

Omnibus Budget Reconciliation Act of 1993;
Chapter 3, Mickey Leland Childhood Hunger Relief Act
P.L. 103-66, 107 Stat. 312
August 10, 1993

- Excluded as income of the household, earnings of elementary or high school students who are members of the household and are 21 years old or younger (instead of 18 years old).
- Eliminated the shelter deduction cap in increments. The cap would be \$231 from July 1, 1994, through September 30, 1995 (\$402 for Alaska, \$330 for Hawaii, \$280 for Guam, and \$171 for the Virgin Islands); \$247 from October 1, 1995, through December 31, 1996 (\$429 for Alaska, \$353 for Hawaii, \$300 for Guam, and \$182 for the Virgin Islands); and no cap beginning January 1, 1997.
- Excluded earned income tax credits (EITCs) as resources for 12 months from receipt (instead of the current 2 months) if the individual receiving the EITC was participating in the FSP when the EITC was received and participates continuously during the 12-month period.
- Excluded entire amount of vendor payments for transitional housing for the homeless (instead of excluding all but a portion equal to 50 percent of the State's maximum shelter allowance).
- Revised the provision on counting general assistance (GA) vendor payments as income so that only those vendor payments provided to cover housing expenses, exclusive of energy or utility expenses, are included as income. (GA vendor payments provided for living expenses were previously included.)
- Eliminated proration of benefits for households unless they are off the FSP for more than 1 month. (households' benefits were previously prorated following any break in participation.)
- Increased Puerto Rico's Nutrition Assistance Program funding by \$6 million for Fiscal Year 1994 and \$10 million for Fiscal Year 1995.
- Gave State agencies the option to provide a deduction for legally-binding child support payments made to nonhousehold members. By October 1, 1995, the deduction would become mandatory.
- Raised the cap on the dependent care deduction from \$160 to \$200 for children under 2 years old and \$175 for all other dependents.
- Removed the specific dollar cap on dependent care reimbursements under the Employment and Training Program; use the applicable local market rate (using procedures consistent with the Aid to Families with Dependent Children's Job Opportunities and Basic Skills Training Program) instead, but that rate must be at least \$200 for children under 2 and \$175 for all other dependents. Provided 50 percent Federal funding for amounts State agencies reimburse up to the applicable market rate.
- Set the fair market value of vehicles which is excluded in determining households' resources at \$4550 (instead of \$4500) for September 1, 1994 - September 30, 1995 and \$4600 for October 1, 1995 - September 30, 1996. From October 1, 1996, annually adjust the value using \$5000 as a base and the CPI-U for new cars for the 12 months ending the preceding June and rounding to the nearest \$50.
- Excluded as resources, the value of vehicles used to carry the primary source of fuel for heating or water for home use.
- Mandated that the Department conduct demonstration projects testing allowing food stamp households to accumulate up to \$10,000 in resources without losing their food stamp eligibility. Limited the demonstration projects to 4 years duration (beginning after September 30, 1993) and 11,000 households. Required households to maintain the additional resources in separate accounts and required that the resources be intended for one of the following purposes: (1) improving the education, training, or employability (including self employment) of household members, (2) purchasing a home for the household, (3) changing the household's residence, and (4) making major repairs to the household's home.
- Simplified the household definition: children 21 years old and under living with their parents cannot be separate households from their parents unless they are married and living with their spouses and/or living with their children; children (other than foster children) who are under 18 years old and live under the parental control of an adult household member cannot be separate households; adult siblings who live together and adult children who live with their parents can be separate households if they purchase and prepare food separately; retained the Fenwick provision for separate household status of elderly, disabled people.

- Permitted the children of drug addicts and alcoholics who live with their parents in treatment centers to qualify for food stamps. Made the meals served to those children by the centers eligible for purchase with food stamps.
- Effective October 1, 1993, expanded the disclosure provision to permit collection of claims resulting from intentional program violations and inadvertent household errors by offsetting Federal pay. Authorized such claims collection.
- Disqualified recipients for 1 year (instead of 6 months) for a first finding by a court that the recipient has purchased illegal drugs with food stamps and permanently for a second such finding or the first finding by a court that the recipient has purchased firearms, ammunition, or explosives with food stamps (instead of 1 year and 6 months, respectively).
- Effective October 1, 1993, raised the cap on civil money penalties for trafficking to \$40,000 per investigation (instead of \$40,000 in a 2-year period).
- Effective October 1, 1993, raised the cap on civil money penalties for selling firearms, ammunition, or explosives for food stamps to \$40,000 per investigation (instead of \$40,000 in a 2-year period).
- Modified the quality control (QC) system to:
 - Retroactive to October 1, 1991, permit interest to accrue if bills are not paid after 1 year (rather than 2 years)
 - Retroactive to October 1, 1991, use each year's national performance measure to establish a State agency's liability (instead of using the payment-error tolerance level, which was the lowest national performance measure ever plus 1 percentage point)
 - Retroactive to October 1, 1991, calculate a State agency's liability by multiplying its issuance times the ratio of the amount the State agency's payment error rate exceeds the national performance measure to the national performance measure (but not greater than 1) times the amount the State agency's payment error rate exceeds the national performance measure
 - Retroactive to October 1, 1992, exclude errors made in applying a new regulation for a 120-day period following the required implementation date (rather than 60 or 90 days)
 - Retroactive to October 1, 1991, require that all case reviews and arbitrations be completed by March 29 (or March 28 in leap years) and require the Department to determine final error rates, the national average payment error rate, and billing amounts by April 28 (or April 27 in leap years)
 - Retroactive to October 1, 1991, require that good cause determinations be made by administrative law judges (ALJs) rather than the Secretary
 - Retroactive to October 1, 1991, provide the following timeframes relative to the ALJs' determination of billing amounts:
 - 10 days after the billing for the State agency to request an appeal
 - 60 days for the State agency to submit evidence in support of its appeal
 - 60 days for the Department to respond
 - 30 for State agency rebuttal, if any
 - 60 days after the submission of the State agency's rebuttal for the ALJs' decision or, if there is no rebuttal, 90 days after the State agency's original submission of evidence (60 of which are available to the Department for the preparation of its response)
 - Authorize the ALJs to extend any of the above deadlines
 - Retroactive to October 1, 1991, require the ALJs to hold evidentiary hearing upon the request of either the State agency or the Department
 - Define "good cause" to include: a natural disaster or civil disorder, a strike by State agency employees, significant caseload growth (e.g., 15%), a FSP change or other Federal or State program change that substantially adversely impacts FSP management, or a significant circumstance beyond the control of the State agency.
- Effective April 1, 1994, provided 50 percent Federal funding for State agencies' administrative costs for automation (instead of 63 percent), fraud investigations and prosecutions (instead of 75 percent), and the Systematic Alien Verification for Entitlement system (instead of 100 percent). Provided for later implementation for States whose legislatures do not have a regular session in calendar year 1994 and that have no mechanism under constitutions or State laws for

appropriating the necessary additional funds before the next regular legislative session.

NOTE: Although the legislation did not include any provisions related to electronic benefits transfer (EBT), the Conference Report did include a statement by the managers strongly urging the Secretary to encourage State agencies to develop and establish EBT systems. The Report also expanded on the current requirement for cost neutrality by deleting the requirement that each year's EBT cost cannot exceed the cost of a coupon system and considering the value of governmental savings from reduced losses and other savings or benefits.