

Alternative Issuance Systems In Disasters

This section proposes a revision to food stamp regulations at 7 CFR 280.1 for emergency food assistance for victims of disasters. By terms of section 4108 of the FSRA, which amended section (5)(h)(3)(B) of the Food Stamp (7 U.S.C. 2014(h)(3)(B)), the Department received authority to approve alternate methods for issuing food stamp benefits during disasters when reliance on EBT systems is impracticable. This proposal would amend the regulation to reflect this new authority.

Consistent with the intent of the statutory amendment, as expressed in legislative history, the Department would only approve alternate issuance, such as cash, as a last resort, depending on the specific circumstances of the disaster. In disaster situations, the Department will consult with State agencies to determine available means of benefit delivery. (H.R. Conf. Rep. No. 107-424, 107th Cong. 2nd Sess. P. 264 (2002).) EBT is always the preferred method of food stamp benefit delivery. It provides assistance that is earmarked for its intended purpose and is much more difficult to divert. Furthermore, State agencies typically have disaster plans in place under their EBT systems with contingencies for events of this nature. Therefore, it is unlikely a State would ever need to resort to any alternate form of issuance. However, in some extreme circumstances, when EBT is impracticable and the system cannot be restored in a timely fashion, an appropriate alternative delivery method, such as cash, may be permitted. The use of coupons is no longer practicable except in those few States that still issue some or all benefits in the form of coupons. Because EBT systems will be fully implemented by the end of 2004, the cost of printing coupons and maintaining a redemption system for disaster use only would be prohibitive.

Cost Neutrality For EBT Systems

This section proposes to eliminate the requirement at 7 CFR 274.12(e) that Federal costs of EBT systems not exceed the costs of the paper systems they replace, in accordance with section 4110 of the FSRA, which eliminated the statutory requirement that the Secretary include a cost neutrality standard as a condition of approval of State EBT systems.

The elimination of the cost neutrality requirement does not remove the requirement for State agencies to submit Implementation Advanced Planning Documents (IAPDs) to the Department for approval prior to implementing, or

make upgrades or changes to their EBT systems as determined necessary for approval.

Redemption of Benefits Through Group Living Arrangements

This section proposes to revise food stamp regulations regarding participation of group living facilities. By terms of section 4113 of the FSRA, “a center, organization, institution, shelter, group living arrangement and establishment” that are among those defined as retail food stores under section 3(k)(2) of the Food Stamp Act (7 U.S.C. 2012(k)(2)), “may now be authorized to redeem benefits directly through financial institutions in areas where EBT has been implemented.”

The four types of entities affected by this change are drug addict and alcoholic treatment and rehabilitation programs; group living arrangements; shelters for battered women and children; and public or private nonprofit homeless meal providers. Prior to FSRA, such facilities could only redeem benefits through authorized wholesalers and other retailers under section 10 of the Food Stamp Act (7 U.S.C. 2019). Under the coupon system, this was not an unduly cumbersome requirement.

The implementation of EBT changed the dynamic for redeeming food stamp benefits, making it more difficult for group homes to redeem residents’ food stamp benefits. The logistics were impractical for many group homes and recipients. This prompted the Department to approve demonstration projects, specifically permitting group homes to deposit benefits directly into their bank accounts by providing point-of-sale (POS) devices or to process manual vouchers. Facilities then deposit food stamp benefits into their financial institution accounts without involving wholesale food concerns in the process. These demonstration projects mirror the regulatory changes in this proposed rule.

In these situations, the facility functions like most authorized retailers, conducting EBT transactions with its residents, deducting benefits from their cards and depositing them into the facility’s account. The facility can then purchase eligible foods at any authorized retailer with funds drawn directly from its own account. This makes it easier for those recipients residing in the authorized facilities to use their benefits in an EBT environment. Therefore, the Department is proposing that group home facilities be equipped with POS devices in a manner that meets the requirements established for retailers. These facilities

would redeem benefits using the POS device, and then purchase eligible food items.

Equipping of these facilities would be in accordance with the EBT regulations at 7 CFR 274.12. State agencies approved to operate a demonstration project for this function may continue operations without further action and are no longer bound by the survey requirements of a demonstration project.

Implementation

The Department is proposing that the provisions of this rulemaking be effective no later than 30 days after publication of the final rule.

List of Subjects

7 CFR Part 274

Administrative practice and procedure, Food stamps, Fraud, Grant programs—social programs, Reporting and recordkeeping requirements, State liabilities.

7 CFR Part 276

Administrative practice and procedure, Food stamps, Fraud, State agency liabilities and federal sanctions.

7 CFR Part 278

Food stamps, Grant programs—social programs, Penalties.

7 CFR Part 279

Administrative practice and procedure, Food stamps, Grant programs—social programs.

7 CFR Part 280

Disaster assistance, Food stamps, Grant programs—social programs.

Accordingly, 7 CFR parts 274, 276, 278, 279, and 280 are proposed to be amended as follows:

1. The authority citation for 7 CFR parts 274, 276, 278, 279, and 280 continue to read as follows:

Authority: 7 U.S.C. 2011–2036.

PART 274—ISSUANCE AND USE OF COUPONS

1. In § 274.10, paragraphs (f)(1), (f)(2) and (f)(3) are revised to read as follows:

§ 274.10 Use of identification cards and redemption of coupons by eligible households.

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(f) * * *

(1) Members of eligible households who are narcotics addicts or alcoholics and who regularly participate in a drug or alcoholic treatment rehabilitation program may use food stamp benefits to purchase food prepared for them during the course of such program by a private