

## **FOOD, NUTRITION, AND CONSUMER SERVICES**

### **Statement of Audrey Rowe, Administrator Food and Nutrition Service Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies**

Thank you, Mr. Chairman, and members of the Subcommittee, for the opportunity to testify on the programs and services administered by the Food, Nutrition, and Consumer Services (FNCS) mission area. FNCS has long been committed to managing the Federal nutrition assistance programs with an eye to making the most efficient use of available resources to effectively serve our most vulnerable populations. I am pleased to be here today to discuss some of our fiscal year (FY) 2016 Budget requests as well as our recent accomplishments.

As you know, the nutrition assistance programs remain critically important to millions of Americans. Although the economy is recovering and more people are finding jobs, many Americans are still struggling to put nutritious food on the table. Research shows that, in 2013, 14.3 percent of households were food insecure at some point in the year, and 5.6 percent had very low food security, meaning the food intake of one or more household members was disrupted at times due to a lack of resources. While children are often protected from the severest forms of food insecurity by the adults in their households, in about 360,000 households, one or more children simply did not get enough to eat. They had to cut the size of meals, skip meals, or even go whole days without food at some time during the year. Research also shows that food insecurity can result in poor health, increased illnesses, higher hospitalization rates, iron deficiency anemia, and behavioral, developmental and mental health problems in young children and adolescents. Food insecurity may also affect children's ability to learn and do well in school.

#### Community Eligibility Provision

One promising new approach to expanding participation in the school meals programs, the Community Eligibility Provision (CEP), is an option that allows school districts in high-poverty areas to offer school meals at no direct cost to students. CEP became available to all schools nationwide this school year (2014-15), after a three year phase-in. In this first year of nationwide implementation, more than half of reported eligible schools are participating in CEP, which means almost 14,000 schools in about 2,000 school districts in high poverty areas are

offering nutritious meals at no direct cost to approximately 6.3 million students. However, if all eligible schools implemented CEP, USDA estimates the potential reach at 3,000 school districts, reaching more than 8.8 million children. Thus far, the feedback on CEP from school districts has been overwhelmingly positive.

Under CEP, costs for operating the program are shared between the Federal government and the school. CEP schools offer meals at no direct cost to all students. The level of Federal reimbursement is based on the percentage of students directly certified through SNAP.

Participating school districts across the country are reporting that more students are eating lunch and breakfast, and with improved nutrition standards as a result of the Healthy, Hunger-Free Kids Act of 2010, we know the meals they are receiving meet the healthier meal standards including more fruits and vegetables. This means CEP can help prevent food insecurity and hunger among children in high-poverty areas while reducing administrative burden for school districts. In our *Community Eligibility Provision Evaluation*, conducted in early adopting States, student participation increased in the National School Lunch Program (NSLP) by 5 percent and in the School Breakfast Program (SBP) by 9 percent. Early reports from some participating districts show even more marked results.

#### Addressing the Summer Hunger Gap

Over 21 million children receive free or reduced-price meals through the NSLP and SBP during the school year and, without access to school meals, these children are at an increased risk for hunger during the summer months. In recent years, USDA has placed summer feeding among its top priorities. We have recognized this summer hunger gap and have taken action.

Thanks to the efforts of FNS staff and our many State and local partners, we are reaching more of these 21 million children with summer meals when school is not in session. Summer 2013 represented an 8 million meal increase over summer 2012. And last summer, we were able to serve over 10 million more meals than in summer 2013. We are grateful for the support and dedication demonstrated by our stakeholders and proud of the progress that has been made, but there is still much work to be done. Our latest data suggest that we reached about 2.3 million children on an average summer day in 2014 through the Summer Food Service Program (SFSP), and 1.4 million in the seamless summer component of the NSLP, for a total of 3.7 million children per day. Unfortunately, the summer hunger gap is still wide.

During summer 2014, FNS targeted summer feeding expansion efforts in 6 States including Alabama, Illinois, Missouri, Mississippi, Nevada and Texas by providing intensive

technical assistance around specific access goals. Our strategy for summer 2015 builds off of our successes and will close the summer hunger gap even further. We plan to expand the successful targeted technical assistance effort in seven new states (Arizona, Kansas, Kentucky, Michigan, Pennsylvania, Oklahoma, and West Virginia) and expand resources available nationwide.

While we are working hard to close the summer hunger gap through expansion of the regular SFSP, we are excited about the potential that has been shown by the Summer Electronic Benefits Transfer for Children (SEBTC) demonstration, including for rural areas. Nearly 85 percent of America's persistent poverty counties are in rural areas – yet children in rural areas are the most difficult to serve in the summer. This is often due to transportation challenges or low concentrations of eligible children. A rigorous evaluation of the SEBTC has shown that it has the potential to more effectively ensure these children have access to adequate food during the summer months. Specifically, the evaluation showed the SEBTC reached 30 to 75 percent of low-income children in demonstration areas. The evaluation also showed that SEBTC reduced the most severe form of childhood hunger by a third. Additionally, SEBTC children ate 13 percent more fruits and vegetables. These results are extremely promising, and we appreciate that Congress provided \$16 million to continue these demonstration projects during the summer of 2015. The FY 2016 President's Budget includes a further request for almost \$67 million in order to expand the projects to up to 200,000 families – including in rural areas – where the needs are greatest. Expanded implementation of SEBTC would not only serve more children, but would build on our experience to date with operational information from additional locations, settings, and implementation approaches.

#### Ensuring Access to Healthy Foods

The Supplemental Nutrition Assistance Program (SNAP) is the cornerstone of the nutrition assistance safety net. SNAP helps millions of low-income Americans put food on the table, more than half of whom are children, the elderly, or individuals with disabilities. In addition to addressing food insecurity, SNAP also lifts millions of people out of poverty—according to the Census Bureau, SNAP kept over 5 million Americans—including nearly 2.2 million children—out of poverty in 2013. Ensuring access to healthy food is an important goal of SNAP. Incentives are a proven way to improve consumption of healthy foods. As a result of the Agricultural Act of 2014, FNS is partnering with the National Institute for Food and

Agriculture to award \$100 million in grants over the next three years for incentive pilots to test new ways to help SNAP participants make the healthy choice, the easy choice.

In addition, we are encouraging SNAP participants to purchase fresh, locally grown foods at farmers' markets. We are expanding SNAP participants' access to farmers' markets nationwide, in an effort to facilitate healthy choices. Thanks to funding first provided in the FY 2012 appropriations act, farmers are able to gain access to technology necessary for EBT transactions through Marketlink.org. To date, almost 5,200 farmers' markets and direct marketing farmers across the country have been authorized to accept SNAP benefits – about 1,000 more than were authorized at this time last year.

Supporting increased procurement of local foods is a key priority and area of focus for the Farm to School Program. The Farm to School Program seeks to increase the availability of local foods in schools and encourage complementary nutrition education to help children make lifelong healthy eating choices. These efforts deliver positive health and wellness impacts as well as having a positive impact on local economies. USDA provides technical assistance to encourage schools to buy local products. To date, the Farm to School Program has provided over \$15 million in grants for 221 projects to increase the amount of healthy, local food in schools. In addition, in 2014 the program finalized a partnership agreement with Food Corps to support volunteer service members in schools in 13 States. The Food Corps members are working with schools to build and maintain school gardens, incorporating nutrition education into the schools' culture and supporting school food service personnel with the procurement or promotion of local and regional products. Based on the enthusiastic response from schools, the FY 2016 President's Budget includes a request for an additional \$1 million for competitive grants to expand our ability to provide these types of services to schools around the country.

While we are encouraging schools to seek out fresh, local foods, we are also continuing to make improvements to the USDA foods that are provided to schools for use in the school meals programs. We have worked hard to improve the quality and quantity of the over 200 USDA foods provided to help schools meet the new meal patterns and stretch their food dollars. Last year, about \$1.4 billion worth of USDA foods were provided benefitting schools, students and American farmers.

Finally, since 2009, we have provided \$185 million in grants so that schools can purchase needed equipment to make preparing and serving healthy meals easier and more efficient.

The Special Supplemental Nutrition Program for Women, Infants, and Children, or the WIC Program, provides supplemental food, nutrition education, including breastfeeding support, and a link to health care for vulnerable women and their children. It is frequently cited as one of the most efficient and effective Federal programs. Food package improvements that began in 2009 and are being fully implemented this year include adding fruits, vegetables, whole grains and greater use of lowfat milk. The cash value voucher (CVV) allows women \$10 - and allows children \$8 - worth of fruits and vegetable purchases per month. The Centers for Disease Control and Prevention has reported that these food package improvements may have contributed to recent significant downward trends in obesity prevalence for low income preschool children in 19 States. As you are likely aware, an expert Institute of Medicine committee recently released their evaluation of allowing use of the CVV to purchase white potatoes. The committee recommends that FNS allow white potatoes as a WIC eligible vegetable for purchase with the CVV. We have begun implementing the inclusion of fresh, frozen or canned forms of white potatoes in the food package and, by May 1, 49 State agencies will have implemented the white potato provision. All implementation actions will be completed by July 1.

#### Program Integrity

Rooting out waste, fraud and abuse in the nutrition assistance programs is a top priority at FNS. We have zero tolerance for fraud. FNS is taking action in all of its programs to ensure their financial and programmatic integrity.

SNAP delivers critical benefits to low-income households with a high degree of integrity. I'm pleased to report that the improper payment rate in FY 2013 decreased to a low of 3.2 percent, reduced by more than half since 2000, and among the lowest in the federal government. An FNS report, released in 2013, found that the estimated rate of trafficking in SNAP is very low, just over one percent in the 2009-2011 time period, and also found that the vast majority of trafficking occurs in smaller stores. But any amount of trafficking or fraud is too much – which is why we have redoubled our retailer integrity efforts with funding provided through appropriations and through the Agricultural Act of 2014.

In the case of SNAP recipient fraud, FNS is using regulatory changes, developing tools and providing technical assistance to strengthen States' ability to find and hold accountable recipients who don't play by the rules. In FY 2013, for example, States conducted nearly 710,000 investigations resulting in nearly 44,000 disqualifications. In the same year, States collected over \$75 million in fraud claims from households. In order to further support our focus

on integrity and proper stewardship of taxpayer dollars, FNS' FY 2016 President's Budget request includes \$4 million to strengthen Federal training, oversight and monitoring of State quality control processes and data, to ensure that States are meeting the highest standards in program administration and payment accuracy.

Over the last few years in SNAP, we have taken many steps to increase retailer integrity efforts including strengthening procedures and enforcement, toughening sanctions, and holding retailers accountable. In FY 2014, FNS reviewed more than 17,000 stores and conducted over 7,000 investigations. In the last 10 years, 10,252 retail stores have been permanently disqualified for trafficking. In FY 2014 alone, over 1,400 stores were permanently disqualified for trafficking or falsifying an application and over 700 stores were sanctioned for other violations. As a result of our focus on rooting out trafficking and program abuse, the 2,226 stores sanctioned in FY 2014 represent a 28 percent increase from 5 years ago.

In the Child Nutrition Programs, FNS established a new Office of Program Integrity, drawing on wide range of research, policy, and operational expertise to address the ongoing problem of improper payments in the school meals programs. These errors can result from several sources, so the Agency is taking a multi-faceted approach to reduce program errors. To address household reporting errors on applications, FNS is currently developing a new model application that incorporates elements of human-centered design to improve the clarity of the application for households to avoid inadvertent errors. We are also improving administrative processes. This includes testing the effectiveness of alternate communication protocols with households during the verification process as well as implementing a study to explore the potential for additional data matching against Federal and State data systems in both the certification and verification processes.

In WIC, FNS is committed to working with our State Agency partners to ensure that they are upholding the highest standards of program integrity. Specifically, FNS is increasing our national oversight activity by planning and conducting reviews of all 90 State agencies' certification and eligibility practices and policies over a two-year period beginning this year. We are providing direct technical assistance to individual State agencies to ensure the use of effective participant certification and vendor management policies. And we continue to assist States with EBT implementation which will improve retailer integrity and vendor management practices.

## The FY 2016 Budget Request

Let me turn now to some specifics of the FNS President's Budget request:

### **Child Nutrition Programs**

The Budget requests \$21.6 billion for the Child Nutrition Programs, to assist State and local governments in serving nutritious meals to children in public and private schools, child care centers and family day care homes as well as summer recreation programs. This level of funding will support expected increases in the number of meals served, increases in reimbursement rates due to food inflation and a continuing trend toward higher percentages of meals served at free and reduced price rates. In the school lunch program, average daily lunch participation is expected to increase slightly from 30.2 million children in FY 2015 to 30.3 million children in FY 2016. Breakfast participation is expected to grow by over 4 percent from 14.0 million to 14.6 million children per day. For both school meals programs, the percentage of meals projected to be reimbursed at the free rate continues to increase while reduced price and paid meals decline as a percentage of total meals served. This is a continuation of a trend that began several years ago.

We are seeking additional support for schools as they work to implement improved meals and a la carte foods. The President's Budget includes \$35 million for school meals equipment grants, to allow school districts to purchase the tools needed to serve healthier meals, improve food safety, close the access gap at breakfast, and reduce costs by improving energy efficiency.

The Budget also requests \$12.5 million to help support the new Administrative Review and Training (ART) process including \$10 million for grants to States to provide them with resources to upgrade automated information systems, \$2 million for an evaluation of the new ART process to ensure that all requirements are being properly implemented, and \$500,000 for development of streamlined reporting procedures to improve certification accuracy and support ongoing error measurement.

The Budget includes \$2 million for a Child Nutrition State Exchange program which will provide funding for State agencies administering either the Child Nutrition programs or for State Food Distribution agencies to share best practices and leverage resources. As in SNAP, the State Exchange framework will allow States to exchange information, resources, tools, and forms in a secure and reliable manner.

We are requesting \$3 million in the Farm to School Team line which includes an additional \$1 million to launch a new competitive grant program for support services in schools

throughout the country to build school gardens, incorporate agricultural and food-based nutrition education into the schools' culture and curriculum and provide technical assistance to food service professionals.

Finally, as discussed above, the President's Budget requests \$66.9 million for the Summer EBT Demonstration projects. The proposed funding will serve approximately 200,000 low-income families in participating areas.

### **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

The President's Budget includes \$6.623 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC, to ensure that all eligible persons seeking to participate can be served. The request will provide supplemental food, nutrition education, including breastfeeding promotion and support, and a link to health care to a monthly average of 8.5 million low-income women, infants and children during FY 2016 – about 100,000 more participants than in FY 2015.

The Budget request also includes \$55 million to continue work with State agencies, food retail vendors and the payments industry to implement WIC EBT nationwide by 2020. There are currently 81 State agencies in various stages of WIC EBT implementation, including 27 State agencies that are in the process of implementing EBT and 14 States and Indian Tribal Organizations where EBT is operating state-wide. States with fully implemented EBT systems include Florida, Massachusetts, Michigan, West Virginia, Kentucky, Texas, New Mexico, Virginia, Wyoming, and Nevada. The Budget request also continues to support and promote breastfeeding as the best form of nutrition for infants. WIC offers support and encouragement, including peer counseling and a more substantial food package to women who choose to breastfeed their infants. The emphasis seems to be working because based on the 2012 WIC Participant and Program Characteristics data – the latest information available – for the first time, the proportion of WIC breastfeeding women was higher than the proportion of non-breastfeeding, postpartum women. The Budget continues to request \$60 million for breastfeeding peer counseling efforts. Almost all WIC State agencies are currently operating peer counseling programs with over 3,000 peer counselors providing services to WIC mothers.

### **Supplemental Nutrition Assistance Program (SNAP)**

The President's Budget requests about \$84 billion for SNAP, enough to serve an estimated average of 45.7 million people each month in FY 2016, a projected decline in benefit costs and in participation from FY 2015. The projected decline in participation is largely a

reflection of the continuing improvement in economic conditions. The request also includes \$5 billion in SNAP contingency funds, which is less than one month of benefits.

A \$4 million increase is being sought for resources to strengthen Federal training, oversight and monitoring of State quality control processes and data. The increase includes funding for staff to focus on providing comprehensive technical assistance to States and conducting more thorough reviews of State quality control operations to ensure that States are operating the program with the highest possible standards.

The Budget requests \$25 million in grant funds to States transitioning off time-limit waivers to provide enhanced E&T services to able-bodied adults without dependents (ABAWDs). The funding will be provided as 100 percent federal funding to help ABAWDs gain education and skills, such as high school equivalencies and industry-recognized certificates that pay off in the labor market. These employment and training initiatives will allow some of our nation's poorest individuals to work toward self-sufficiency and continue to receive critical food assistance while doing so. The funds are requested to be available for two years in order to give States time to plan and implement enhanced services. A comparable legislative proposal accompanies this request to enact this provision from FY 2017 onward.

The Budget includes \$1.5 million for an Employment and Training Center of Excellence. The SNAP E&T Center of Excellence will support improvements in the effectiveness of SNAP E&T programs by bringing together experts in the field, identifying, collecting and disseminating information on best practices and effective policies.

Funding of \$1.5 million is being requested for formative research on the *Dietary Guidelines*. This will allow CNPP to assess the psychological and environmental influences that affect eating and physical activity behaviors among selected FNS program audiences.

Funding of \$1.2 million is being requested for additional technical assistance, as well as oversight and monitoring to States where the SNAP Nutrition Education programs are increasing. The focus of these funds will be development and dissemination of outcome-based, evidence-based approaches to obesity prevention in low-income populations.

To conform the treatment of SNAP with other direct spending programs subject to appropriations that serve low-income individuals, such as Medicaid, SSI, Child Support, and Foster Care, the Budget would provide an advance appropriation for the first quarter of FY 2017 and enhanced flexibility in the fourth quarter.

Finally, the Budget requests \$9.4 million to fund a legislative proposal to authorize a new State option to increase access to SNAP for elderly individuals, by reducing the administrative and application burden for low-income elderly households with no earned income. The elderly continue to be an underserved and vulnerable population, in part due to administrative complexities associated with applying and recertifying for SNAP. Only 42 percent of eligible elderly individuals participate in SNAP, compared to 83 percent for all eligible people. This option would allow States to create a less burdensome application and recertification process by simplifying the application process, lengthening the certification period and eliminating any interim reporting requirements for these relatively stable households.

### **Commodity Assistance Program**

The President's Budget includes \$288 million for the Commodity Assistance Program, including an increase of \$9.8 million for the Commodity Supplemental Food Program (CSFP). This level of funding would add 10,000 CSFP slots to support a total caseload of 614,000 participants. The request also supports increases in food package and administrative costs as a result of inflation. The FY 2015 Omnibus Appropriations Act added seven new States to the program for a total of 46 States, the District of Columbia and two Indian Tribal Organizations. The President's request does not increase the number of States in the program, but rather expands slots in participating states. There are currently no other States with approved plans.

### **Nutrition Programs Administration**

We are seeking \$155.6 million to support the work of FNS – the same amount requested last year. The Budget includes an increase of \$2 million for the Center for Nutrition Policy and Promotion (CNPP), of which \$1 million would be used to implement proven strategies to target vulnerable populations with programs designed to improve eating and physical activity behaviors. The other \$1 million would be targeted toward continued development of unified Federal dietary guidance for Americans from birth to two years old as directed by the recent 2014 Farm Bill.

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to present this budget request to you. I would be happy to address any questions you may have.