Testimony of James D. Weill
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Regarding
Supplemental Nutrition Assistance Program Quality Control
Submitted to the
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Chairman Baca and Members of the Subcommittee, thank you for the opportunity to testify here today.

I am Jim Weill, President of the Food Research and Action Center ("FRAC"). The Food Research and Action Center has been working for 40 years to reduce poverty and end hunger in this country. Through research, policy advocacy, outreach, public education, and training and technical assistance for state and local advocates, public agencies, officials and providers, we seek to strengthen the nation's public nutrition programs – have them reach many more people in need and do so with adequate benefits that support health and well-being.

FRAC has been instrumental in helping to launch, improve and expand the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), WIC, school breakfast, afterschool food, summer food and other nutrition programs.

We appreciate your oversight hearing today to review SNAP Quality Control (QC) provisions and will offer views on payment accuracy as well as other related indicators of SNAP effectiveness.

Program access and integrity are important to SNAP's success in addressing hunger and food insecurity and promoting good nutrition and healthy outcomes for vulnerable Americans. We all are well-served when a program is not over-utilized or underutilized, and when the public, policymakers and beneficiaries have confidence in the integrity of the workings of a program.

The SNAP QC system assesses the degree to which payments are going correctly to eligible people and in the correct amounts. The SNAP QC system – especially with the program modifications from the 2002 Farm Bill and since – is one effective tool federal and state policymakers and administrators have to evaluate SNAP's delivery of benefits as intended under program rules, and on which to base corrective actions as warranted.

In the 2002 Farm Bill, Congress made a series of improvements to the Food Stamp Program (the name changed to SNAP in 2008), including: improving QC tests for payment accuracy measurement; prioritizing the imposition of QC sanctions onto states that register persistently high payment error rates; directing USDA to provide a total of $48 million in bonus awards to states for effective program administration; and giving states greater options to streamline application certification procedures and better coordinate certification rules with those in other means-tested benefit programs.

Since the 2002 Farm Bill, states, partnering with USDA, have continued to make considerable progress in reducing errors in benefits issuance and keeping error rates low, and fewer states have been in a liability-for-sanction status. Indeed, in June USDA announced that the FY 2009 SNAP rate of payment accuracy was 95.64 percent, an all-time high. More progress is especially needed to lower the "negative error rate" (which measures the percentage of households improperly denied or terminated), but the trend in that measure also is encouraging. For FY 2009, the negative error rate declined for the second year in a row.

Strengthening SNAP is Important for Needy Households and the Nation as a Whole

Strengthening SNAP is important because the program is so important to struggling households and to the nation and its economy. Hunger in our midst offends Americans of every party, religion, ethnicity, and income. But hunger also is, in its practical effect, one of the most fundamental problems our nation faces. It adversely affects health, early child development, educational opportunities, productivity and family dynamics. Americans can't learn, live, grow and prosper if they don't have adequate, healthy nutrition.

Even before the recession began there was widespread food insecurity in the U.S. The recession obviously has made this situation far worse. According to Census Bureau/U.S. Department of Agriculture official data, 36 million people in the U.S. lived in "food insecure households" in 2007, before the recession, and 49 million did so in 2008 (2009 data are not yet available) – a big jump in the first full year of the downturn. The government classifies households as "food insecure" when they cannot afford to purchase a minimally adequate diet on a consistent basis. Many, but not all, of them are skipping meals and frequently experience hunger.

Moreover, there are more recent data, from Gallup polling analyzed by FRAC, which show that 18 percent of American households (24 percent of households with children) reported in 2009 that there had been times in the past twelve months when they did not have enough money to buy food that they or their family needed. This "food hardship" is found in every congressional district in America. In 311 Congressional Districts 15 percent or more households answered "yes" to Gallup's question. (For a breakdown of food hardship by state, metropolitan statistical area, and congressional district, see http://frac.org/pdf/food_hardship_report_2010.pdf.)

SNAP is the largest nutrition program and the nation's best defense against hunger. Even before the recession the program was among the largest and strongest public programs that provide economic and nutrition support to low-income Americans. But the role of the program has become even more essential as the recession has deepened. In April

2010 (the latest month for which there are data) there were more than 40.4 million SNAP/food stamp recipients, compared to 28.2 million two years earlier.

SNAP also boosts the economy. Dollar-for-dollar, it is almost certainly the strongest countercyclical program the nation has. The money goes to very needy people who have trouble paying their food and other bills, and who therefore spend these funds quickly, so that they go immediately into the economy with very positive multiplier effects. Based on USDA research, every federal SNAP dollar generates nearly twice that in economic activity.

Most SNAP beneficiaries are children (49 percent) or persons 60 years of age or older (9 percent). They are in households with very low incomes: Only 13 percent of all SNAP households have income above the federal poverty line; nearly 41 percent have incomes at or below half of the poverty line.

Many are in working families. In 2008, 40 percent of SNAP participants lived in households with earnings, double the percentage of working households in 1989.

USDA reports that SNAP benefits comprise nearly 24 percent of the monthly funds available to the typical SNAP household (gross income plus SNAP). Less than 11 percent of all SNAP households receive cash benefits through the Temporary Assistance for Needy Families (TANF) Program; another five percent receive cash benefits through General Assistance (GA). Programs targeted to elderly persons and persons with disabilities also assist SNAP participants. Twenty-six percent receive Supplemental Security Income (SSI), 25 percent receive Social Security, and ten percent receive both of those benefits.

SNAP delivers vital benefits in an efficient manner in large part because it relies on regular streams of commerce. SNAP shoppers spend their benefits at regular grocery stores. Moreover, their benefits are loaded onto Electronic Benefit Transfer (EBT) cards that operate much like the other debit and credit cards that other customers use to make their purchases at food retailers. This public/private partnership aspect of SNAP is valuable: relying on existing private sector retailers and EBT processing systems saves the government from having to develop and maintain separate distribution systems for getting food to more than 40 million needy people each month and allows SNAP recipients more dignity in their use of the benefits.

These and other strengths of SNAP have earned broad bipartisan public and policymaker support. Indeed, a couple of years ago, the National Journal ran a lengthy piece on “10 Successes [and] 10 Challenges” in American society – major issues in the public and private sectors. Alongside cleaner air, American entrepreneurship, and seven other successes was food stamps, described as “A Government Reform That Worked.”

SNAP is very important and very effective, but its reach is undermined by gaps in access and adequacy of benefits as well as by administrative burdens. Even with the boosts provided in the American Recovery and Reinvestment Act (ARRA), the average SNAP benefit per person per day is only about $4.50. And only two in three eligible people actually participate in the program.

Maintaining Low Error Rates and Getting Accurate Data to Policymakers and the Public is Key to Maintaining Confidence in the Value of the Program

Public confidence in program integrity – and ultimately in the worth of the program – depends on maintaining low error rates and on having accurate facts about SNAP and its operations. QC helps lower error rates and publicize these facts, and shows there is a high level of program integrity.

Unfortunately, there is an all-too common misimpression that even the relatively small number of cases in the SNAP QC error rate all represent "fraud." This equivalence is misplaced.

The QC payment accuracy rate measures whether SNAP payments go to eligible people and whether payments are in correct amounts (not too high, and not too low). Moreover, erroneous payments count toward the error rate whether they are the result of unintentional or intentional mistakes. And the errors do not belong to beneficiaries alone. Far from reflecting client mistakes, many SNAP payment errors result from unintentional mistakes by caseworkers. Overall, the breakdown in SNAP cases between agency-caused errors and client-caused errors is 70 percent to 30 percent.

Similarly, almost all clients who receive SNAP benefits are eligible for some amount, so that even many QC-countable errors that favor clients are simply computational errors in benefits to eligible people. In FY 2009 98.59 percent of SNAP cases were eligible for a benefit. The percentage of benefit dollars that went to eligible people was even higher (98.81 percent).

Moreover, SNAP benefit overpayments can lead states to recoup the excess amounts by deducting benefits from clients' future allotments. This is so 1) even if the clients did not cause the errors intentionally, and 2) even if the caseworkers, not the clients, caused the errors. The amounts at issue can be large, and first notifications clients receive about the problems and the recoupments can come long after errors have occurred. The recoupment of past benefits can be an unsettling process for SNAP households struggling to make their current benefits last through the month.

Finally, benefits are used overwhelmingly for the purpose for which they are distributed—food purchases. This has become even truer with the advent of EBT in place of paper coupons. That transition in distribution method has had positive ramifications for curtailing the illegal sale of SNAP benefits for cash (so called "trafficking"). New technologies have given federal and state administrators tools to identify unusual patterns of EBT redemptions and to target investigative resources for maximum impact.

Many Errors Disadvantage SNAP Clients

As noted above, the notion that SNAP clients always or typically benefit from erroneous payments when errors occur is far from the case. A significant portion of the overall SNAP payment error rate reflects underpayments, federal funds that were intended for needy eligible people and instead were not expended. While that result may be lower federal expenditures, it is hardly a happy--or appropriate--result for SNAP households or the program itself. Some of those clients abandon the process and never receive benefits; others are forced to go through the application process again. In the meantime they miss out on benefits for weeks or months while their renewed applications are being processed.

Nor are negative errors good news for states. A preliminary USDA review of improperly denied or terminated cases suggests that within six months of denial, approximately half of the denied or terminated households reapply and are found eligible. This results in one and a half times the work for offices to process those same households, duplicative effort few if any SNAP agencies can afford in light of tight state budgets and the enormous demands for assistance driven by severe economic need.

We appreciate the focus USDA and its state partners are placing on reducing the too high negative error rate and identifying best practices for making progress on this front.

Other Indicators of Program Operations

There are other quality control problems—small "q" and small "c", as it were – that aren't within the traditional SNAP QC definition per se but have important impacts on payment accuracy and overall program performance. They include too-complicated rules built into the program or maintained by some states, despite options to do otherwise; delays in state action; problems caused by understaffing; and other similar problems.

Congress and USDA agree that we must tackle these problems as well. Pursuant to the 2002 Farm Bill authority, USDA's bonus payments to states for program performance include not only "best" and "most improved" in payment accuracy and "best" and "most improved" on negative error rate, but also "best" and "most improved" on the percentage of eligible low-income residents participating in SNAP, and best on state processing SNAP benefits in a timely manner.

Options to simplify and streamline eligibility determinations and determinations of benefit amounts, such as the 2002 Farm Bill provisions which allow states to align various benefit program definitions for income and assets, help address some of the factors that lead to errors. States need to be more responsive in taking the many options they have under current law to simplify the program. But more simple criteria and processes are needed – a strategy to improve the situation for states, hungry people and taxpayers. As GAO has noted, "multiple variations in approaches to identifying recipients' income for determining program eligibility [in different means-tested benefit programs] are likely contributing factors" to payment errors." (Testimony before the Subcommittee on Federal Financial Management, Government Information, Federal

Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Progress Made but Challenges Remain in Estimating and Reducing Improper Payments, Statement of Kay L. Daly, Director Financial Management and Assurance, GAO (delivered 4/22/09), GAO-09-628T, at p. 6.)

Correct outcomes in case processing – eligibility and benefit determinations that are correct and timely – also entail having sufficient administrative support, adequate numbers of trained caseworkers, and adequate computer systems. The additional administrative funding provided in both the American Recovery and Reinvestment Act and the FY 2010 Defense spending bill were important to assist states in processing SNAP applications at a time of acute economic need and rapid increases in requests for SNAP. Ensuring adequate supports to states for SNAP administration should remain a high priority for achieving goals in both the access and integrity areas. This is true both in the short and medium term as unemployment and SNAP applications are likely to remain high, and in the longer term since many of these problems predate the recession in many states.

Timeliness is one key piece of this. Federal rules require states to process SNAP applications within 30 days (or within seven days for expedited benefits for households with very few other resources to purchase food). These standards are in recognition of the reality that food is a basic need and delays in access to it spell less adequate health and nutrition and more hunger for vulnerable people. In recent months, the depth of economic need has led to record numbers of SNAP applications and record high enrollment, but in many areas that also has contributed to delays in states and counties getting SNAP benefits out to eligible people. Some of the delays have led USDA to work with the states on corrective steps; and some have led to litigation and court remedies.

Processing delays leave clients without benefits for weeks or months when they should be receiving them, add to state and county administrators' workloads as increased calls about the status of applications stream into SNAP assistance offices and call centers, and deprive local economies of the immediate boosts that the missing federal dollars could be providing. We encourage USDA and states to continue to identify and implement options and practices that reduce unnecessary questions on applications, reduce unnecessary verification, and otherwise streamline the certification process and reduce workload as part of the effort to achieve timeliness in processing. Moreover, we urge states to invest in additional staffing where needed to reduce backlogs in applications and to provide more adequate client service.

Once a household is certified for SNAP, that household may become disconnected at recertification for what often is coded as "procedural reasons." Unfinished or lost paperwork and difficulty in scheduling or making recertification interviews—not an improvement in financial circumstances that render the household no longer needy and eligible—are common factors in SNAP households becoming disconnected from the program. As mentioned with respect to the negative error rate, a household that is denied or loses SNAP certification even though it is eligible is highly likely to reapply as a new case, leading to more work for the clients and the caseworkers. Investing in adequate staffing and procedures at recertification can help reduce case “churning” (on, off, on again) that affects SNAP Program effectiveness, including the resources to ensure payment accuracy, and harms families.

Finally, another way to measure SNAP “qc” is the extent to which SNAP overall is reaching those who are eligible, not just applicants, as measured by USDA. Participation rates among eligible people dropped precipitously in the last half of the 1990’s, a trend that has partially been turned around. Still, despite progress in recent years, SNAP is missing one-third of eligible people. Continued efforts to address barriers to access are vital. These include eliminating unnecessary paperwork and trips to assistance offices, eliminating arbitrary rules and procedures, streamlining eligibility through Categorical Eligibility and SSI Combined Application Projects, and supporting outreach and application assistance (such as through community-based organization partnerships).

Congress can help in important ways now, and in the upcoming Farm Bill. One key step is addressing the adequacy of the benefit. The monthly SNAP allotment is predicated on a food plan (the “Thrifty Food Plan”) which was developed during the Depression in the 1930s “as a restricted diet for emergency use.” The allotment typically carries even the most careful of families only three-quarters or four-fifths of the way through the month. The amount of the federal government’s own Low-Cost Food Budget – the lowest of three government budgets for normal use – is approximately 25 percent higher than the Thrifty Food Plan, and should be the basis for SNAP allotments. That Low-Cost Food Budget is generally in line with what low and moderate-income families report that they need to spend on food, as opposed to the lower amount a food stamp allotment would provide. Steps to address benefit adequacy include:

- maintaining the value of the ARRA benefit boost and not allowing that level to erode with food cost inflation; this includes rejecting any effort to roll back the boost and use the money – literally food taken out of the months of beneficiaries – as an offset for other purposes;

- adjusting benefit amounts in a timely manner; while the benefit allotment is adjusted for inflation each year, the increases come only after a time lag, so the allotment reflects not current prices but the prices of the (already inadequate) Thrifty Food Plan from between four and 16 months earlier;

- increasing the minimum benefit ($16 per month under the ARRA boost) so that elderly households receive at least an amount that is equivalent in value to the floor set in the 1970s;

- fully allowing SNAP benefits to be adjusted when high housing costs consume more of a family’s income; and

- improving earnings disregards and other benefit computation rules.

In addition to steps to improve benefits, other changes are important to help reach more households in need. Congress should:

- extend the program to needy people now excluded from benefits by arbitrary eligibility rules, including by restoring eligibility to all legal immigrants, dropping the lifetime ban on benefits for drug felons who are making a new start in society, and removing time limits on receipt of SNAP by certain jobless adults seeking work;

- allow all states to operate the SSI CAP model that seamlessly enrolls SSI recipients into SNAP, and encourage other data matching initiatives;

- provide adequate resources to states and community partners for administration of SNAP and outreach and nutrition education (these should include restoring a greater federal share in administrative expenses and enhanced federal matches for state investments in operational improvements); and

- promote increased access by low-income people to nutritious food in neighborhoods, including by fostering development of supermarkets and outlets in “food deserts,” and by equipping all farmers’ markets with EBT capability.