

than both monthly and semimonthly income, we are amending 7 CFR 273.21(f)(2)(v) to enhance consistency and to ensure that recurring income received on a monthly or semimonthly basis by households subject to retrospective budgeting will be counted only for the month which it is intended to cover.

III. Implementation

The proposed rule provided that State agencies would be required to implement the rule no later than the first day of the month 180 days after publication of the final rule. No comments were received regarding the implementation date. This rule provides in 7 CFR 272.1(g) that the rule is effective May 29, 2003 and must be implemented no later than November 1, 2003. The provisions must be implemented for all households that newly apply for FSP benefits on or after either the required implementation date or the date the State agency implements the provision prior to the required implementation date. The current change reporting caseload shall be converted to these provisions no later than the required implementation date in accordance with procedures established by the State agency. However, for households subject to status reporting or \$100 earned income reporting, the State agency has until January 1, 2004 to convert households to 6-month certification periods. Monthly reporting households shall be changed to the new procedures at 7 CFR 273.21(f)(2)(v) in accordance with 7 CFR 273.21(r). For quality control purposes, any variances resulting from the implementation of this rule shall be excluded from error analysis for 120 days from the required implementation date in accordance with 7 CFR 275.12(d)(2)(vii).

Since the publication of the proposed regulations, we have granted a number of waivers of the requirements for change reporting households to allow State agencies to utilize the reporting options available in the proposed regulations. Nearly half of all State agencies currently have approved waivers to implement one or more of these options. All existing waivers of 7 CFR 273.12(a)(1)(i), including those that allow quarterly reporting, will be obsolete when the State agency implements the final rule or on the required implementation date, whichever is sooner. Since the requirement that households report changes in gross monthly income of more than \$25 will be superseded by the reporting options contained in this rule, State agencies which are still requiring

households to report changes of more than \$25 in gross monthly income will be required to adopt one of the reporting options upon implementation of this rule.

List of Subjects

7 CFR Part 272

Alaska, Civil Rights, Food Stamps, Grant programs-social programs, Reporting and recordkeeping requirements.

7 CFR Part 273

Administrative practice and procedure, Aliens, Claims, Food stamps, Fraud, Grant programs-social programs, Penalties, Records, Reporting and recordkeeping requirements, Social security, Students.

■ Accordingly, 7 CFR parts 272 and 273 are amended as follows:

■ 1. The authority citation for parts 272 and 273 continues to read as follows:

Authority: 7 U.S.C. 2011–2036.

PART 272—REQUIREMENTS FOR PARTICIPATING STATE AGENCIES

■ 2. In §272.1, a new paragraph (g)(167) is added to read as follows:

§ 272.1 General terms and conditions.

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(g) * * *

(167) *Amendment No. 376.* The provisions of Amendment No. 376 are effective May 29, 2003 and must be implemented no later than November 1, 2003. The provisions must be implemented for all households that newly apply for Program benefits on or after either the required implementation date or the date the State agency implements the provision prior to the required implementation date. The current change reporting caseload shall be converted to these provisions no later than the required implementation date in accordance with procedures established by the State agency. However, for households subject to the reporting requirements at § 273.12(a)(1)(i)(C)(1) or (2) of this chapter, the State agency has until January 1, 2004 to convert households to 6 month certification periods. Monthly reporting households shall be converted in accordance with § 273.21(r) of this chapter. For quality control purposes, any variances resulting from the implementation of this rule shall be excluded from error analysis for 120 days from the required implementation date, in accordance with § 275.12(d)(2)(vii) of this chapter.

PART 273—CERTIFICATION OF ELIGIBLE HOUSEHOLDS

§ 273.2 [Amended]

■ 3. In §273.2: a. The first sentence of paragraph (f)(8)(i)(A) is amended by removing the words “or actual utility expenses”.

■ b. The second sentence of paragraph (f)(8)(i)(A) is amended by adding a comma and the words “actual utility expenses” after the phrase, “Previously unreported medical expenses”.

■ c. The first and third sentences of paragraph (f)(8)(i)(A) and the first sentence of paragraph (f)(8)(ii) are amended by removing the figure “\$25” and adding in its place the figure “\$50”.

■ 4. In § 273.10, paragraph (c)(3)(i) is revised to read as follows:

§ 273.10 Determining household eligibility and benefit levels.

* * * * *

(c) * * *
(3) * * *

(i) Income may be averaged in accordance with methods established by the State agency to be applied Statewide for categories of households. When averaging income, the State agency shall use the household's anticipation of monthly income fluctuations over the certification period. An average must be recalculated at recertification and in response to changes in income, in accordance with § 273.12(c), and the State agency shall inform the household of the amount of income used to calculate the allotment. Conversion of income received weekly or biweekly in accordance with paragraph (c)(2) of this section does not constitute averaging.

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■ 5. In § 273.12:

■ a. The section heading, the introductory text of paragraph (a)(1) and paragraph (a)(1)(i) are revised.

■ b. Paragraph (a)(2) is revised.

■ c. Paragraphs (a)(4) and (a)(5) are redesignated as paragraphs (a)(5) and (a)(6) respectively, and a new paragraph (a)(4) is added.

■ d. Paragraph (b)(2) is revised.

■ e. The introductory text of paragraph (c) is amended by adding two sentences after the first sentence.

The revisions and additions read as follows:

§ 273.12 Requirements for change reporting households.

(a) *Household responsibility to report.*
(1) Monthly reporting households are required to report as provided in § 273.21. Quarterly reporting households are subject to the procedures as provided in paragraph (a)(4) of this section. Certified change