

**Statement of Kevin W. Concannon, Under Secretary for
Food, Nutrition, and Consumer Services
Before the House Committee on Agriculture
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Thank you, Mr. Chairman, and members of the Committee for the chance to update you on USDA's Food, Nutrition, and Consumer Services (FNCS) accomplishments and priorities. With me today are Audrey Rowe, Administrator of the Food and Nutrition Service (FNS), and Angela Tagtow, Executive Director of the Center for Nutrition Policy and Promotion (CNPP).

Let me begin by expressing my appreciation to you, Chairman Conaway and Ranking Member Peterson, along with other members of this Committee, for your ongoing support for Federal nutrition programs, as expressed in the Agricultural Act of 2014. As you know, the history of these programs is one of bi-partisan leadership from both Congress and the Executive Branch. I am proud of the accomplishments of this Administration in preserving and strengthening the programs, but I am profoundly conscious of the fact that they would not have been possible without the steadfast commitment of the Committee to keeping these programs available to help those who truly need them to put food on the table.

As we continue to see progress in the economic recovery, we must remain mindful that for too many Americans, full opportunity remains elusive, and many families still cannot be certain of enough food throughout the year for an active, healthy life. Often those Americans who are most at risk of food insecurity also face obesity and related health conditions, in part because factors that contribute to these problems are interrelated – limited access to healthy food sources, inconsistent incomes, and other challenges. This is especially concerning because the typical American diet falls substantially short of nutrition recommendations. The Federal nutrition programs, which operate as partnerships with tens of thousands of State and local service providers, work together as a nutrition safety net to prevent hunger and improve nutrition, while also supporting local economies. They touch one in four Americans each year.

The Supplemental Nutrition Assistance Program, or SNAP, is the foundation of this system of programs. I know that SNAP has been a focus of the Committee's work in recent months. I appreciate the series of hearings you have conducted on SNAP, and their focus on the strong evidence of its effectiveness. Studies have shown that participating in SNAP is associated

with a significant decrease in food insecurity and, in turn, helps to address a range of negative health outcomes that are associated with food insecurity.

SNAP also lifts millions of people out of poverty. Recent Census data indicate that 4.7 million people, including 2.1 million children, were lifted out of poverty due to SNAP benefits in 2014. The impact is greatest for the most poor, moving 13 percent of participating households from below to above 50 percent of the poverty line as it improves their well-being with better access to food resources. The Supplemental Poverty Measure shows that SNAP reduced child poverty by almost 3 percentage points in 2014—the largest child poverty impact of any safety net program other than refundable tax credits. Evidence is clear that food-focused SNAP benefits increase household food expenditures more than an equal cash benefit would. But SNAP does not just help relieve short-term hardship. SNAP’s benefits are especially evident and wide-ranging for those who receive food assistance as children, including long-run improvements in health, educational attainment, and economic self-sufficiency.

SNAP also benefits local businesses and economies through its countercyclical economic impacts. During economic downturns, every \$1 in new SNAP benefits generates up to \$1.80 in economic activity. Every time a family uses SNAP benefits to put food on the table, it benefits the store and the employees where the purchase was made, the truck driver who delivered the food, the warehouses that stored it, the plant that processed it, and the farmer who produced the food. Nearly one-fourth of all SNAP spending in grocery stores and supermarkets reaches American farmers.

As this Committee continues to review SNAP, I want to speak candidly about the proposal raised by some to change SNAP into a block grant provided to States; such a change would have significant and negative consequences for the SNAP program. A block grant structure would significantly erode SNAP’s responsiveness to those it serves and ultimately be a step backwards in the national fight against hunger. As a former Commissioner in three States, I would like to share my concerns about converting one of the most effective programs we have for addressing hunger, particularly among children, into a block grant:

- Currently, SNAP offers a national nutrition safety net. Its design recognizes that poor and low-income households need help affording food in every region of the country and a

national program ensures that no matter what State or community a family lives in, if the family doesn't have enough money, it can get the help it needs to put food on the table.

- Moreover, SNAP responds to changing economic circumstances efficiently, effectively and immediately, expanding when and where the economy is weak with benefits that flow to communities, States, or regions of the country that face rising unemployment or poverty. A block grant would not be able to respond in this way, or even meet the needs of families affected by natural disasters and other unforeseen circumstances. A fixed block of money, even with some mechanism to adjust for changes with need, will never respond without costly delays that leave hard-hit communities without the resources they need to help families afford food. As important, under a block grant sagging local economies would also lose the automatic countercyclical boost that SNAP offers. Evidence from the Great Recession shows just how important the current structure is to ensuring that SNAP benefits go where they are needed during a downturn. The recession was deep and affected every State, but some States saw their economy flounder earlier than others. No formula had to be used and no decision had to be made by the Federal government to ensure that Texas had the resources necessary to cope with rising SNAP caseloads in March 2008 while Massachusetts' caseload did not begin to rise dramatically until January 2009.
- SNAP allows benefits to be redeemed across State lines. National standards for retail store approval and monitoring protect integrity. Block grants could lead to differences in retail store and food eligibility that would limit participant access to food, cause confusion among retailers and clients, be costly to food retailers, and negatively impact local economies.
- Block grants tied to past spending levels leave no room to address low participation rates among eligible working families or elderly. States could not encourage participation among vulnerable groups without cutting benefits for others to accommodate increased caseload.

Some have argued that block grants are needed to allow States flexibility to tailor SNAP to specific needs. These arguments fail to consider the significant flexibilities that States already have available for this purpose. These SNAP flexibilities, many described earlier this month at the Committee's hearing on State options, have made the program more efficient, accurate, and effective. States have a wide array of options under existing SNAP rules to simplify operations, meet special needs, and design locally-responsive employment and training programs. By streamlining reporting requirements, adjusting certification periods, standardizing deductions for

certain living expenses, and aligning SNAP with other Federal programs, States can target resources and better serve eligible households. Additionally, States may choose to uphold, eliminate, or modify the drug felon ban, including requiring that persons with drug felony convictions be tested for drug use as a condition of eligibility; and they may opt to include a photo on the household's EBT card. During my tenure at the Department, I have not had one commissioner or governor ask that we block grant the program, as they realize the current partnership and options work, and work well.

States may also pursue regulatory waivers that further the purpose of the Program, often using creative strategies, while maintaining the needed balance between access and integrity. Many of these innovative solutions leverage technology and provide good customer service, while ensuring that the basic protections and standards required by law are maintained. For example, sixteen States have been approved for a waiver to provide secure electronic notices to clients who opt to receive them that way, rather than on paper. Fourteen States are operating under waivers to conduct unscheduled SNAP eligibility interviews, where, rather than prescribing a set time that may not work for the client, the household is provided with a notice and number to call at their convenience to complete the interview. These innovations through the waiver process allow us to test improvements that can, if they work, be expanded nationwide, but if they do not work, we have an opportunity to learn from that and not repeat the same mistake in other communities.

While flexibility is critical to ensuring that States can meet the needs of their residents facing difficult circumstances, members of this Committee have criticized States for how they have used their flexibility, and sought to constrain it in certain areas. The most notable of these is States use of broad-based categorical eligibility, an option by which States extend eligibility to households that receive a non-cash benefit funded by TANF. Conversely, there are examples where States are not taking options favored by the Committee. The Agricultural Act of 2014 codified existing FNS rulemaking that allows States the option to withhold issuing replacement cards to households with excessive requests, defined as five or more in a year. FNS provided States this option as excessive card replacements may be an indicator of potential benefit trafficking. To date, only three States – Iowa, Massachusetts, and Michigan – have adopted this State option. Conversion to a block grant would weaken the ability to ensure consistency across States in areas of interest to Congress. SNAP is designed to strike the right balance between

national standards and State and local flexibility. Its national structure, which is fundamental to its success, should be preserved and strengthened.

As vital as the program is to so many, we can all agree that it would be better if fewer families needed to utilize SNAP because poverty and need were lower. And while the trends are pointing in the right direction – we are currently projecting a 2.3 percent decrease in participation for Fiscal Year 2017 – some ask, why haven't we made more progress in reducing the need for SNAP, given the reductions in unemployment in recent months?

While overall unemployment has declined, unemployment rates for some workers remain far higher than average. Bureau of Labor Statistics data show that unemployment rates for high school graduates are substantially higher than for college graduates. Workers without high school diplomas are even more likely to be unemployed, and their wages are likely to be far lower than those with more education. Furthermore, some citizens have trouble entering the labor force because of criminal records or other problems from years past. And, many who have jobs do not get the hours and wages they need to meet their food needs but may not be eligible for many other forms of assistance. SNAP is also serving more eligible people because of State and USDA efforts to streamline the program to ensure that those who need benefits are able to access the program with less hassle and paperwork.

As a senior Federal official responsible for this program, and as a former State commissioner, I can tell you without reservation that the best way to reduce the number of low-income people on SNAP is to connect them with better paying jobs and support them with employment and training. Our objective is to reduce the need for SNAP by helping adults able to work to secure stable, good-paying employment, while at the same time ensuring that those who do need help are able to get it.

One criticism heard repeatedly in some quarters is that SNAP discourages work. This claim does not hold up under close scrutiny. Work is important not only to household economic success, but also to the well-being of families more generally. The claim that SNAP does not support work reflects more ideology than evidence:

- In contrast to commonly heard rhetoric, SNAP does have work requirements. In general, those who are able to work must register to do so, accept a job if offered, and not voluntarily

quit or reduce work hours in order to get SNAP. This requirement is not waivable. In FY 2015, 13.6 million SNAP participants were registered for work.

- Many of those who receive SNAP and can work, do work – the latest data shows that among SNAP households headed by an adult who is not elderly or disabled, more than half work. Studies show that more than two-thirds of new SNAP participants are in households with earnings. Among SNAP households with at least one working-age, non-disabled adult, more than 75 percent work in the year before or after receiving SNAP.
- SNAP’s benefit structure is designed to support and encourage work by mitigating the benefit “cliff”. When a SNAP participant increases their earnings, their SNAP benefits decline gradually by 24 to 36 cents for each dollar earned – a strong incentive to work longer hours or prepare and search for higher-paying employment.
- SNAP’s Employment and Training (E&T) program helps participants prepare for and secure good paying jobs, serving about 600,000 SNAP participants in FY 2014 and more than 1 million participants in FY 2015. FNS recently established the Office of Employment and Training to better target E&T resources to the most effective strategies.
- States have considerable flexibility in designing E&T programs. They may target specific populations or geographic areas, operate mandatory or voluntary programs, partner with other State or local agencies to provide services, develop third-party reimbursement models, and decide which services to offer to E&T participants.
- We are also working with 10 States to implement the E&T pilot projects authorized by the 2014 Farm Bill. These projects were awarded in March 2015 through a competitive selection, along with a rigorous evaluation to determine their effectiveness in helping participants prepare for and secure good paying jobs. We look forward to encouraging results from these pilots, to help participants improve their prospects for self-sufficiency with good paying jobs and long-term career aspirations to help them achieve and maintain independence.
- And earlier this month, the Department selected ten States -- Arizona, Arkansas, California, Maryland, Massachusetts, Michigan, Minnesota, Missouri, North Carolina and Tennessee -- to take part in the SNAP to Skills project, a peer-to-peer effort to help State agencies improve their SNAP E&T programs by drawing on best practices from other States. This project,

which we propose to continue in the FY 2017 budget request, underscores the critical role of Federal oversight and technical assistance in helping States improve their effectiveness.

In addition, able-bodied adults without dependents (ABAWDs) are only eligible for SNAP for three months in any three-year period unless they are working or participating in qualifying education and training activities. Some have argued that States should end the practice of seeking waivers of the ABAWD time limit in areas of high unemployment. The law already makes this a State choice. To me, it is unwise to impose time limits in places where ABAWDs seeking work are unable to obtain jobs because the economic conditions are particularly difficult. Moreover, all States should be utilizing their E&T resources to help ABAWDs prepare for and find employment so these individuals are able to both move toward self-sufficiency and continue receiving SNAP while preparing to obtain stable, good-paying jobs. Unfortunately, too many States do not take this responsibility seriously and leave substantial E&T resources, including 100 percent Federal funding, unused. In FY 2015, States returned \$18 million in 100 percent Federal funding, and 21 States did not take advantage of any of the Federal matching funds that are available to them. It is both cynical and an affront to decency to fail to use the tools available to make SNAP effective in supporting work.

USDA is also working to support healthy food choices in SNAP:

- We have made great progress in providing better access to farmers markets and farm stands, with nearly 6,500 of these outlets now capable of redeeming SNAP benefits. We are working to expand this reach even further. In 2015, FNS equipped approximately 1,770 farmers markets and farm stands with wireless SNAP EBT equipment. Redemptions at farmers markets reached \$19 million in FY 2015, and we hope to see that number continue to grow.
- We recently published a proposed rule to implement the 2014 Farm Bill provision that increases the range and depth of healthful foods that SNAP-authorized stores must offer.
- In 2015, USDA awarded \$31 million through the Farm Bill-authorized Food Insecurity Nutrition Initiative (FINI) grants for projects to incentivize fruit and vegetable purchases among SNAP participants; more grants will be awarded very soon.
- And we continue to advance and improve the effectiveness of SNAP's Nutrition Promotion and Obesity Prevention grant program, more commonly known as SNAP-Ed, by working to

ensure that funded strategies are based in strong and emerging evidence, and increasing focus on policy, systems, and environmental approaches as endorsed by public health experts.

The Department has moved energetically to implement the nutrition provisions of the 2014 Farm Bill promptly. Non-discretionary provisions affecting eligibility and benefits in SNAP and the Commodity Supplemental Food Program were implemented immediately upon enactment in Spring 2014. Today, rulemaking continues. Many rules will codify changes that are already implemented; several dealing with SNAP retailer issues are still under development. As I noted, USDA recently proposed a rule implementing changes to SNAP retailer requirements mandated by the Act. Other Farm Bill accomplishments include:

- USDA utilized the increased funding provided by the Farm Bill and added new two-year spending flexibility for TEFAP in fiscal year 2015; the President's fiscal year 2017 budget requests additional TEFAP funding.
- The multi-agency Task Force on USDA Foods now convenes quarterly to explore potential improvements in USDA Foods.
- We worked closely with a group of Tribal program operators and nutritionists to select and directly procure traditional and locally-grown foods for the Food Distribution Program on Indian Reservations (FDPIR). The program now offers bison and blue cornmeal, and more traditional local foods are in the process of being approved. The President's budget requests additional funds for this effort.
- The Department has increased the purchase of Kosher and Halal foods, adding Kosher canned salmon to TEFAP options in 2014, and Kosher and Halal certified tomato sauce and Kosher peanut butter in 2015. States have ordered over \$13 million of these foods to date.
- We have launched most of the pilot projects authorized by the Act, including the SNAP E&T pilots, the pilot to offer all forms of fruits and vegetables in the Fresh Fruit and Vegetable Program, and the pilot to allow schools to procure unprocessed fruits and vegetables with their USDA Foods funds.
- The studies authorized by the Act are complete or nearing completion. A study of the impact of eliminating cash issuance in the Puerto Rico Nutrition Assistance Program is complete, and studies on the feasibility of operating SNAP in the Commonwealth of the Mariana

Islands, and nutrition assistance administration by Indian Tribal Organizations, will be released in the next several weeks.

As the Child Nutrition reauthorization process is underway, although not under the jurisdiction of this Committee, I know there is great interest here, so I would like to provide an update on the school meals programs. Schools around the country have made tremendous progress in improving the nutritional quality of school meals, working hard to effectively implement the meal standards FNS finalized in 2012. Today, over 97 percent of schools have met the meal patterns. For those few that are still working to reach this goal, USDA is supporting implementation with its robust Team Up technical assistance program, and providing flexibilities to those schools with specific challenges. Following the standards literally pays off for schools, as they receive six additional cents for each meal that meets them – the first non-inflationary reimbursement rate increase in over 30 years. Participation in the school lunch program has returned to levels near those before the patterns were implemented, and participation in school breakfast has grown robustly. Many schools are sourcing fresh, high-quality, local ingredients through Farm to School programs, which operate in school districts of all types - large and small, rural and urban – to connect local farmers with their local schools and help them implement the meal improvements –a clear “win-win.”

Updated school meals standards were endorsed by over 350 nutrition and health organizations as the right thing to do for children’s health. And we are seeing hard evidence of success: recent studies from Harvard and the University of Connecticut are showing positive outcomes from these standards, including evidence from a number of schools that students are eating more fruits and vegetables and that there has been no increase in plate waste.

Making healthful school meals accessible to low-income families continues to be a priority for our agency. The Community Eligibility Provision (CEP) is an option that allows school districts in high poverty areas to offer free school meals to all of their students. It reduces the administrative burden on schools and families associated with collecting and processing household applications, but retains the sharing of cost between USDA and local and State authorities that is central to the traditional certification and reimbursement approach. In just its second year of nationwide implementation, CEP is now reaching more than 8 million students nationwide in about 17,000 schools and 3,000 school districts.

Because hunger does not take a vacation during the summer months when school meals are unavailable, we have expanded the Summer Electronic Benefit Transfer (EBT) for Children demonstration pilots over the last 2 years, and the President's FY 2017 Budget proposes to stand up a permanent, nationwide program. Rigorous evaluations of Summer EBT pilots demonstrate the program effectively reduces food insecurity and improves nutrition. In tandem, we have expanded the Summer Food Service Program. In total, summer meals sites have served over 1.2 billion meals to low-income children since 2009.

The Child Nutrition reauthorization process also provides an opportunity to build on the success of WIC, which uses science-based nutrition standards to ensure its food packages contribute effectively to meeting the nutrition needs of low-income pregnant and postpartum women, infants, and young children. Several studies found the food package changes we made may have had positive impacts on early childhood obesity and have increased preschoolers' consumption of fruits, vegetables, whole grains, and low fat milk. We are making great strides in transitioning to EBT, which will improve the shopping experience for both participants and vendors.

Finally – as we have done since the beginning of this Administration – we are committed to continually improving the integrity of nutrition programs. Good stewardship of tax dollars is one of our most important objectives;. USDA has long recognized that the programs cannot succeed without strong public confidence. That is why we continually strive to improve program oversight and to identify, penalize, and exclude those who seek to defraud the programs, in order to preserve benefits for the vast majority of participants who play by the rules and genuinely need help ensuring their families have access to adequate, nutritious food.

We are proud that SNAP maintains one of the lowest payment error rates in the Federal government and continue to build on our progress in this area. FNS works directly with States to offer guidance and develop corrective action plans in cases where the payment error rates are above 6 percent. We recently issued new policy to further strengthen oversight of the quality control process in light of the recent OIG audit. USDA had already identified many of these issues and initiated action on our own reviews, which indicates that our controls and policies are working as intended. FNS is already implementing measures to effectively correct these issues.

FNS has also made tremendous strides in rooting out bad actors on the retail side of SNAP. In Fiscal Year 2015, we issued 2,693 sanctions against retailers that had committed violations. Overall traditional investigative and analytic investigation outcomes increased by 21 percent during the same time period. We continue to work to identify and eliminate fraud, waste and abuse.

We are also working aggressively to limit improper payments in the child nutrition programs. The latest school meal integrity study found applicant misreporting, though sometimes unintentional, to be a significant source of payment error, in addition to other sources of error that are not related to applicants. Strategies such as direct certification and Community Eligibility reduce reliance on household applications while also expanding access and reducing administrative burden on families and schools. For times when applications are needed, we are working to improve the application process in order to minimize the chance of errors by applicants and reviewers. Some such efforts include the development of a prototype electronic application and the implementation of new, tested strategies to improve the process of verifying information on applications without discouraging participation of eligible children. As required by the Healthy, Hunger- Free Kids Act, we have developed a uniform accountability system for State oversight of school meal programs.

The American public believes in helping individuals and families in need put healthy food on the table – but they want to know it is being done in an efficient and wise way. That is why we will continue to battle error and abuse in all of our programs to assure these vital programs will continue to be there for those who truly need them.

As I hope I have underlined throughout the testimony today, we are making enormous efforts to further a healthier America. It's important to note that the nutrition programs – from meal standards, to WIC foods, to nutrition promotion in SNAP – are grounded in scientific evidence and nutritional recommendations, including the *Dietary Guidelines for Americans (DGA)*. Every five years since 1980, a new edition of the *DGA* is released in order to promote health and prevent chronic diet-related disease for current and future generations. The *Dietary Guidelines* is the nutrition policy backbone for this country. It not only is the cornerstone of USDA and U.S. Department of Health and Human Services nutrition programs, it also informs nutrition standards for our nation's military and other Federal needs. In addition, it is essential to

the work of nutrition and health practitioners and serves to inspire sectors and industries that are all part of what our nation consumes daily. The *2015-2020 DGA* focuses on the importance of achieving healthy eating patterns. The current body of evidence shows that a healthy eating pattern as a whole package is more than the sum of its parts and may be more predictive of overall health and disease risk than individual foods or nutrients. As with previous editions, the latest *DGA* provides information for policymakers and health professionals to help everyday Americans make sound decisions. It also notes, importantly, that healthy eating patterns are not one-size-fits-all. The *2015-2020 DGA* embodies the idea that a healthy eating pattern is not a rigid prescription, but rather, an adaptable framework in which individuals can enjoy foods that meet their personal, cultural, and traditional preferences and fit within their budget. As we move into implementation, we look forward to improving the nutritional value in our various programs to reflect the most current body of science pertaining to healthy eating and to doing our part to help the public achieve healthy eating patterns.

Thank you for the opportunity to join you today. I look forward to any questions.