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FOOD STAMP PROVISIONS OF THE FINAL 2008 FARM BILL

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The Food, Conservation and Energy Act of 2008,¹ otherwise known as the “farm bill,” includes a significant nutrition title and makes numerous improvements to the Food Stamp Program. Of the more than \$10 billion over ten years in increases in domestic nutrition programs, \$7.8 billion is for the Food Stamp Program (soon to be renamed the Supplemental Nutrition Assistance Program (SNAP)).

This document provides a quick summary of each of the food stamp provisions in the farm bill. For a more detailed description of the major provisions, and estimates of the number of people affected and the size of the benefit increases in each state, see “Farm Bill Conference Agreement Contains Significant Domestic Nutrition Improvements,” at <http://www.cbpp.org/5-8-08fa.htm>. CBPP will prepare more detailed documents regarding the implementation of the food stamp provisions in the near future.

The food stamp provisions are all effective October 1, 2008. The estimated costs are based on a preliminary Congressional Budget Office (CBO) cost estimate of the conference report and are changes from CBO’s March 2007 baseline over the 2009 to 2017 period.²

In addition to the food stamp provisions, in the domestic nutrition area the bill also includes:

- \$1.26 billion over the 2008 to 2017 period in additional funding for The Emergency Food Assistance Program (TEFAP). This funding will help emergency feeding organizations such as food banks, food pantries, and soup kitchens meet increasing demand and rising food prices;
- \$1 billion over the 2009 to 2017 period for the Fresh Fruit and Vegetable Program under the Richard B. Russell National School Lunch Act, which provides free fresh fruits and vegetables, typically as snacks, to children in schools, with a focus on schools with a high share of students from low-income families; and

¹ P.L. 110-234 can be found at: <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR02419:@@L&summ2=m&>. The bill was enacted on May 22, 2008 after the House and Senate voted to override the President’s veto of the legislation.

² The farm bill extends the Food Stamp Program’s authorization through fiscal year 2012, but all policies are assumed to continue permanently in the baseline.

- Numerous provisions that reauthorize or amend several small domestic nutrition programs.

Provision	Description of Food Stamp Provisions of Title IV of 2008 Farm Bill
Name Change <i>Section 4001/4002</i>	Renames the Food Stamp Program the “Supplemental Nutrition Assistance Program,” or SNAP, and changes the name of the Food Stamp Act of 1977 to the Food and Nutrition Act of 2008. Also makes related conforming amendments to the Act.
Benefit Improvements	
Standard Deduction <i>Section 4102</i>	Raises the minimum standard deduction that households with one to three members receive from \$134 to \$144 in FY 2009 with annual inflation adjustments in later years. (Larger households already receive a larger, annually indexed standard deduction.) Ends erosion in food stamps’ purchasing power for about 10 million people. Will provide a typical working family an additional \$4 to \$5 a month in 2009, rising (in nominal terms) to \$17 a month by 2017. <i>CBO 9-yr cost: \$5.420 billion</i>
Dependent Care Deduction <i>Section 4103</i>	Removes the cap on the dependent care deduction and targets more food assistance to working families that are less able to afford food because of this expense. Will provide an average of almost \$500 a year to approximately 100,000 working households that pay high child care costs. <i>CBO 9-yr cost: \$500 million</i>
Minimum Benefit <i>Section 4107</i>	Raises the minimum benefit that one and two person households receive from \$10 a month to 8 percent of the thrifty food plan for a household of one (likely \$14 in FY 2009, with adjustments for food inflation in later years). Approximately 650,000 households with 780,000 people, mostly seniors or people with disabilities, will receive the higher minimum benefit. <i>CBO 9-yr cost: \$278 million</i>
Exclude Combat Pay <i>Section 4101</i>	Codifies current policy that excludes from countable income special pay received by service members who are deployed to a combat zone. <i>CBO 9-yr cost: \$2 million</i>
Food Stamp Asset Changes	
Index Asset Limits <i>Section 4104(a)</i>	Adjusts the food stamp asset limits — \$2,000 for most households and \$3,000 for households with elderly or disabled members — for annual inflation (rounded down to the nearest \$250). According to CBO’s most recent inflation projections, the asset limits will first increase to \$3,250 for households with elderly or disabled members in 2012 and \$2,250 for all other households in 2014. <i>CBO 9-yr cost: \$168 million</i>

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Exclude Retirement Accounts <i>Section 4104(b)</i>	<p>Excludes all tax-preferred retirement accounts, such as IRAs, from countable resources. According to CBO, when provision is fully phased in about 80,000 people will receive about \$125 in a typical month.</p> <p><i>CBO 9-yr cost: \$991 million</i></p>
Exclude Education Accounts <i>Section 4104(c)</i>	<p>Excludes all tax-preferred education accounts, such as 529s, from countable resources.</p> <p><i>CBO 9-yr cost: \$17 million</i></p>
Simplifications of Food Stamp Procedures	
Simplified Reporting <i>Section 4105</i>	<p>Reduces paperwork burdens on households with seniors and people with disabilities by allowing states to extend the “simplified reporting” option to them. Under the option, households in which all members are elderly or have a disability (and where no one has earnings) will be allowed to participate for 12-month periods; the only change in circumstances they will be required to report over the year will be if their household income rises above 130 percent of the poverty level. (Almost every state has adopted this policy for six-month periods for other households, as allowed under the 2002 farm bill.)</p> <p><i>CBO 9-yr cost: \$285 million</i></p>
Transitional Food Stamps <i>Section 4106</i>	<p>States currently have an option to extend 5 months of transitional food stamps to families with children that leave cash assistance programs funded under the Temporary Assistance for Needy Families (TANF) program, in order to keep families connected to food stamps as they transition from welfare to work. Some states have established separate state-funded cash assistance programs for certain groups of poor families with children because they give them greater flexibility to develop services and supports that can serve these families appropriately. This provision would allow them to extend transitional food stamps to these state-only funded programs as well as TANF.</p> <p><i>CBO 9-yr cost: \$130 million</i></p>
Food Stamp Employment and Training (FSET)	
FSET Activities <i>Section 4108</i>	<p>Makes two changes: (1) Allows FSET funds to be used for job retention services for up to 90 days after FSET participants begin employment, and (2) clarifies that FSET volunteers are not subject to the 120 hour-a-month participation limit or the requirement that the number of hours of participation not exceed the household’s food stamp benefit divided by the minimum wage.</p> <p><i>CBO 9-yr cost: \$27 million</i></p>

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FSET Funding <i>Section 4122</i>	<p>Requires that states spend annual FSET grant money within 15 months of the beginning of each fiscal year, or it ceases to be available. Previously such money was available until it was expended and could be reallocated to states that had spent their grants.</p> <p><i>CBO 9-yr cost: negligible</i></p>
Program Operations	
Clarification of Split Issuance <i>Section 4113</i>	<p>Clarifies that states may not divide individual households' monthly allotments into two or more issuances, as retailers in some states have sought. Would not prevent states from issuing food stamps on different days of the month for different households or issuing a second allotment if a benefit correction were necessary.</p>
Accrual of EBT Benefits <i>Section 4114</i>	<p>Allows states to store a household's benefits "off-line" if the household has not accessed the Electronic Benefit Transfer (EBT) account for 6 months. A state that does so must send notice to the household and make benefits available within 48 hours of a request. Requires states to "expunge" a household's benefits if the household has not accessed the account for 12 months.</p>
De-obligation of Food Stamp Coupons <i>Section 4115</i>	<p>Phases out food stamp coupons as legal tender. As of the date of enactment no more coupons may be issued. No more coupons may be redeemed as of one year after the date of enactment. Makes conforming changes to the Act to reflect EBT. Also provides that no interchange fees — the fees that card companies charge merchants — may apply to EBT transactions.</p> <p><i>CBO 9-yr cost: -\$8 million</i></p>
Review of Major Changes in Program Design <i>Section 4116</i>	<p>Requires USDA to set standards for identifying major changes in program operations and requires states implementing such changes to notify USDA and to collect data on the impact of these changes on program integrity and household access, particularly for vulnerable households.</p> <p>Also clarifies the responsibility of state agencies in states where counties administer the Food Stamp Program and requires states to keep records as necessary to determine compliance with the program rules.</p>
Civil Rights Compliance <i>Section 4117</i>	<p>Clarifies in statute that food stamp administering agencies must comply, as TANF agencies already must, with four major civil rights statutes. For most states this will have no practical effect.</p>
Codification of Bilingual Access Rules <i>Section 4118</i>	<p>Clarifies that bilingual access rules in food stamp regulations have the same legal standing as if they were in statute. For most states this will have no practical effect.</p>

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State Option for Telephonic Signature <i>Section 4119</i>	Gives states the option to allow households to apply for food stamps and establish a filing date over the telephone.
Privacy Protections <i>Section 4120</i>	Would limit use of protected private information to purposes for which it is being shared and would prohibit commercial exploitation of that data for purposes unrelated to program administration.
Preservation of Access and Payment Accuracy <i>Section 4121</i>	Requires states to adequately test and pilot new computer systems, update systems for changed policy and circumstances, and evaluate systems' effect on access and payment accuracy.
Food Stamp Program Integrity	
Civil Penalties and Disqualification for Retailer Fraud <i>Section 4132</i>	Gives USDA more flexibility in setting disqualification periods and fines for certain retailer violations, such as allowing customers to purchase non-food items with food stamp benefits. <i>CBO 9-yr cost: \$18 million revenue</i>
Major Systems Failures <i>Section 4133</i>	If USDA determines that a major systems failure in a state, for example from a failed computer system, has caused overpayments to a "substantial number of households," USDA may prohibit the state from collecting the overpayments from households. Instead, the state would be responsible for reimbursing the federal government for the claim. <i>CBO 9-yr cost: -\$9 million</i>
Eligibility Disqualifications	
Technical Clarification Regarding Eligibility <i>Section 4112</i>	In an effort to ensure that innocent people are not wrongly denied benefits, requires the Secretary to define several terms and ensure consistent application of a 1996 provision that prevents suspected criminals ("fleeing felons") from receiving food stamps.
New Eligibility Disqualifications <i>Section 4131</i>	Disqualifies individuals from food stamps for: (1) intentionally obtaining cash by using food stamps to purchase a product that has a returnable container, discarding the product, and returning the container for the deposit amount; or 2) intentionally selling food that was purchased using food stamp benefits.
Enhancing Food Stamp Program Role in Nutrition	
Food Stamp Nutrition Education Program <i>Section 4111</i>	Codifies state nutrition education activities for individuals who are eligible for food stamps as a specific component of the Food Stamp Program, and updates authorization language. Nutrition Education activities must promote healthy food choices consistent with the most recent Dietary Guidelines. To the maximum extent possible states must notify eligible participants and applicants of the availability of nutrition education.

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<p>Pilot Projects on Obesity, Nutrition Promotion, and Health <i>Section 4141</i></p>	<p>Provides \$20 million for the Secretary to conduct and rigorously evaluate a pilot test that would provide incentives in supermarkets and other food stores to encourage food stamp households to purchase fruits, vegetables, or other healthy foods.</p> <p>Authorizes appropriations for pilots to test additional strategies of using the Food Stamp Program to improve the dietary and health status of food stamp recipients and reduce obesity.</p> <p><i>CBO 9-yr cost: \$20 million</i></p>
<p>Changes to Other Programs under, or Related to, the Food Stamp Act</p>	
<p>Feasibility Study of Comparable Access for Puerto Rico <i>Section 4142</i></p>	<p>Requires the Secretary to conduct a study of the feasibility and effects of treating Puerto Rico the same as one of the states in lieu of the block grant it currently receives. Includes assessment of the administrative impact, the appropriate income eligibility, benefit, and deduction levels, and the effect on low-income Puerto Ricans. Appropriates \$1 million for the study.</p> <p><i>CBO 9-yr cost: \$1 million</i></p>
<p>Food Distribution Program on Indian Reservations (FDPIR) <i>Section 4211</i></p>	<p>Amends the authorization for FDPIR, which some American Indians may receive in lieu of food stamps:</p> <ol style="list-style-type: none"> 1) disqualifies from food stamps any individual who is disqualified from FDPIR; 2) authorizes \$5 million a year in appropriations for the Secretary to purchase traditional and locally grown foods for the program; 3) includes a separate authorization of appropriations for the purchase of bison meat; and 4) requires the Secretary to submit a report on the FDPIR food package in terms of its adequacy compared to food stamps, and other factors.
<p>State Performance on Enrolling Children Receiving Food Stamps for Free School Meals <i>Section 4301</i></p>	<p>Requires USDA to submit to Congress annually a report on the effectiveness of each state in automatically enrolling school-aged children for free school meals using “direct certification” based on their food stamp participation, including best practices.</p>
<p>Food Stamps Act Reauthorization</p>	
<p>Reauthorization <i>Section 4406</i></p>	<p>Extends the Food Stamp Act, including: participation grants, FSET, cost allocation, the Puerto Rico block grant, Community Food Projects, and TEFAP commodity purchases.</p>
<p>Effective Date <i>Section 4407</i></p>	<p>Except where otherwise provided, all provisions take effect on October 1, 2008.</p>