

## National Switch

We received three comments regarding FNS administration and control of a national switch (Gateway). Two commenters supported the development of a national switch while one commenter opposed it. In accordance with Pub. L. 106-171, the Department employed Phoenix Maximus to examine the feasibility of developing a Federal Gateway for handling interstate food stamp transactions. Although the report did not find technical barriers to having FNS support its own EBT transaction switch, it found that such an undertaking would not be cost effective. The Benton International Study of the interoperability costs of EBT transactions estimates that nationwide interoperability fees would amount to approximately \$450,000 annually using private switches. In contrast, Phoenix Maximus estimates that the annual cost of operating a Federal EBT Gateway would be approximately \$17 million. Another \$2.2 million would be needed for initial implementation costs. Therefore, the Department is convinced that it would not be fiscally prudent to pursue the development of a Federal EBT Gateway at this time. As EBT expands across all States as the prevailing method for issuing food stamp benefits, we will continue to look into ways to make interoperability efficient and cost effective for all parties involved.

## Disposition of Disputes, Error Resolution and Adjustments

Two commenters raised issues regarding the handling of disputes, error resolution, and adjustments across State lines. One commenter favored a specific reference to the Quest rules while the other commenter favored having FNS take the lead in facilitating standards for error resolution. The Department has chosen to define standards for error resolution within a separate rulemaking body. The EBT Benefit Adjustments Final Rule, published on July 5, 2000 at 65 FR 41321 specifically addresses the process for making retailers or clients whole when a system error occurs.

## List of Subjects in 7 CFR Part 274

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

■ Accordingly, the interim rule amending 7 CFR parts 272 and 274 which was published at 65 FR 49719 on August 15, 2000, as amended by the final rule which was published at 65 FR 59105

on October 4, 2000 is adopted as a final rule with the following changes:

## PART 274—ISSUANCE AND USE OF COUPONS

■ 1. The authority citation for 7 CFR Part 274 continues to read as follows:

**Authority:** 7 U.S.C. 2011–2036.

■ 2. In § 274.12:

■ a. Paragraph (g)(6)(i) is amended by revising the second sentence; and

■ b. Paragraph (l)(6) is correctly reinstated.

The revision and reinstatement read as follows:

### § 274.12 Electronic Benefit Transfer issuance system approval standards.

\* \* \* \* \*

(g) \* \* \*

(6) \* \* \*

(i) \* \* \* States must provide a means for a client to be able to use their benefits upon relocation. A State agency may convert electronic benefits to paper coupons if a household is relocating to a State that is not interoperable and where electronic benefits are not portable from the household's current State of residence, or assist clients in finding an authorized retail location where out-of-State electronic benefits can be used. \* \* \*

\* \* \* \* \*

(l) \* \* \*

(6) State agencies may receive one hundred percent federal funding for the costs they incur for switching and settling all food stamp interstate transactions. For purposes of this section, the term "switching" means the routing of an interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an EBT card in one State to the issuer of the card that is in another State; and the term "settling" means movement, and reporting such movement, of funds from an EBT card issuer located in one to a retail food store, or wholesale food concern, that is located in another State, to accomplish an interstate transaction. The total amount of one hundred percent funding available annually is limited to \$500,000 nationwide. Once the \$500,000 limitation is exceeded, federal financial participation reverts to the standard fifty percent program reimbursement rate and procedure. In order to qualify for this funding, the State agency must:

(i) Adhere to the standard of interoperability and portability adopted by a majority of State agencies for interoperability costs incurred for the period from February 11, 2000 through September 30, 2002;

(ii) Meet standards of interoperability and portability under paragraphs (e) and (h) of this section for costs incurred after September 30, 2002;

(iii) Sign and submit, in each fiscal year for which the State agency requests enhanced funding, an Interoperability Funding Agreement to comply with the administrative procedures established by the Department. The State agency must submit the signed agreement to the Department before the end of the fiscal year in which costs are incurred in order to qualify for payment for that fiscal year, and

(iv) Submit requests for payment on a quarterly basis after the end of the quarter in which interoperability costs are incurred, in accordance with the Department's administrative procedures. Requests for payments shall be due February 15 (for the period October through December), May 15 (January through March), August 15 (April through June), and November 15 (July through September). Requests for payment submitted after the required date for a quarter shall not be considered until the following quarter, when such requests for payments are scheduled to be processed.

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Dated: June 17, 2003.

**Eric M. Bost,**

*Under Secretary, Food, Nutrition, and Consumer Services.*

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## DEPARTMENT OF AGRICULTURE

### Federal Crop Insurance Corporation

### 7 CFR Parts 400, 407 and 457

RIN 0563-AB85

### General Administrative Regulations, Subpart J—Appeal Procedure and Subpart T—Federal Crop Insurance Reform, Insurance Implementation, Regulations for the 1999 and Subsequent Reinsurance Years; Group Risk Plan of Insurance Regulations for the 2001 and Succeeding Crop Years; and the Common Crop Insurance Regulations, Basic Provisions

**AGENCY:** Federal Crop Insurance Corporation, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Federal Crop Insurance Corporation (FCIC) finalizes the General Administrative Regulations; the Group Risk Plan of Insurance Regulations; and the Common Crop Insurance Regulations, Basic Provisions to make