

*Where Does FNS Propose Revising the Regulations To Include the High Performance Bonuses?*

FNS proposes to codify these provisions in a new section at 7 CFR 275.24.

**List of Subjects in 7 CFR Part 275**

Administration, Management evaluation reviews, Quality control reviews, Data analysis and evaluation, Corrective action, Responsibilities for reporting on program performance, Program performance.

Accordingly, 7 CFR part 275 is proposed to be amended as follows:

**PART 275—PERFORMANCE REPORTING SYSTEM**

1. The authority citation for Part 275 continues to read as follows:

**Authority:** 7 U.S.C. 2011–2036.

2. A new § 275.24 is added to read as follows.

**§ 275.24 High performance bonuses.**

(a) General rule. (1) FNS will award bonuses totaling \$48 million for each fiscal year to State agencies that show high or improved performance in accordance with the performance measures under paragraph (b) of this section.

(2) FNS will award the bonuses no later than September 30th of the fiscal year following the performance measurement year.

(3) A State agency is not eligible for a bonus payment in any fiscal year for which it has a liability amount established.

(4) The determination whether, and in what amount, to award a performance bonus payment is not subject to administrative or judicial review.

(5) FNS will divide the award money among the States in each category (see paragraph (b) of this section) in proportion to the size of their caseloads (the average number of households per month for the fiscal year for which performance is measured).

(6) A State cannot be awarded two bonuses in the same category; the relevant categories are payment accuracy (which is outlined in paragraph (b)(1) of this section), negative error rate (which is outlined in paragraph (b)(2) of this section), or participant access rate (which is outlined in paragraph (b)(3) of this section). If a State is determined to be the best and the most improved in a category, it would be awarded a bonus only for being the most improved. This allows the “next best” State to receive an award as being among the best States.

(7) Where there is a tie to the fourth decimal point for the categories outlined in paragraphs (b)(1) through (b)(4) of this section, FNS will add the additional State(s) into the category and the money will be divided among all the States in accordance with paragraph (a)(5) of this section.

(b) *Performance measures.* FNS will measure performance by and base awards on the following categories of performance measures:

(1) *Payment accuracy.* FNS will divide \$24 million among the 10 States with the lowest and the most improved combined payment error rates as specified in paragraphs (b)(1)(i) and (b)(1)(ii) of this section.

(i) *Excellence in payment accuracy.* FNS will provide bonuses to the 7 States with the lowest combined payment error rates based on the validated quality control payment error rates for the performance measurement year as determined in accordance with this part.

(ii) *Most improved in payment accuracy.* FNS will provide bonuses to the 3 States with the largest percentage point decrease in their combined payment error rates based on the comparison of the validated quality control payment error rates for the performance measurement year and the previous fiscal year as determined in accordance with this part.

(2) *Negative error rate.* FNS will divide \$6 million among the 6 States with the lowest and the most improved negative error rates as specified in paragraphs (b)(2)(i) and (b)(2)(ii) of this section.

(i) *Lowest negative error rate.* FNS will provide bonuses to the 4 States with the lowest negative error rate based on the validated quality control negative error rate for the performance year as determined in accordance with this part.

(ii) *Most improved negative error rate.* FNS will provide bonuses to the 2 States with the largest percentage point decrease in their negative error rates based on the comparison of the performance measurement year's validated quality control negative error rates with those of the previous fiscal year as determined in accordance with this part.

(3) *Participant access rate (PAR).* FNS will divide \$12 million among the 8 States with the highest and the most improved level of participation as specified in paragraphs (b)(3)(i) through (b)(3)(iii).

(i) *High Participant Access Rate.* FNS will provide bonuses to the 4 States with the highest PAR as determined in

accordance with paragraph (b)(3)(iii) of this section.

(ii) *Most improved participant access rate.* FNS will provide bonuses to the 4 States with the most improved PAR as determined in accordance with paragraph (b)(3)(iii) of this section.

(iii) *Data.* For the number of participants (numerator), FNS will use the administrative counts of participants by State for the calendar year, increased by the administrative counts of participants in the Food Distribution Program on Indian Reservations (FDPIR) as reported by the States that operated FDPIR. For the number of people below 125 percent of poverty (denominator), FNS will use the Census Bureau's count of people below 125 percent of poverty for the same calendar year, reducing California's count by the number of people below 125 percent of poverty in California who received Supplemental Security Income in the previous year.

(4) *Application processing timeliness.* FNS will divide \$6 million among the 6 States with the highest percentage of timely processed applications.

(i) *Data.* FNS will use quality control data for application processing timeliness.

(ii) *Timely processed applications.* A timely processed application is one that provides an eligible applicant the “opportunity to participate” as defined in 7 CFR 274.2, within thirty days for normal processing or 7 days for expedited processing. New applications that are processed outside of this standard are untimely for this measure, except for applications that are properly pending in accordance with § 273.2(h)(2) of this chapter because verification is incomplete and the State agency has taken all the actions described in § 273.2(h)(1)(i)(C) of this chapter. Such applications will not be included in this measure.

(iii) *Evaluation of applications.* Only applications that were filed on or after the beginning of the performance measurement (fiscal) year will be evaluated under this measure.

Dated: December 9, 2003.

**Eric M. Bost,**

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

[FR Doc. 03–31031 Filed 12–16–03; 8:45 am]

**BILLING CODE 3410–30–P**