program as indicated in 45 CFR 233.20(a)(6)(v)(B).

There were only a few comments received on this proposal in the Consistency rule. The majority opposed the proposal, arguing that use of the fixed percentage would further burden households by requiring them to document all their actual expenses or face the possibility of overstating the income they receive from boarders.

Several State agencies have obtained waivers to allow use of a flat percentage to calculate allowable costs of doing business for households with boarders. It is our understanding that other State agencies prefer the maximum allotment method.

In this rule, we are proposing to add a new paragraph, 7 CFR 273.11(b)(1)(ii)(C), to give State agencies the option of using actual costs, the maximum allotment for a household size equal to the number of boarders, a flat amount, or a percentage of income from boarders to determine the cost of doing business of households with boarders. Households must be given the opportunity to claim actual costs. We are not proposing a percentage limit at this time. Current waivers specify 75 percent, 60 percent, or the limit used in the State's AFDC program. We are seeking comments concerning an appropriate percentage.

Day Care Providers—§ 273.11(b)(2)

The Department is also proposing to allow households who are day care providers to use a standard per individual amount as a cost of doing business. Under current regulations, at 7 CFR 273.11(a)(4)(i), households which provide in-home day care can claim the cost of meals fed to individuals in their care as a cost of doing business, provided they can document the cost of each meal. Several State agencies have obtained waivers to use a flat dollar amount, such as \$5 a day, or to use the FCS Child and Adult Care Food Program reimbursement rates, which are updated annually to reflect the cost of meals as specified in 7 CFR 26.4(g).

We believe use of a standard reimbursement rate for the cost of providing day care would eliminate the burden on day care providers to document itemized costs incurred for producing the income and would increase the benefits for households that fail to adequately document business costs. Use of a standard would also decrease the amount of time needed to process these self-employment cases and reduce payment errors. Therefore, we are proposing to amend 7 CFR 273.11(b) to add a new paragraph, (2), to allow use of a standard amount for

determining the self-employment expenses of households providing day care. State agencies would be required to inform households of their opportunity to verify actual meal expenses and use actual costs if higher than the fixed amount. When establishing a standard amount, State agencies should take into account the differences in cost for full-day and partday care. Households that are reimbursed for the cost of meals fed to individuals in their care, for example through the FCS Child and Adult Care Food Program, cannot claim the standard but may claim actual expenses that exceed the amount of their reimbursement.

Exemption From Providing a Notice of Adverse Action—7 CFR 273.13(b)

Current regulations at 7 CFR 273.13(a) require State agencies to send a notice of adverse action (NOAA) to a household prior to any action to reduce or terminate the household's benefits, except as provided in 7 CFR 273.13(b). That section does not include an exception to the NOAA requirements when mail sent to a household is returned with no known forwarding address. The AFDC regulations at 45 CFR 205.10(a)(4)(ii) do not require a notice of adverse action in this situation. In the Consistency rule, the Department proposed to add an exemption from sending an NOAA if agency mail is returned with no known forwarding address. Since it is unlikely that the Postal Service can deliver a NOAA mailed to an address which is no longer correct, it is reasonable to specify in regulations that no notice is required if delivery cannot be reasonably expected.

Few comments were received on this proposal and most were favorable. Therefore, the Department is reproposing the amendment to 7 CFR 273.13(b) to provide that no NOAA is required if the household's mail has been returned with no known forwarding address.

Recertification—7 CFR 273.14

Background. Over the years, the Department has become aware, through State agency waiver requests and other means, of the need to simplify the food stamp recertification process. The need for simplification has become especially important in this time of tight budgetary constraints and of increased demand on the time of State eligibility workers. In this rule, the Department is proposing to simplify recertification procedures in several areas.

State agencies have requested more flexibility in developing recertification

procedures. We understand the need of State agencies to be able to adopt procedures that are consistent with those of other programs and which can be administered in conjunction with computerized systems. However, the Department is limited in the extent to which it can give State agencies more flexibility because of the provisions of the Food Stamp Act. There are two main provisions in the Act that govern the timeframes for recertification. Section 11(e)(4), 7 U.S.C. 2020(e)(4), provides that each participating household must receive a notice of expiration of its certification prior to the start of the last month of its certification period. That section of the Act also provides that a household which files an application no later than 15 days prior to the end of the certification period shall, if found to be still eligible, receive its allotment no later than one month after the receipt of the last allotment. Section 11(e)(4) allows modification of the timeframes for monthly reporting households.

We are proposing changes to the recertification process that will provide State agencies with more flexibility and at the same time retain the right of a household to receive uninterrupted benefits if it applies by the filing deadline and meets interview and verification requirements within the required timeframes. In exchange for the increased flexibility, State agencies would be responsible for providing households sufficient notice and time to comply with application, interview, and verification requirements. The proposed

changes are discussed below.

In accordance with § 273.14(a) of the current regulations, households that meet all eligibility requirements must have their recertifications approved or denied by the end of their current certification period and, if recertified, be provided uninterrupted benefits. The regulations give State agencies two options for handling the cases of households who do not provide verification or attend an interview as required for recertification. The State agency may either deny the household's application at the end of the current certification period or within 30 days after the date the application was filed. State agencies also have the option of establishing verification timeframes. A household which does not meet all the verification requirements within required timeframes loses its right to uninterrupted benefits but can receive benefits within 30 days after the date the application was filed. These requirements are stated in 7 CFR 273.14 (c) and (d). State agencies have found these procedures confusing and have requested that they be simplified.