the form of USDA commodity foods (in addition to per-meal cash reimbursements). While typically changes to the programs' authorizing statutes, Russell National School Lunch Act and Child Nutrition Act, fall under the jurisdiction of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Education and the Workforce, the policies pertaining to USDA commodity food procurement are in the jurisdiction of both the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture. The Senate-passed and House-reported bills contained various policies that would have impacted the USDA foods served in school meal programs (National School Lunch Program and National School Breakfast Program).

In FY2011, approximately 10% of the federal assistance for school meal programs was in the form of donations of USDA commodity purchased foods. This includes "entitlement commodities," the food amounts to which a school is entitled based on the number of meals served; as well as "bonus commodities," which are based on USDA purchases under its agricultural surplus and price support authorities. Schools redeem National School Lunch Program commodity "entitlement" food assistance (the amount of which is based on a per-meal rate⁶¹) from USDA's offerings. Some stakeholders have been interested in assuring that entitlement commodity assistance can instead be used for local purchases instead of USDA foods.

The policies and related S. 3240 and H.R. 6083 proposed changes discussed below pertain to USDA food purchases for schools.

Purchases of Fruits and Vegetables

In addition to the minimum (\$200 million-a-year) acquisitions required by the 2002 farm bill, USDA is required to purchase additional fruits, vegetables, and tree nuts for use in domestic nutrition assistance programs using Section 32 funds. The added purchases required are: \$190 million (FY2008), \$193 million (FY2009), \$199 million (FY2010), \$203 million (FY2011), and \$206 million (FY2012 and each year thereafter). Of this money for additional purchases, at least

⁶¹ 42 U.S.C. 1754.

\$50 million annually is required for USDA *fresh* fruit and vegetable acquisitions for schools. (The Department of Defense Fresh Fruit and Vegetable Program (“DoD Fresh”) is one of the ways this is accomplished).⁶² P.L. 112-240’s farm bill extension continued the \$206 million level for FY2013 and the \$50 million carve out.

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4201) and H.R. 6083 (Section 4204) would have extended the additional fruit and vegetable purchases including the \$50 million carve-out for fresh fruit and vegetable purchases.

“Farm to School”

“Farm to school” programs broadly refer to “efforts to serve regionally and locally produced food in school cafeterias,” with a focus on enhancing child nutrition and providing healthier meals as part of the NSLP and other child nutrition programs.⁶³ The goals of these efforts include increasing fruit and vegetable consumption among students, supporting local farmers and rural communities, and providing nutrition and agriculture education to school districts and farmers.⁶⁴ School garden programs also build on this concept. Among the other goals of “farm to school” programs are those highlighted by the National Farm to School Network: “connect schools (K-12) and local farms with the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers.”⁶⁵

Currently the federal government’s role in encouraging “farm to school” efforts has been limited to a dedicated competitive grant program and changing federal procurement law to allow geographic preference to enter into schools’ procurement of foods. However, the majority of funding for school meal programs is in the form of per-meal cash reimbursements to schools; states, school districts, and schools can use these funds, so long as they are compliant with federal, state, and local procurement law, to purchase local products. For more discussion on “farm to school” resources, issues, and funding, please see CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*, by (name redacted), (name redacted), and (name redacted).

Senate-Passed and House-Reported Bills

S. 3240 (Section 4209) and H.R. 6083 (Section 4205) proposed different approaches for supporting “farm to school” efforts.

⁶² 7 U.S.C. 612c-4.

⁶³ USDA, National Agriculture Library’s (NAL) Alternative Farming Systems Information Center (AFSIC), “Farm to School,” <http://www.nal.usda.gov/afsic/pubs/srb1102.shtml>. Child nutrition programs typically include the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, Summer Food Service Program, Special Milk Program, and the Fresh Fruit and Vegetable Program.

⁶⁴ USDA, FNS, “Farm to School,” <http://www.fns.usda.gov/cnd/f2s/about.htm#Initiative>.

⁶⁵ <http://www.farmentoschool.org/>.

S. 3240 would have amended the Russell National School Lunch Act to require USDA to conduct demonstration projects “to facilitate the purchase of unprocessed and minimally processed locally grown and locally raised agricultural products” for schools that participate in the National School Lunch and School Breakfast Programs.

The House-reported bill would have allowed USDA to permit school food authorities with “low annual commodity entitlement values” to substitute local foods entirely or partially instead of USDA provided foods. The House’s committee report language describes these schools as “small rural schools.”⁶⁶ It also would give USDA discretion to establish “cost-neutral” farm to school demonstration projects at up to 10 school food authorities. The House-reported bill would also have created a pilot project that would allow 5 states to use the entitlement commodity funding received through the National School Lunch Program that they would use to buy fresh fruit and vegetables from the “DoD Fresh” program to instead use it towards the states’ own sourcing of local produce.

Whole Grain and Pulse Crop Products Pilot Projects

The 2008 farm bill authorized a pilot project—and provided \$4 million in FY2009 - for purchasing whole grain products for the National School Lunch Program and School Breakfast Program and for evaluating the project.⁶⁷ USDA used the funding to purchase, distribute, and evaluate the acceptability of whole grain tortillas and pancakes.⁶⁸

Senate-Passed and House-Reported Bills

S. 3240 (Section 4204, 4207) contained an extension to the whole grain project and would have created a new pulse crop pilot program. H.R. 6083 contains neither.

The Senate-passed bill would have renewed mandatory funding for the Whole Grain Pilot and evaluation, providing \$10 million available over two years (FY2013 and FY2014.) The bill would also have added a new authority for purchasing pulse crop⁶⁹ products for the school meals programs, but it would not have funded the project, instead it would have provided a discretionary funding authorization (“authorized to be appropriated”) of \$10 million for the program. The House-reported bill contained neither the whole grain nor pulse crop programs.

Processing Authority

Authority expired at the end of FY2012 for USDA to enter into reprocessing agreements with private companies for the purpose of processing commodity foods for donation and distribution to nutrition programs.⁷⁰ USDA, through a pilot project, contracted with processors to provide processed foods to schools and continued to hold title to those foods during processing. P.L. 112-240’s farm bill extension renewed this authority through the end of FY2013.

⁶⁶ H.Rept. 112-669, p. 249.

⁶⁷ 42 U.S.C. 1755a; Section 14222(d) of P.L. 110-246.

⁶⁸ USDA-FNS Food Distribution Division, *School Programs USDA Foods Update*, April 2009, p. 3, <http://www.fns.usda.gov/fdd/news/schupdate0409.pdf>.

⁶⁹ Pulse crops are defined in the legislation as “dry beans, dry peas, lentils, and chickpeas.”

⁷⁰ 7 U.S.C. 1431e(2)(A).

Senate-Passed and House-Reported Bills

Both S. 3240 (Section 4103) and H.R. 6083 (Section 4104) would have extended USDA's authority to contract with private processors for bonus commodity foods through FY2017. In addition, the House-reported bill included a provision that would explicitly authorize USDA to contract with a processor and retain title to those foods during processing.

Other 2012 Farm Bill Nutrition Programs

Fresh Fruit and Vegetable (“Snack”) Program

The 2008 farm bill permanently authorized and funded the Fresh Fruit and Vegetable Program, sometimes referred to as the “snack” program. First begun as a pilot project, the program is now available in 50 states. It provides formula grant funding to states, which the states provide to elementary schools that meet certain need-based criteria to purchase fresh fruit and vegetable snacks for the school's students.

Since the 2008 farm bill, the program has explicitly restricted these snacks to *fresh* fruits and vegetables. Schools may not serve frozen, canned, dried fruits and vegetables with this federal funding. Companies that produce frozen, canned, and dried fruits and vegetables have been advocating for a change to this fresh limitation.⁷¹

Senate-Passed and House-Reported Bills

H.R. 6083 (Section 4203) would have changed the name of the program to “Fruit and Vegetable Program,” and would allow purchase and provision of frozen, canned, dried fruits and vegetables. The Senate-passed bill would have made no changes to the program.

Senior Farmers’ Market Nutrition Program (SFMNP)

SFMNP provides formula grants to participating states,⁷² who then use the funds to run programs that provide redeemable benefits for those 60 years of age and older to redeem at area farmers’ markets.⁷³ After a period of operating as a USDA pilot project, the 2002 farm bill established the program, and the 2008 farm bill both continued the program and funded it with mandatory money from the Commodity Credit Corporation. For FY2008-FY2012, the program received \$20.6 million in funding per year. The program's authority and \$20.6 million funding expired after September 30, 2012, and then was extended by P.L. 112-240's farm bill extension.

⁷¹ See the website of the “American Fruit and Vegetable Processors and Growers Coalition”: <http://www.americanfruitandvegetable.org/currentissues.html>.

⁷² In FY2011, SFMNP operated in 42 states, DC, Puerto Rico, and 7 Indian Tribal Organizations.

⁷³ Note: An analogous program for WIC participants, the WIC Farmers’ Market Nutrition Program, is a discretionary authorization by the Child Nutrition Act of 1966, a statute not reauthorized in the farm bill. The Healthy, Hunger-free Kids Act of 2010 (P.L. 111-296) reauthorized this program through the end of FY2015.

Senate-Passed and House-Reported Bill

S. 3240 (Section 4202) and H.R. 6083 (Section 4201) would have extended the program and provided mandatory funding of \$20.6 million from CCC funds for each year, FY2013-FY2017; however, H.R. 6083 would have made several additional changes. First, it would have struck “Senior” from the program name and expanded the program purpose to “low-income seniors and low-income families that are determined to be nutritionally at risk.” Second, it would have added a discretionary authorization for additional funds, so that funds may be appropriated beyond the \$20.6 million.

Hunger-Free Communities Grants and Bonus Incentives

The 2008 farm bill⁷⁴ created the Hunger-Free Communities Grant Program. It authorized to be appropriated such sums as are necessary through FY2012 for two types of matching grants (1) to food program service providers and nonprofits for collaborative efforts to assess community hunger problems and to achieve “hunger-free communities,” and (2) to emergency feeding organizations for infrastructure development. Any appropriated funding was to be divided equally between these two grant initiatives, and the federal matching percentage is limited to 80%. P.L. 112-240’s farm bill extension extended the discretionary authority for the Hunger-Free Community Grants, which had expired after September 30, 2012.

Related to the Senate-passed changes to the grant program that are discussed below, the 2008 farm bill also authorized pilot projects designed to improve the health status of participants, including a mandatory provision of \$20 million for “point of purchase incentive” projects. (USDA has since implemented the Healthy Incentives Pilot in Hampden County, MA.)⁷⁵

SNAP bonus incentive programs currently operate in many jurisdictions, but these incentive programs do not receive federal funds for the incentives provided. The bonus incentive programs allow SNAP participants to redeem their benefits for more than “money on the dollar.” For example, a participant may exchange \$3 of benefits for a \$6 voucher to redeem at the market.⁷⁶ USDA-FNS, however, requires that the bonus funds be non-federal dollars.⁷⁷ Prior to 2010, markets had to apply to FNS for a waiver of the rules through the state SNAP agency. Early in 2010, USDA-FNS allowed farmers’ markets that secured nonfederal bonus incentive funding to be eligible through a blanket waiver, so markets now just report to a USDA-FNS field office that they are conducting a bonus incentive program.⁷⁸

⁷⁴ P.L. 110-246, Section 4405.

⁷⁵ Codified at 7 U.S.C. 2026(k). For further details, see USDA’s explanation of the program and updates, <http://www.fns.usda.gov/snap/hip/default.htm>.

⁷⁶ For information on some examples of SNAP bonus incentive programs, see a news release from a private sponsor for a program in Rhode Island (“BankRI Supports Farm Fresh Rhode Island’s Bonus Bucks for Snap Program,” December 6, 2011, <https://www.bankri.com>) and a listing of Detroit farmers’ markets that participated in summer 2011 (“Bridge Card Bonus at Farmers’ Markets This Summer,” July 7, 2011, <http://www.doubleupfoodbucks.org/>).

⁷⁷ USDA-FNS, “Supplemental Nutrition Assistance Program—Bonus Incentives,” http://www.fns.usda.gov/snap/ebt/fm-scrip-Bonus_Incentives.htm.

⁷⁸ February 2012 email communication with FNS-SNAP staff.

Senate-Passed and House-Reported Bills

S. 3240 (Section 4205) would have extended, amended, and added mandatory funds to the Hunger-Free Communities Grants for Bonus Incentive Projects. H.R. 6083 (Section 4104) would not have reauthorized the Hunger-Free Communities Grants.

The Senate-passed bill would have amended the Hunger-Free Community Grant Program. It would have deleted the authority for grants for infrastructure development and have added authority for a second category of “incentive grants” for projects that incentivize SNAP participants to buy fruits and vegetables. The federal cost share would be limited to 50%. For the incentive grants, the bill would provide \$100 million in mandatory funding over five years. For the remaining Hunger-Free Communities Grant authorities, the bill would have retained the discretionary authority but limit it to \$5 million per year; it also calls this subset of grants “collaborative” grants.

While the House-reported bill would not have extended the Hunger-Free Communities grants, it would have provided some added funding for bonus incentive-like projects using a different legislative approach (discussed below).

Community Food Projects

Since the 1996 farm bill (P.L. 104-127), the Food and Nutrition Act (formerly, Food Stamp Act) has permanently authorized a grant program for eligible nonprofit organizations, in order to improve community access to food. Infrastructure projects are an eligible use of these funds. Grants require 50% in matching funds. The 2008 farm bill had provided \$5 million annually in mandatory funding for this purpose.⁷⁹ The annual \$5 million in mandatory funding is included in USDA-FNS’s SNAP appropriation, but FNS transfers the funds to USDA’s National Institute of Food and Agriculture (NIFA). NIFA administers this competitive grant program.⁸⁰

Senate-Passed and House-Reported Bills

S. 3240 (Section 4013) would have increased funding for Community Food Projects and amended the types of projects that may be funded. H.R. 6083 (Section 4022) also would have increased funding and included a carve-out for bonus incentives.

The Senate-passed bill would have eliminated the Community Food Projects grant funding for infrastructure improvement and development projects. The bill would have doubled mandatory funding for Community Food Projects to a total of \$10 million annually from FY2013 through FY2017.

The House-reported bill would not have made any changes to the eligible organizations or purposes for grant funds. The House-reported bill would have increased funding for Community Food Projects to a total of \$15 million annually and carved out \$5 million of these funds for projects to encourage low-income households to purchase fruits and vegetables. The bill targeted incentives to “low-income individuals” and does not specify SNAP participation.

⁷⁹ 7 U.S.C. 2034.

⁸⁰ See details on USDA-NIFA’s website: <http://www.nifa.usda.gov/fo/communityfoodprojects.cfm>.

Healthy Food Financing Initiative (HFFI)

Currently, the Administration manages a “Healthy Food Financing Initiative” (HFFI) by requesting appropriations for several existing statutory authorities in order to provide grants and tax credits to support development of food retailers in underserved communities. Programs involved in the effort are administered by USDA, HHS, and Treasury. For FY2012, Congress provided no funding for USDA for this initiative but did appropriate related funds for the Department of the Treasury and HHS.⁸¹

Senate-Passed and House-Reported Bills

S. 3240 (Section 4206) included authorization for a Healthy Food Financing Initiative; the House-reported bill did not include this program. The Senate-passed bill would have authorized up to \$125 million to be appropriated for a “Healthy Food Financing Initiative” to remain available until expended. USDA is authorized to approve a community development financial institution as “national fund manager” that would administer these funds by supporting food retail projects that would “expand or preserve access to staple foods [as defined within S. 3240]” and accept SNAP benefits. Although USDA would select the national fund manager, S. 3240 would keep HHS and Treasury as partners in administering the HFFI program.

Dietary Guidelines for Pregnant Women and Children Under Two Years of Age

The Dietary Guidelines for Americans are jointly published by USDA and the Department of Health and Human Services. The Guidelines provide advice pertaining to people two years and older about how good dietary habits can promote health and reduce risk for major chronic diseases. Every five years, the two departments charter a committee to review the peer-reviewed, published science on diet and health and develop a report of its recommendations for the next edition of the Guidelines.⁸²

Senate-Passed and House-Reported Bills

S. 3240 (Section 4208) would have required that the Dietary Guidelines for Americans include specifications for pregnant women and children under the age of two years, by no later than the 2020 edition. The House-reported bill did not include these changes.

⁸¹ From FY2012 appropriations for the Department of the Treasury’s Community Developmental Financial Institutions Fund included in P.L. 112-74, “up to \$22,000,000 shall be for a Healthy Food Financing Initiative to provide grants and loans to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities; ... and of which up to \$22,965,000 may be used for administrative expenses, including administration of the New Markets Tax Credit. Congress also reserved \$10 million of HHS’s FY2012 Community Economic Development appropriations for the HFFI. For a more detailed discussion of the existing Healthy Food Financing Initiative, see CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*, by (name redacted), (name redacted), and (name redacted).

⁸² 7 U.S.C. 5341(a).

Repealed Programs

Both Senate-passed and House-reported bills would have repealed the authority to operate a **Nutrition Information and Awareness Pilot Program**.⁸³ This discretionary authority had not been funded or utilized in recent years.

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⁸³ Section 4403 of the 2002 farm bill and extended by the 2008 farm bill.

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