

in accordance with paragraph (g) of this section.

[Amdt. 319, 55 FR 4355, Feb. 7, 1990, as amended by Amdt. 345, 57 FR 11259, Apr. 1, 1992; Amdt. 342, 59 FR 2733, Jan. 19, 1994; Amdt. 368, 61 FR 33643, June 28, 1996]

**§ 277.19 Alien verification activities.**

(a) *General.* This section establishes the standards and procedures for Federal Financial Participation (FFP) for State and local costs incurred in the verification of the documented alien status of FSP applicants through the SAVE Program, as outlined in § 272.11. These costs are eligible for 100 percent FFP under the terms and conditions of this section. In addition, any such costs funded at the 100 percent rate must be necessary and reasonable in the judgment of FNS, based on cost benefit analysis and/or other methods determined by FNS.

(b) *Funding.* Upon submission to and approval by FNS of a budget, or budget revisions, and the attachment to the State Plan of Operations required by § 272.11(e), State agencies will be funded at the 100 percent FFP rate for all allowable direct and indirect costs in accordance with the requirements contained in this section.

(c) *Eligible costs.* The following costs are eligible for 100 percent FFP:

(1) *Personnel.* Charges for time spent by State and local employees in the verification of the documented alien status of Food Stamp Program applicants through the SAVE Program. The allocated share of indirect costs attributable to this staff is also an allowable charge. All such costs, both direct and indirect, shall be documented through the use of time sheets or time studies, or through another method specified in the State Plan of Operations and approved by FNS.

(2) *Equipment and supplies.* Charges for equipment and supplies in proportion to their use in implementing and operating the SAVE Program by the State and/or local agencies. ADP equipment may only be acquired following prior approval by FNS. FNS approval shall be obtained as prescribed by § 277.18. Non-ADP equipment having a net unit cost of \$25,000 or more must also receive prior FNS approval for such charges.

(3) *Fees and other charges.* Charges for fees and other costs attributable to the implementation and operation of the SAVE Program by State and local agencies are allowable. Specifically, any fees charged for the use of the Immigration and Naturalization Service's alien verification system are allowable. Any other charges, such as use allowances for space used by alien verification units are allowable.

(d) *Ineligible costs.* Costs reimbursable at the 100 percent FFP rate are limited to those costs incurred in the implementation and operation of the SAVE Program as outlined in § 272.11. Costs associated with routine certification and verification activities, including mandatory alien verification procedures as described in § 273.2(f)(1)(ii), are eligible for funding as prescribed by § 277.4(b).

(e) *Budget submittals.* The State agency shall include a projection of anticipated costs for the implementation and operation of the SAVE Program as part of the normal submittal of the State Food Stamp Program budget, as required by § 277.3, or as a revision to a budget previously submitted. These costs shall be included in the column for "other" expenses on the Budget Projection Statement (FNS-366A) and identified separately on an attachment to the FNS-366A.

(f) *Reporting.* Expenditures for the implementation and operation of the SAVE Program shall be reported on the Financial Status Report (SF-269) in the column containing "other" expenses. SAVE Program expenditures shall also be separately identified in an attachment to be submitted with each quarterly SF-269 report. Any costs requiring prior approval by FNS shall not be claimed until approved.

[53 FR 39443, Oct. 7, 1988]

APPENDIX A TO PART 277—PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO ADMINISTRATION OF THE FOOD STAMP PROGRAM BY STATE AGENCIES

This appendix sets forth the procedures implementing uniform requirements for the negotiations and approval of cost allocation plans with State agencies, in accordance with the provisions of Federal Management Circular (FMC) 74-4 and OASC-10, "Cost