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U.S. House of Representatives Committee on Agriculture

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April 27, 2012

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The Honorable Paul Ryan
Chairman
Committee on the Budget
207 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am transmitting herewith the recommendations of the Committee on Agriculture with respect to the reconciliation bill for fiscal year 2013, provided under House Concurrent Resolution 112, the Concurrent Resolution on the Budget for Fiscal Year 2013 and as modified by H. Res. 614.

The enclosed recommendations were adopted by this Committee in a business meeting on April 18, 2012, in the presence of a quorum. Enclosed please find a hard copy of the Committee's recommendations on Title I—Agriculture; Section-by-Section; Purpose and Need; Committee Consideration; CBO score; and the remainder of the contents as required, including a set of Minority Views.

With best wishes, I am

Sincerely,



Frank D. Lucas
Chairman

Enclosure

Committee on Agriculture

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1 **TITLE I—AGRICULTURE**

2 **SEC. 101. SHORT TITLE.**

3 This title may be cited as the “Agricultural Reconcili-
4 ation Act of 2012”.

5 **SEC. 102. ARRA SUNSET AT JUNE 30, 2012.**

6 Section 101(a)(2) of division A of the American Re-
7 covery and Reinvestment Act of 2009 (Public Law 111–
8 5; 123 Stat. 120) is amended by striking “October 31,
9 2013” and inserting “June 30, 2012”.

10 **SEC. 103. CATEGORICAL ELIGIBILITY LIMITED TO CASH AS-**
11 **SISTANCE.**

12 Section 5 of the Food and Nutrition Act of 2008 (7
13 U.S.C. 2014) is amended—

14 (1) in the 2d sentence of subsection (a) by
15 striking “households in which each member receives
16 benefits” and inserting “households in which each
17 member receives cash assistance”, and

18 (2) in subsection (j) by striking “or who re-
19 ceives benefits under a State program” and inserting
20 “or who receives cash assistance under a State pro-
21 gram”.

1 **SEC. 104. STANDARD UTILITY ALLOWANCES BASED ON THE**
2 **RECEIPT OF ENERGY ASSISTANCE PAY-**
3 **MENTS.**

4 (a) STANDARD UTILITY ALLOWANCE.—Section 5 of
5 the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is
6 amended—

7 (1) in subsection (e)(6)(C) by striking clause
8 (iv), and

9 (2) in subsection (k) by striking paragraph (4)
10 and inserting the following:

11 “(4) THIRD PARTY ENERGY ASSISTANCE PAY-
12 MENTS.—For purposes of subsection (d)(1), a pay-
13 ment made under a State law (other than a law re-
14 ferred to in paragraph (2)(G)) to provide energy as-
15 sistance to a household shall be considered money
16 payable directly to the household.”.

17 (b) CONFORMING AMENDMENTS.—Section
18 2605(f)(2) of the Low-Income Home Energy Assistance
19 Act of 1981 (42 U.S.C. 8624(f)(2)) is amended—

20 (1) by striking “and for purposes of deter-
21 mining any excess shelter expense deduction under
22 section 5(e) of the Food and Nutrition Act of 2008
23 (7 U.S.C. 2014(e))”, and

24 (2) in subparagraph (A) by inserting before the
25 semicolon the following: “, except that such pay-
26 ments or allowances shall not be deemed to be ex-

1 pended for purposes of determining any excess shel-
2 ter expense deduction under section 5(e)(6) of the
3 Food and Nutrition Act of 2008 (7 U.S.C.
4 2014(e)(6))”.

5 **SEC. 105. EMPLOYMENT AND TRAINING; WORKFARE.**

6 (a) ADMINISTRATIVE COST-SHARING FOR EMPLOY-
7 MENT AND TRAINING PROGRAMS.—

8 (1) IN GENERAL.—Section 16 of the Food and
9 Nutrition Act of 2008 (7 U.S.C. 2025) is amend-
10 ed—

11 (A) in subsection (a) by inserting “(other
12 than a program carried out under section
13 6(d)(4) or section 20)” after “supplemental nu-
14 trition assistance program” the 1st place it ap-
15 pears, and

16 (B) in subsection (h)—

17 (i) by striking paragraphs (2) and (3),

18 and

19 (ii) by redesignating paragraphs (4)
20 and (5) as paragraphs (2) and (3), respec-
21 tively.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 17(b)(1)(B)(iv)(III)(hh) of the
24 Food and Nutrition Act of 2008 (7 U.S.C.
25 2026(b)(1)(B)(iv)(III)(hh)) is amended by

1 striking “(g), (h)(2), or (h)(3)” and inserting
2 “or (g)”.

3 (B) Section 22(d)(1)(B)(ii) of the Food
4 and Nutrition Act of 2008 (7 U.S.C.
5 2031(d)(1)(B)(ii)) is amended is amended by
6 striking “, (g), (h)(2), and (h)(3)” and insert-
7 ing “and (g)”.

8 (b) ADMINISTRATIVE COST-SHARING AND REIM-
9 BURSEMENTS FOR WORKFARE.—Section 20 of the Food
10 and Nutrition Act of 2008 (7 U.S.C. 2029) is amended
11 by striking subsection (g).

12 **SEC. 106. END STATE BONUS PROGRAM FOR THE SUPPLE-**
13 **MENTAL NUTRITION ASSISTANCE PROGRAM.**

14 Section 16 of the Food and Nutrition Act of 2008
15 (7 U.S.C. 2025) is amended by striking subsection (d).

16 **SEC. 107. FUNDING OF EMPLOYMENT AND TRAINING PRO-**
17 **GRAMS.**

18 For purposes of fiscal year 2013, the reference to
19 \$90,000,000 in section 16(h)(1)(A) of the Food and Nu-
20 trition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) shall be
21 deemed to be a reference to \$79,000,000.

22 **SEC. 108. TURN OFF INDEXING FOR NUTRITION EDU-**
23 **CATION AND OBESITY PREVENTION.**

24 Section 28(d) of the Food and Nutrition Act of 2008
25 (7 U.S.C. 2037(d)) is amended by striking “years—” and

1 all that follows through the period at the end, and insert-
2 ing “years, \$375,000,000.”.

3 **SEC. 109. EXTENSION OF AUTHORIZATION OF FOOD AND**
4 **NUTRITION ACT OF 2008.**

5 Section 18(a)(1) of the Food and Nutrition Act of
6 2008 (7 U.S.C. 2027(a)(1)) is amended by striking
7 “2012” and inserting “2013”.

8 **SEC. 110. EFFECTIVE DATES AND APPLICATION OF AMEND-**
9 **MENTS.**

10 (a) **GENERAL EFFECTIVE DATE.**—Except as pro-
11 vided in subsection (b), this title and the amendments
12 made by this title shall take effect on October 1, 2012,
13 and shall apply only with respect to certification periods
14 that begin on or after such date.

15 (b) **SPECIAL EFFECTIVE DATE.**—Section 107 and
16 the amendments made by sections 102, 103, 104, and 109
17 shall take effect on the date of the enactment of this Act
18 and shall apply only with respect to certification periods
19 that begin on or after such date.

TITLE I – AGRICULTURAL PROGRAMS

BRIEF EXPLANATION

The Agricultural Reconciliation Act of 2012 reduces spending within the jurisdiction of the Committee on Agriculture as required by H. Con. Res. 112, establishing the budget for the United States Government for fiscal year 2013 and setting forth appropriate budgetary levels for fiscal years 2014 through 2022, as passed by the House of Representatives on March 29, 2012, as modified by H. Res. 614.

PURPOSE AND NEED

The House Budget Resolution, H. Con. Res. 112, as modified by H. Res. 614, included reconciliation instructions directing the Committee on Agriculture to report changes in laws within its jurisdiction that result in 1, 5, and 10 year savings estimates of \$7.7 billion, \$19.7 billion, and \$33.2 billion respectively.

The nation faces a severe debt crisis with approximately \$16 trillion in federal debt and counting. The House is doing its part to take a serious, common sense look at all programs and spending trends across the entire federal budget in order to address our nation's mounting debt. It is unrealistic to think that we can meet these pressing challenges without reducing federal spending. As in previous reconciliation bills, the Committee on Agriculture has shown willingness to do its part to ensure our nation's fiscal well being.

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the food stamp program, has seen an unprecedented growth in participation and cost over the past ten years, now accounting for almost 80 percent of the Committee's mandatory spending. Since 2002, the cost of SNAP has nearly tripled, increasing by 270 percent while participation has more than doubled. Consequently, the Committee agreed to achieve our directed savings by reducing SNAP spending by \$35.8 billion over ten years, which represents only a four percent cut to the program. When programs within the Committee's jurisdiction soar well beyond historical participation and spending patterns, it is the Committee's duty to know why these programs are seeing such a surge and take action if necessary.

These changes to SNAP are reasonable and credible approaches that will increase the integrity of the program. The provisions passed by the House Committee on Agriculture will close program loopholes, significantly reduce waste and abuse within the program, eliminate costs that taxpayers can no longer afford, and ensure the program continues to serve those who are most in need of food assistance according to the rule of law. It is the Committee's clear intent that none of the provisions passed by the Committee prevent families who qualify for assistance under SNAP law from receiving their benefits.

The first provision closes a loophole in SNAP regarding how Low Income Home Energy Assistance Program (LIHEAP) payments interact with SNAP benefit calculation. Current law allows low-income households receiving *any* amount of LIHEAP assistance, even \$1, to automatically qualify for the SNAP Standard Utility Allowance (SUA). In the last several years,

approximately 16 states and the District of Columbia have been taking advantage of this loophole to bring more SNAP benefits to their states.

In practice, if a participant receives \$1 in LIHEAP, they can automatically deduct the SUA from their income. Therefore, their net income is reduced, and they subsequently receive a higher amount in SNAP benefits. According to a newsletter provided by the U.S. Department of Health and Human Services, Administration for Children and Families, an annual \$1 LIHEAP benefit in New York will provide an average monthly hike in SNAP benefits of \$131 for nearly 90,000 households in New York City. Similarly, an Associated Press article reported that the state of Washington sent out \$1 LIHEAP checks to trigger an additional \$43 million in SNAP benefits. The agreed to provision will end this egregious practice that uses the interaction between LIHEAP and SNAP to abuse the program. Under this provision, LIHEAP payments will no longer automatically trigger the SUA deduction, thus saving the taxpayers \$14.3 billion over ten years.

States also have the option of using “categorical eligibility,” or automatic eligibility, which allows those receiving benefits from other specified low-income assistance programs to be eligible for SNAP. These other programs are Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or other state general assistance programs. TANF assistance can be in the form of cash or non-cash benefits (i.e. informational brochures, or access to an informational 800-number). When states implement categorical eligibility, these households do not need to meet SNAP asset or gross income tests. As of January 2012, 43 jurisdictions (40 States, the District of Columbia, Guam, and the U.S. Virgin Islands) have implemented “broad-based” categorical eligibility. These jurisdictions generally make all households with incomes below a state-determined income threshold eligible for SNAP.

This Administration has been actively encouraging states to implement this policy as demonstrated through various U.S. Department of Agriculture (USDA) memos. One memo dated March 18, 2010, states, “With broad-based categorical eligibility, state agencies can effectively raise the income limit and raise or eliminate the asset test. A de facto elimination of the asset test through broad-based categorical eligibility saves administrative costs because state agencies do not have to devote staff time towards verifying assets, and makes it easier for families to apply for SNAP because they do not have to provide verification of their assets.”

There was public outrage when the press reported that two lottery winners, both receiving more than \$1 million in winnings, were also found to have been receiving SNAP assistance, even after collecting their winnings. When lottery winners choose to receive one lump sum payment for their winnings, that money is considered an asset. Under broad-based categorical eligibility, there are 39 states that do not verify assets when determining SNAP eligibility, thus creating a loophole for lottery winners and anyone with substantial assets. This reform to SNAP law would put an end to lottery winners receiving SNAP as states will have to review assets in determining SNAP eligibility.

The *Cincinnati Enquirer* also printed an article that proves how wasteful states can be with taxpayer dollars when they implement broad-based categorical eligibility and no longer take into account assets. The article reports that a woman qualified for \$500 a month in SNAP benefits

after she lost her job, even though she had \$80,000 in her bank account, a paid-off \$311,000 home, and a Mercedes.

This provision would restrict categorical eligibility to only those households receiving cash assistance from SSI, TANF, or a state-run General Assistance program, saving taxpayers \$11.7 billion over ten years. Merely, receiving a TANF-funded brochure or a referral to an “800” number telephone hotline would no longer automatically make a household SNAP eligible. It is estimated that 3.9 percent of the 46.4 million people currently enrolled in SNAP would be affected by this provision. Those who no longer have categorical eligibility status under the amended provision would have the opportunity to be reviewed for SNAP eligibility independent of their status as a TANF beneficiary. And those who receive cash assistance from SSI, TANF, or a state-run General Assistance program will still be categorically eligible for SNAP. By refining the eligibility requirements, this proposal ensures that those most in need will continue to receive assistance.

Third, the Committee followed the example from the previous majority and agreed to terminate an artificial increase in SNAP benefits. The American Recovery and Reinvestment Act (ARRA) included an across-the-board increase in SNAP benefits effective in April 2009. The ARRA effectively replaced the increase in SNAP benefits that occurs based on annual food-price inflation indexing. The ARRA benefit originally terminated after FY2018, when food-price inflation was estimated to "catch up" with the ARRA increase. The Congressional Budget Office (CBO) originally projected the ARRA increase to last through FY 2018 at an additional benefit cost of \$57 billion.

In the 111th Congress, when the Democrat majority needed to pay for other “priorities,” including a teacher’s union bailout and increasing school meal standards, the ARRA SNAP increase was cut **twice** to offset these other two laws. They achieved their offsets by moving up the ARRA termination date to March 31, 2014, to cut \$11.9 billion from SNAP to help pay for P.L. 111-226. Then they moved the ARRA termination date to October 31, 2013, to cut \$2.5 billion from SNAP to help pay for P.L. 111-296. While many Democrats have talked about restoring these cuts, an overwhelming majority of Democrats voted for both the laws that benefited from an offset from SNAP benefits totaling almost \$14.5 billion.

This provision terminates the ARRA increase on July 1, 2012, and reinstates the law that calculates SNAP benefits based on food-price inflation, rather than an arbitrary number. SNAP benefits will still be able to rise with the growing cost of food as stated in SNAP law. Rather than redirect these funds towards more bureaucracy, this provision will provide \$5.9 billion towards deficit reduction.

Next, the Committee agreed to eliminate the cost share for the SNAP Employment and Training (E&T) program. While States are technically required to provide E&T programs, the program has been historically underutilized. For example, fewer than 7 percent of all SNAP recipients participated in a SNAP E&T program in FY2009.

States have great flexibility in how they implement their program and who they serve; relatively few SNAP participants are subject to work requirements. Recently, almost half of the states

have been exercising their authority to exempt all SNAP recipients from participation in E&T and operate their programs on an entirely voluntary basis, which means participants are choosing whether or not they want to participate in this program.

In addition to being underutilized, this program is duplicative. According to a GAO report from January 2011, almost all federal E&T programs overlap with at least one other program in that they provide similar services to similar populations. GAO reported there are 47 federal E&T programs at an annual cost of \$18 billion.

For the SNAP E&T program, states receive a combination of formula grants and reimbursements for qualifying expenses. Currently, \$90 million per year is allocated to the states under a formula to fund their respective E&T programs. In addition to the formula grants, the federal government will provide reimbursements to states of up to 50 percent for administrative costs as well as E&T participant expenses directly related to participation in the program. This portion of funding is referred to as the 50-50 cost share funds, and is not capped.

Because the FY2012 Agriculture Appropriations Act reduced the federal grant funding from \$90 million to \$79 million, the Committee agreed to continue the grant funding at \$79 million per the appropriations law. While the federal grant funding has been subject to rescissions, the Committee kept the formula grants to assist states in administering the program. However, the Committee eliminated the 50-50 cost share reimbursement for SNAP E&T. States can continue to invest their own funding as well as leverage funding from the public and private sector as they currently do; this provision would no longer allow USDA to provide the reimbursement, saving taxpayers \$3.1 billion over ten years.

The Committee also passed a provision to eliminate indexing on the SNAP nutrition education program. States provide nutrition education to SNAP participants to encourage them to make healthy food choices within a limited budget and to choose a physically active lifestyle. Current funding for this program is \$375 million and indexed for inflation each fiscal year. The Committee agreed to keep the base funding for this program and eliminate indexing, saving \$546 million over ten years. Given the federal deficit, it is no longer fiscally responsible to allow programs to grow on “auto-pilot” year after year.

Finally, the Committee eliminated state performance bonuses, saving \$480 million over ten years. States are responsible for administering the SNAP program and it is their duty to process applications in a timely manner, ensure households receive the accurate amount of SNAP benefits, and make certain the program is administered in the most effective and efficient manner. When a state receives a bonus from USDA, there is no requirement that they reinvest the funds back into SNAP; it can simply be absorbed into the state’s budget. In this economic climate it is very difficult to justify awarding states bonuses for practices that should be the daily operating procedure. This provision would end bonuses that are given to states for essentially doing their job.

While the SNAP program comprises almost 80 percent of the Committee on Agriculture’s mandatory spending, these reductions only account for about 3.5 percent of total spending over ten years. Every one of these provisions represents common sense and good government in a

time that requires fiscal restraint. The Committee closed loopholes, reduced waste and abuse, and ended arbitrary policies that are artificially inflating the costs of the program.

Some states have taken great liberties in administering the program, as encouraged by this Administration, and those practices must end. Encouraging states to stretch policies beyond the original intent of the law further proves this Administration has no regard for ensuring hard-earned taxpayer dollars are spent wisely.

Other laws and programs have been circumventing SNAP law for far too long that simply add more costs to the program. These provisions return the program to the purpose of the original SNAP law and prevent other programs from becoming the de facto administrator of SNAP. The changes made to SNAP in the 2008 farm bill remain fully intact and will continue to benefit SNAP participants.

There is no denying that SNAP provides important support for many Americans and these provisions further protect that program. The Committee wants to ensure the integrity of this program so we can continue to provide nutrition assistance for those who are in need. Under these provisions, any household that qualifies for SNAP and meets the SNAP eligibility requirements will continue to be eligible for and receive benefits from the program. The Committee on Agriculture is better targeting the program to serve those in need while continuing the long standing tradition that the Committee has always been willing to do its part to ensure the fiscal well being of our nation.

SECTION-BY-SECTION

SEC. 101. Short Title.

Section 101 is the short title.

SEC. 102. ARRA Sunset at June 30, 2012.

Section 102 amends the American Recovery and Reinvestment Act of 2009 (ARRA) by terminating on July 1, 2012 the increased Supplemental Nutrition Assistance Program benefits provided under the Act.

SEC. 103. Categorical Eligibility Limited to Cash Assistance.

Section 103 amends the Food and Nutrition Act of 2008 to restrict categorical eligibility for the Supplemental Nutrition Assistance Program to only those households receiving cash assistance through other low-income assistance programs.

SEC. 104. Standard Utility Allowances Based on the Receipt of Energy Assistance Payments.

Section 104 amends the Food and Nutrition Act of 2008 by striking a provision that requires a state agency using a standard utility allowance to provide the allowance to each

household that receives any payment under the Low Income Home Energy Assistance Act of 1981.

SEC. 105. Employment and Training; Workfare.

Section 105 amends the Food and Nutrition Act of 2008 by striking a provision that provides a cost share to states for certain expenses incurred in operating an employment and training program.

SEC. 106. End State Bonus Program for the Supplemental Nutrition Assistance Program.

Section 106 amends the Food and Nutrition Act of 2008 by eliminating the performance bonuses provided to states for effectively administering the Supplemental Nutrition Assistance Program.

SEC. 107. Funding of Employment and Training Programs.

Section 107 amends the Food and Nutrition Act of 2008 by reducing the allocation to State agencies to carry out employment and training programs for fiscal year 2013 to \$79,000,000.

SEC. 108. Turn Off Indexing for Nutrition Education and Obesity Prevention.

Section 108 amends the Food and Nutrition Act of 2008 by eliminating indexing on the Nutrition Education and Obesity Prevention Grant Program.

SEC. 109. Extension of Authorization of Food and Nutrition Act of 2008.

Section 109 amends the Food and Nutrition Act of 2008 by extending the authorization for appropriations to carry out the Act through fiscal year 2013.

SEC. 110. Effective Dates and Application of Amendments.

Section 110 provides the effective dates of the amendments.

COMMITTEE CONSIDERATION

The Committee on Agriculture met, pursuant to notice, with a quorum present, on April 18, 2012, to consider the Agricultural Reconciliation Act of 2012, with respect to the instructions provided under H.Con.Res. 112, the Concurrent Resolution on the Budget, as modified by H.Res. 614.

Chairman Lucas offered an opening statement as did Ranking Member Peterson. Without objection the Agricultural Reconciliation Act was placed before the Committee for consideration, a first reading of the bill was waived and it was opened for amendment at any point.

Discussion occurred and there being no amendments, Mr. Goodlatte offered a motion that the Committee favorably report the bill to the Committee on the Budget for insertion in the Reconciliation Bill. By voice vote, the motion was agreed to.

Mr. Peterson reserved the right for minority views to be included with the report for submission to the Budget Committee.

Chairman Lucas advised Members that pursuant to the rules of the House of Representatives that Members have 2 calendar days to file such views with the Committee.

Without objection, staff were given permission to make any necessary clerical, technical or conforming changes to reflect the intent of the Committee.

Chairman Lucas thanked all the Members and adjourned the meeting.

REPORTING THE BILL – ROLL CALL VOTES

In compliance with clause 3(b) of Rule XIII of the House of Representatives, Agricultural Reconciliation Act of 2012 was reported by voice vote with a majority quorum present. There was no request for a recorded vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives, the Committee on Agriculture's oversight findings and recommendations are reflected in the body of this report.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives, the performance goals and objections of this legislation are to reduce spending within the jurisdiction of the Committee on Agriculture as required by H.Con.Res. 112, the Concurrent Resolution on the Budget for Fiscal Year 2013 and as modified by H.Res. 614.

CONSTITUTIONAL AUTHORITY STATEMENT

The Committee finds the Constitutional authority for this legislation in Article I, section 8, clause 18, that grants Congress the power to make all laws necessary and proper for carrying out the powers vested by Congress in the Constitution of the United States or in any department or officer thereof.

BUDGET ACT COMPLIANCE (SECTIONS 308, 402, AND 423)

The provisions of clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:



14



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

April 23, 2012

Honorable Frank D. Lucas
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for the Agricultural Reconciliation Act of 2012.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen FitzGerald, who can be reached at 226-2820.

Sincerely,

A handwritten signature in cursive script that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Enclosure

cc: Honorable Collin C. Peterson
Ranking Member



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 23, 2012

Agricultural Reconciliation Act of 2012
As approved by the House Committee on Agriculture on April 18, 2012

SUMMARY

The Agricultural Reconciliation Act of 2012 would make several changes to the Supplemental Nutrition Assistance Program (SNAP) and extend its authorization for one year. CBO estimates that enacting this legislation would reduce direct spending by \$5.6 billion in 2013 and by \$33.7 billion over the 2013-2022 period, relative to CBO's March 2012 baseline projections. Those estimates are based on CBO's assumption that the legislation will be enacted on or near October 1, 2012.

In addition, the Chairman of the House Committee on the Budget has directed CBO to prepare estimates assuming a July 1, 2012, enactment date for this year's reconciliation proposals. If the legislation were enacted by that earlier date, some of the SNAP proposals would result in greater reductions in direct spending than those estimated assuming an October 1 enactment date. Under the alternative assumption of a July 1 enactment date, CBO estimates that the SNAP proposals would reduce direct spending by \$7.8 billion over the 2012-2013 period and \$35.8 billion over the 2012-2022 period.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the Agricultural Reconciliation Act of 2012 is shown in the following table (on pages 2 and 3). The costs of this legislation fall within budget function 600 (income security).

16

		By Fiscal Year, in Millions of Dollars											2012-	2012-
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022
CHANGES IN DIRECT SPENDING ASSUMING ENACTMENT OCTOBER 1, 2012														
Changes to SNAP Eligibility and Benefits														
Standard Utility Allowances														
Estimated Budget Authority	0	-750	-1,470	-1,490	-1,500	-1,470	-1,450	-1,450	-1,460	-1,470	-1,470	-6,680	-13,980	
Estimated Outlays	0	-750	-1,470	-1,490	-1,500	-1,470	-1,450	-1,450	-1,460	-1,470	-1,470	-6,680	-13,980	
Restrict Categorical Eligibility														
Estimated Budget Authority	0	-620	-1,245	-1,255	-1,255	-1,235	-1,210	-1,195	-1,180	-1,170	1,155	-5,610	-11,520	
Estimated Outlays	0	-615	-1,240	-1,255	-1,255	-1,235	-1,210	-1,195	-1,180	-1,170	1,155	-5,600	-11,510	
Benefit Increase Sunset ^a														
Estimated Budget Authority	0	-4,084	-289	0	0	0	0	0	0	0	0	-4,372	-4,372	
Estimated Outlays	0	-4,084	-289	0	0	0	0	0	0	0	0	-4,372	-4,372	
Interaction Effects														
Estimated Budget Authority	0	140	25	20	20	20	20	20	20	20	20	225	325	
Estimated Outlays	0	140	25	20	20	20	20	20	20	20	20	225	325	
Changes to Other SNAP Activities														
Employment and Training														
Estimated Budget Authority	0	-256	-295	-299	-305	-311	-317	-324	-331	-338	-346	-1,466	-3,121	
Estimated Outlays	0	-256	-295	-299	-305	-311	-317	-324	-331	-338	-346	-1,466	-3,121	
Awards and Grants														
Estimated Budget Authority	0	-68	-74	-80	-87	-95	-104	-114	-124	-135	-145	-404	-1,026	
Estimated Outlays	0	-68	-74	-80	-87	-95	-104	-114	-124	-135	-145	-404	-1,026	
Total Changes in Direct Spending														
Estimated Budget Authority	0	-5,638	-3,347	-3,104	-3,127	-3,091	-3,061	-3,063	-3,075	-3,093	-3,096	-18,307	-33,694	
Estimated Outlays	0	-5,633	-3,342	-3,104	-3,127	-3,091	-3,061	-3,063	-3,075	-3,093	-3,096	-18,297	-33,684	

(Continued)

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes the bill will be enacted on or near October 1, 2012, as shown in the first panel of the table (above). As directed by the Chairman of the House Budget Committee, CBO has also prepared a set of estimates based on the assumption that the legislation is enacted by July 1, 2012. Those alternative estimates are presented on the second panel of the table (on the next page).

By Fiscal Year, in Millions of Dollars

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
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CHANGES IN DIRECT SPENDING ASSUMING ENACTMENT JULY 1, 2012
(Per the Direction of the Chairman of the House Committee on the Budget)

Changes to SNAP Eligibility and Benefits

Standard Utility Allowances													
Estimated Budget Authority	-30	-1,070	-1,470	-1,490	-1,500	-1,470	-1,450	-1,450	-1,460	-1,470	1,470	-7,030	-14,330
Estimated Outlays	-30	-1,070	-1,470	-1,490	-1,500	-1,470	-1,450	-1,450	-1,460	-1,470	1,470	-7,030	-14,330
Restrict Categorical Eligibility													
Estimated Budget Authority	-25	-875	-1,245	-1,255	-1,255	-1,235	-1,210	-1,195	-1,180	-1,170	-1,155	-5,890	-11,800
Estimated Outlays	-25	-870	-1,240	-1,255	-1,235	-1,210	-1,195	-1,180	-1,170	-1,155		-5,880	-11,790
Benefit Increase Sunset^a													
Estimated Budget Authority	-675	-5,000	-289	0	0	0	0	0	0	0	0	-5,963	-5,963
Estimated Outlays	-675	-5,000	-289	0	0	0	0	0	0	0	0	-5,963	-5,963
Interaction Effects													
Estimated Budget Authority	10	205	25	20	20	20	20	20	20	20	20	300	400
Estimated Outlays	10	205	25	20	20	20	20	20	20	20	20	300	400

Changes to Other SNAP Activities

Employment and Training													
Estimated Budget Authority	0	-256	-295	-299	-305	-311	-317	-324	-331	-338	-346	-1,466	-3,121
Estimated Outlays	0	-256	-295	-299	-305	-311	-317	-324	-331	-338	-346	-1,466	-3,121
Awards and Grants													
Estimated Budget Authority	0	-68	-74	-80	-87	-95	-104	-114	-124	-135	-145	-404	-1,026
Estimated Outlays	0	-68	-74	-80	-87	-95	-104	-114	-124	-135	-145	-404	-1,026
Total Changes in Direct Spending													
Estimated Budget Authority	-720	-7,064	-3,347	-3,104	-3,127	-3,091	-3,061	-3,063	-3,075	-3,093	-3,096	-20,453	-35,840
Estimated Outlays	-720	-7,059	-3,342	-3,104	-3,127	-3,091	-3,061	-3,063	-3,075	-3,093	-3,096	-20,443	-35,830

Memorandum:

Spending for SNAP Under CBO's March 2012 Baseline	80,993	81,986	79,886	80,048	79,679	78,089	76,637	75,388	74,274	73,497	72,624	480,682	853,102
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Notes: Components may not sum to totals because of rounding.

SNAP = Supplemental Nutrition Assistance Program.

- a. The benefit increase, originally provided in the American Recovery and Reinvestment Act, was previously designated as spending for an emergency requirement.

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Changes to SNAP Eligibility and Benefits

The Agricultural Reconciliation Act of 2012 would make several changes to the amount of SNAP benefits that households receive as well as eligibility for the program. In particular, the legislation would change the terms for granting heating and cooling (utility) allowances under SNAP, restrict the automatic extension of SNAP eligibility for individuals in households that receive assistance under certain other federal programs, and accelerate the sunset date for enhanced SNAP benefits pursuant to a provision enacted in the American Recovery and Reinvestment Act of 2009 (ARRA). Together, those provisions would reduce direct spending by about \$29.5 billion over the 2012-2022 period, assuming enactment on October 1, 2012; and by about \$31.7 billion over the same period under the July 1 enactment assumption.

Standard Utility Allowances. Under current law, households qualify for a Heating and Cooling Standard Utility Allowance (HCSUA) if they provide proof that they pay heating or cooling expenses or receive assistance through the Low-Income Home Energy Assistance Program (LIHEAP). The Agriculture Committee’s proposal would eliminate the automatic qualification for those allowances for SNAP households who receive energy assistance. Some states currently send nominal LIHEAP benefit amounts (typically between \$1 and \$5, and typically only once per year) to SNAP participants to automatically qualify them for the utility allowance. The value of the HCSUA is used, along with other factors, to determine the amount of housing expenses that households can deduct from their income.

The legislation would eliminate that automatic qualification and require all households to provide proof that they paid heating or cooling expenses to claim the utility allowance. CBO estimates that under this provision about 1.3 million households would have their SNAP benefits reduced by an average of \$90 per month. CBO estimates that about 80 percent of households with reduced benefits would be those that qualify for the HCSUA under current law through their receipt of nominal LIHEAP benefits (as described above). We estimate that this provision would reduce direct spending by \$14.0 billion over the 2012-2022 period, assuming enactment on October 1, 2012. (Assuming a July 1, 2012, enactment date, CBO estimates that this provision would reduce direct spending by \$14.3 billion over the 2012-2022 period.)

Restrict Categorical Eligibility. Individuals in households in which all members receive cash assistance from the Temporary Assistance to Needy Families Program (TANF), Supplemental Security Income, or similar state cash assistance programs are considered automatically eligible for SNAP and are not subject to the program’s income and asset requirements. States currently have the option to extend such *categorical eligibility* to households that receive or are eligible to receive non-cash services through TANF.

The legislation would restrict categorical eligibility to only households receiving cash assistance. Based on data from the Department of Agriculture, 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. In addition, about 280,000 school-age children in those households would no longer be automatically eligible for free school meals through their receipt of SNAP benefits. Assuming enactment on October 1, 2012, CBO estimates that this provision would lower direct spending by \$11.5 billion over the 2012-2022 period. (We estimate the reduction would be \$11.8 billion for a July 1, 2012, enactment date.)

Benefit Increase Sunset. The maximum SNAP benefit is determined by the cost of the Thrifty Food Plan—a basket of goods selected by the Department of Agriculture to provide a nutritious diet—published in June of each year. The American Recovery and Reinvestment Act of 2009 raised the maximum SNAP benefit in 2009 by 13.6 percent and held it at that amount until the annual inflation adjustment exceeded that amount. Subsequent legislation established a sunset date of October 31, 2013, for this increase. ARRA designated this temporary benefit increase as an emergency requirement.

The legislation would accelerate the sunset date for the ARRA benefit increase to June 30, 2012. Based on discussions with states, CBO expects that states would need about two months to implement the benefit calculation change in their payment systems. As a result, we assume that the effective date for the change in benefits will be after August 31, 2012. CBO estimates that in fiscal year 2013, the maximum benefit for a household of four would be \$34 lower than it would have been under current law. In total, CBO estimates enacting this provision would reduce direct spending by nearly \$6.0 billion if the legislation is enacted by July 1, 2012, but the savings would drop to \$4.4 billion if the legislation is not enacted until October 1, 2012.

Interaction Effects. Changes to standard utility allowances and benefit amounts set by ARRA would reduce benefit amounts that households receive; restricting categorical eligibility would reduce the total number of households receiving SNAP. Therefore, the estimated savings from each provision would be reduced if all three were enacted simultaneously. Accounting for the interactions of those provisions, CBO estimates that the total savings would decline by \$325 million over the 2013-2022 period for an assumed enactment on October 1, 2012. (CBO estimates that the interaction effect would be \$400 million for the July 1 enactment date.)

Changes to Other SNAP Activities

The Agricultural Reconciliation Act of 2012 also would make changes to the level of administrative and award funding under SNAP. Finally, it would reauthorize SNAP through fiscal year 2013. Those changes would reduce direct spending by about \$4.1 billion over the 2012-2022 period for both enactment date assumptions.

Employment and Training Funding. Under current law, states receive a base grant to fund employment and training activities for SNAP participants. In addition, the federal government shares costs above that amount with states on a matching basis. The legislation would eliminate the authority for the federal government to provide such additional funds above the base grant level. As a result of that reduction in funding, CBO estimates that a small number of nondisabled adults without children, who are subject to a work requirement in order to receive SNAP benefits, would lose eligibility if states scale back their employment and training activities. In total, CBO estimates that this provision would lower direct spending by \$3.1 billion over the 2012-2022 period.

Awards and Grants. The proposal also would eliminate \$48 million in annual funding for awards to states with high or improved performance in administering SNAP. The legislation also would eliminate the annual inflation adjustment of grants to states for nutrition education. CBO estimates that these two provisions together would reduce direct spending by \$1.0 billion over the 2012-2022 period.

Program Extensions. The Food, Conservation, and Energy Act of 2008 authorized SNAP through 2012. The reconciliation proposal would extend the program through the end of fiscal year 2013. Under the assumptions underlying CBO's March 2012 baseline projections, we estimate that extending the program for one year would result in outlays of \$82 billion in 2013. Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, this extension is assumed in CBO's current baseline projections and has no cost relative to that baseline.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

For large entitlement programs such as SNAP, UMRA defines an increase in the stringency of conditions as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. The legislation would decrease federal payments to states for administering employment and training services under SNAP. CBO estimates that the decrease in federal aid would total \$256 million in 2013 and \$3.1 billion over the 2012-2022 period. However, because states have flexibility to amend their employment and training services to offset those costs, the decrease in federal aid would not impose an intergovernmental mandate as defined in UMRA.

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ESTIMATED IMPACT ON THE PRIVATE SECTOR

The legislation contains no new private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Kathleen FitzGerald and Emily Holcombe
Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum
Impact on the Private Sector: Jimmy Jin

ESTIMATE APPROVED BY:

Peter H. Fontaine
Assistant Director for Budget Analysis



CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

* * * * *

DIVISION A—APPROPRIATIONS PROVISIONS

* * * * *

GENERAL PROVISIONS—THIS TITLE

SEC. 101. Temporary Increase in Benefits Under the Supplemental Nutrition Assistance Program. (a) MAXIMUM BENEFIT INCREASE.—

(1) * * *

(2) TERMINATION.—The authority provided by this subsection shall terminate after [October 31, 2013] *June 30, 2012*.

* * * * *

FOOD AND NUTRITION ACT OF 2008

* * * * *

ELIGIBLE HOUSEHOLDS

SEC. 5. (a) Participation in the supplemental nutrition assistance program shall be limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet. Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and section 3(n)(4), [households in which each member receives benefits] *households in which each member receives cash assistance* under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the supplemental nutrition assistance program. Except for sections 6, 16(e)(1), and section 3(n)(4), households in which each member receives benefits under a State or local general assistance program that complies with

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standards established by the Secretary for ensuring that the program is based on income criteria comparable to or more restrictive than those under subsection (c)(2), and not limited to one-time emergency payments that cannot be provided for more than one consecutive month, shall be eligible to participate in the supplemental nutrition assistance program. Assistance under this program shall be furnished to all eligible households who make application for such participation.

- * * * * *
- (e) DEDUCTIONS FROM INCOME.—
- (1) * * *
- * * * * *
- (6) EXCESS SHELTER EXPENSE DEDUCTION.—
- (A) * * *
- * * * * *
- (C) STANDARD UTILITY ALLOWANCE.—
- (i) * * *
- * * * * *

[(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

[(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

[(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

[(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of clause (ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

[(IV) PRORATION OF ASSISTANCE.—For the purpose of the supplemental nutrition assistance program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42

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U.S.C. 8621 et seq.) shall be considered to be pro-
rated over the entire heating or cooling season for
which the assistance was provided.】

* * * * *

(j) Notwithstanding subsections (a) through (i), a State agency shall consider a household member who receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.), aid to the aged, blind, or disabled under title I, II, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.), [or who receives benefits under a State program] or who receives cash assistance under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.) to have satisfied the resource limitations prescribed under subsection (g).

(k)(1) * * *

* * * * *

【(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

【(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(H)) to provide energy assistance to a household shall be considered money payable directly to the household.

【(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(6), an expense paid on behalf of a household under a State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.】

(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(G)) to provide energy assistance to a household shall be considered money payable directly to the household.

* * * * *

ADMINISTRATIVE COST-SHARING AND QUALITY CONTROL

SEC. 16. (a) Subject to subsection (k), the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the supplemental nutrition assistance program (other than a program carried out under section 6(d)(4) or section 20), which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of benefits after their delivery to receiving points within the State, (3) the issuance of benefits to all eligible households, (4) informational activities relating to the supplemental nutrition assistance program, including those undertaken under section 11(e)(1)(A), but not including recruitment activities, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g), (7) supplemental nutrition assistance program investigations and prosecutions, and (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)): Provided, That the Sec-

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retary is authorized at the Secretary's discretion to pay any State agency administering the supplemental nutrition assistance program on all or part of an Indian reservation under section 11(d) of this Act or in a Native village within the State of Alaska identified in section 11(b) of Public Law 92-203, as amended, such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the supplemental nutrition assistance program, as well as to permit each State to retain 35 percent of the value of all funds or allotments recovered or collected pursuant to sections 6(b) and 13(c) and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this Act shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

* * * * *
[(d) BONUSES FOR STATES THAT DEMONSTRATE HIGH OR MOST IMPROVED PERFORMANCE.—

[(1) FISCAL YEARS 2003 AND 2004.—

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

[(i) performance criteria relating to—

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

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

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

[(B) PERFORMANCE BONUS PAYMENTS.—With respect to each of fiscal years 2003 and 2004, the Secretary shall—

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

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

[(2) FISCAL YEARS 2005 AND THEREAFTER.—

[(A) REGULATIONS.—With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

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

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

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

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

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

[(B) PERFORMANCE BONUS PAYMENTS.—With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

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

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

[(3) PROHIBITION ON RECEIPT OF PERFORMANCE BONUS PAYMENTS.—A State agency shall not be eligible for a performance bonus payment with respect to any fiscal year for which the State agency has a liability amount established under subsection (c)(1)(C).

[(4) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to award a performance bonus payment under this subsection shall not be subject to administrative or judicial review.]

* * * * *

(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

(1) * * *

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

[(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 6(d)(4), except that the amount of the reimbursement for dependent care expenses shall not exceed an amount equal to the payment made under section 6(d)(4)(I)(i)(II) but not more than the applicable local market rate, and such reimbursement shall not be made out of funds allocated under paragraph (1).]

[(4)] (2) Funds provided to a State agency under this subsection may be used only for operating an employment and training

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program under section 6(d)(4), and may not be used for carrying out other provisions of this Act.

[(5)] (3) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.

* * * * *

RESEARCH, DEMONSTRATION, AND EVALUATIONS

SEC. 17. (a) * * *

(b)(1)(A) * * *

(B) PROJECT REQUIREMENTS.—

(i) * * *

* * * * *

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

(I) * * *

* * * * *

(III) is inconsistent with—

(aa) * * *

* * * * *

(hh) subsection (a), (c), [(g), (h)(2), or (h)(3)] or (g) of section 16;

* * * * *

AUTHORIZATION FOR APPROPRIATIONS

SEC. 18. (a)(1) To carry out this Act, there are authorized to be appropriated such sums as are necessary for each of fiscal years 2008 through [2012] 2013. Not to exceed one-fourth of 1 per centum of the previous year's appropriation is authorized in each such fiscal year to carry out the provisions of section 17 of this Act, subject to paragraph (3).

* * * * *

WORKFARE

SEC. 20. (a) * * *

* * * * *

[(g)(1) The Secretary shall pay to each operating agency 50 per centum of all administrative expenses incurred by such agency in operating a workfare program, including reimbursements to participants for work-related expenses as described in subsection (d)(3) of this section.

[(2)(A) From 50 per centum of the funds saved from employment related to a workfare program operated under this section, the Secretary shall pay to each operating agency an amount not to exceed the administrative expenses described in paragraph (1) for which no reimbursement is provided under such paragraph.



[(B) For purposes of subparagraph (A), the term "funds saved from employment related to a workfare program operated under this section" means an amount equal to three times the dollar value of the decrease in allotments issued to households, to the extent that such decrease results from wages received by members of such households for the first month of employment beginning after the date such members commence such employment if such employment commences—

[(i) while such members are participating for the first time in a workfare program operated under this section; or

[(ii) in the thirty-day period beginning on the date such first participation is terminated.

[(3) The Secretary may suspend or cancel some or all of these payments, or may withdraw approval from a political subdivision to operate a workfare program, upon a finding that the subdivision has failed to comply with the workfare requirements.]

* * * * *

MINNESOTA FAMILY INVESTMENT PROJECT

SEC. 22. (a) * * *

* * * * *

(d) FUNDING.—

(1) If an application submitted under subsection (a) complies with the requirements specified in subsection (b), then the Secretary shall—

(A) * * *

(B) subject to subsection (b)(12) from the funds appropriated under this Act provide grant awards and pay the State each calendar quarter for—

(i) * * *

(ii) the administrative costs incurred by the State to provide food assistance under the Project that are authorized under subsections (a) [, (g), (h)(2), and (h)(3)] and (g) of section 16 equal to the amount that otherwise would have been paid under such subsections had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State: *Provided*, That payments made under subsection (g) of section 16 shall equal payments that would have been made if the Project had not been implemented.

* * * * *

SEC. 28. NUTRITION EDUCATION AND OBESITY PREVENTION GRANT PROGRAM.

(a) * * *

* * * * *

(d) FUNDING.—

(1) IN GENERAL.—Of funds made available each fiscal year under section 18(a)(1), the Secretary shall reserve for allocation to State agencies to carry out the nutrition education and

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obesity prevention grant program under this section, to remain available for obligation for a period of 2 fiscal [years—

[(A) for fiscal year 2011, \$375,000,000; and

[(B) for fiscal year 2012 and each subsequent fiscal year, the applicable amount during the preceding fiscal year, as adjusted to reflect any increases for the 12-month period ending the preceding June 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

[(2) ALLOCATION.—

[(A) INITIAL ALLOCATION.—Of the funds set aside under paragraph (1), as determined by the Secretary—

[(i) for each of fiscal years 2011 through 2013, 100 percent shall be allocated to State agencies in direct proportion to the amount of funding that the State received for carrying out section 11(f) (as that section existed on the day before the date of enactment of this section) during fiscal year 2009, as reported to the Secretary as of February 2010; and

[(ii) subject to a reallocation under subparagraph (B)—

[(I) for fiscal year 2014—

[(aa) 90 percent shall be allocated to State agencies in accordance with clause (i); and

[(bb) 10 percent shall be allocated to State agencies based on the respective share of each State of the number of individuals participating in the supplemental nutrition assistance program during the 12-month period ending the preceding January 31;

[(II) for fiscal year 2015—

[(aa) 80 percent shall be allocated to State agencies in accordance with clause (i); and

[(bb) 20 percent shall be allocated in accordance with subclause (I)(bb);

[(III) for fiscal year 2016—

[(aa) 70 percent shall be allocated to State agencies in accordance with clause (i); and

[(bb) 30 percent shall be allocated in accordance with subclause (I)(bb);

[(IV) for fiscal year 2017—

[(aa) 60 percent shall be allocated to State agencies in accordance with clause (i); and

[(bb) 40 percent shall be allocated in accordance with subclause (I)(bb); and

[(V) for fiscal year 2018 and each fiscal year thereafter—

[(aa) 50 percent shall be allocated to State agencies in accordance with clause (i); and

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[(bb) 50 percent shall be allocated in accordance with subclause (I)(bb).

[(B) REALLOCATION.—

[(i) IN GENERAL.—If the Secretary determines that a State agency will not expend all of the funds allocated to the State agency for a fiscal year under paragraph (1) or in the case of a State agency that elects not to receive the entire amount of funds allocated to the State agency for a fiscal year, the Secretary shall reallocate the unexpended funds to other States during the fiscal year or the subsequent fiscal year (as determined by the Secretary) that have approved State plans under which the State agencies may expend the reallocated funds.

[(ii) EFFECT OF ADDITIONAL FUNDS.—

[(I) FUNDS RECEIVED.—Any reallocated funds received by a State agency under clause (i) for a fiscal year shall be considered to be part of the fiscal year 2009 base allocation of funds to the State agency for that fiscal year for purposes of determining allocation under subparagraph (A) for the subsequent fiscal year.

[(II) FUNDS SURRENDERED.—Any funds surrendered by a State agency under clause (i) shall not be considered to be part of the fiscal year 2009 base allocation of funds to a State agency for that fiscal year for purposes of determining allocation under subparagraph (A) for the subsequent fiscal year.

[(3) LIMITATION ON FEDERAL FINANCIAL PARTICIPATION.—

[(A) IN GENERAL.—Grants awarded under this section shall be the only source of Federal financial participation under this Act in nutrition education and obesity prevention.

[(B) EXCLUSION.—Any costs of nutrition education and obesity prevention in excess of the grants authorized under this section shall not be eligible for reimbursement under section 16(a).] years, \$375,000,000.

* * * * *

LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981

* * * * *

TITLE XXVI—LOW-INCOME HOME ENERGY ASSISTANCE

* * * * *

APPLICATIONS AND REQUIREMENTS

SEC. 2605. (a) * * *

* * * * *

(f)(1) * * *

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(2) For purposes of paragraph (1) of this subsection [and for purposes of determining any excess shelter expense deduction under section 5(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e))]—

(A) the full amount of such payments or allowances shall be deemed to be expended by such household for heating or cooling expenses, without regard to whether such payments or allowances are provided directly to, or indirectly for the benefit of, such household, *except that such payments or allowances shall not be deemed to be expended for purposes of determining any excess shelter expense deduction under section 5(e)(6) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6));* and

* * * * *



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MINORITY VIEWS RE: THE BUDGET RECONCILIATION ACT OF 2012

The House Agriculture Committee takes seriously its oversight role for both sound safety net policies for farmers and adequate nutrition programs for low-income households. However, the Budget Reconciliation Act of 2012 and the process under which it comes before our Committee in no way reflect the true gravity of this trust.

Without the benefit of a single hearing this year, the Budget Reconciliation Act of 2012 would make major alterations to the largest program within our jurisdiction, threatening the welfare of those for whom this program was created. SNAP participation has grown from 28 million participants at the time of the 2008 Farm Bill to more than 46 million participants today. This growth is not the result of any Congressional action but rather the growing need due to our ailing economy. The Congressional Budget Office estimates that SNAP demand will peak in 2013 and then fall, reacting to the nation's economic recovery.

The budget resolution the House passed in March, H. Con Res. 112, was not a serious budget document but a political exercise that resulted from a partisan division over defense cuts. It reflects none of the bipartisanship for which our committee is known and is not a legitimate deficit reduction measure.

A serious conversation about getting our nation's fiscal house in order cannot occur without putting everything on the table, including defense spending and revenue. It is simply irresponsible to attempt to balance the budget on the backs of the hardworking Americans that rely on the safety net SNAP provides.

The SNAP fraud rate is at an all-time low and is operating more efficiently than many other government programs. There may be further inefficiencies that can be addressed by this Committee, but we have not had the adequate time needed for a thorough program review.

We stand committed to having a serious conversation about our deficit reduction and are willing to consider all budget areas under this Committee's jurisdiction, however the cuts contained in the Budget Reconciliation Act of 2012 would leave millions of American families, children and seniors hungry.

Leonard L. Caswell

Ray Allen

Willie

Walt Schmidt

Chick

Patricia

Jim Brown

Wing Wally

Marcia L. Judge

Joe Courtney

Jim H.A.

Joe Brown

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