

FOOD, NUTRITION, AND CONSUMER SERVICES

**Statement of Kevin W. Concannon, Under Secretary for
Food, Nutrition, and Consumer Services
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 present the Administration's fiscal year (FY) 2017 Budget request for USDA's Food, Nutrition, and Consumer Services (FNCS). With me today are two other members of the FNCS leadership team. Audrey Rowe is the Administrator of the Food and Nutrition Service (FNS) and Angela Tagtow is the Executive Director of the Center for Nutrition Policy and Promotion (CNPP). Each of them has submitted testimony for the record that provides more detail on our budget requests.

We will celebrate the 50th anniversary of the Child Nutrition Act this year. In 1966, Congress and President Johnson enacted this landmark legislation to build upon the success of the National School Lunch Program with a Special Breakfast Program pilot, and to support States with equipment and administrative funds that help close the nutrition gap without overly burdening local communities. As we pursue Child Nutrition reauthorization today, we see the results of many years of program achievements. I look forward to working with you to build upon these successes, to support well-being and educational achievement for all of our children.

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. Approximately 14 percent of American households are food insecure at some point during the year, with higher rates among families with children and lower income households. Often those Americans who are most at risk of food insecurity also face obesity, in part because factors that contribute to these problems are interrelated – limited access to healthy food sources, inconsistent incomes, and other challenges. In the United States today, over one-third of adults and approximately 17 percent of children in the US are clinically obese. The prevalence of obesity is associated with high rates of many diseases and chronic health conditions, including: cardiovascular disease, type 2 diabetes, and some diet-related cancers.

The Federal nutrition programs work together to address these threats to our nation's health. These 15 programs, which operate as partnerships with tens of thousands of State and local service providers, now touch the lives of approximately one in four Americans each year. This budget request provides full support for the major programs, preserving their scope and reach, and makes evidence-based reforms that ensure they are as effective as possible in promoting healthful, nutritious diets for all Americans.

As in most years, the largest single item in the FNCS budget request is support for the Supplemental Nutrition Assistance Program (SNAP). We are requesting funds to fully meet projected FY 2017 needs in SNAP, along with a number of specific requests to strengthen the program. While SNAP is often in the spotlight because of its size and scope, it is important also to recognize the strong body of evidence that the program is effective in improving the food security and well-being of those that participate. 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 vulnerable, 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, which is based on recommendations from the National Academy of Sciences, 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 the food-focused nature of SNAP means that its benefits increase household food expenditures more than an equal cash benefit would. Long-term longitudinal evidence suggests that early participation in SNAP leads to significant improvements in birth outcomes, and overall health and economic self-sufficiency among disadvantaged women.

SNAP also benefits society more broadly through its countercyclical economic impacts. Every \$1 in new SNAP benefits generates up to \$1.80 in economic activity. Every time a family uses SNAP benefits to put healthy 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 beneficial as the program is to so many, we can all agree that it would be better if fewer families needed to rely on SNAP because of more employment and higher incomes. And

the trends are pointing in the right direction. We are seeing a gradual decline in SNAP participation as the economy improves, and are currently projecting a 2.3 percent decrease in participation for Fiscal Year 2017. But for the more than 45 million people that still need support, SNAP remains a crucial program. 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 shows that unemployment rates for high school graduates are substantially higher than those with college degrees, and workers without high school diplomas are even more likely to be unemployed. Even when they secure work, wages are likely to be far lower among those with lower educational attainment. Furthermore, some citizens have difficulty entering the labor force because of criminal records and other problems from their past. In too many cases, SNAP is the only recourse for those who work but unable to get the hours and wages they need to meet their food needs. Another reason that the number of households receiving SNAP is high is because of work we have done with States across the country to ensure that those who need SNAP are able to access the program with less hassle and paperwork. We know that SNAP can help low income households, including many working households who just don't earn enough to make ends meet and we have worked to make sure the program is accessible to those who need it.

As a senior Federal official responsible for this program, I can tell you without reservation that our objective is to reduce the need for SNAP by helping adults able to work to secure stable, good-paying employment so that they no longer need benefits, while at the same time ensuring that those who do need help are able to get it. On the employment front, we are focused on helping SNAP participants succeed in the job market. As discussed below, we are taking important steps to improve SNAP Employment and Training (E&T) programs, so they are more effective at helping adults find jobs.

One criticism heard repeatedly in some quarters is that SNAP discourages work. This claim does not hold up under close scrutiny. While we all agree on the importance of work 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:

- SNAP has substantial work requirements. In general, those who are able to work must register to do so, and accept a job if offered, in order to get SNAP. This requirement is not waivable. In FY 2015, 13.6 million SNAP recipients were registered for work.
- In addition to the general SNAP work requirements, able-bodied adults without dependents (ABAWDs) must work at least 80 hours per month, participate in qualifying education and

training activities at least 80 hours per month, or comply with a workfare program, to receive SNAP for longer than 3 months in a three-year period. Just doing job search does not qualify.

- Many of those in SNAP who can work, do work – the latest data shows that over 40 percent of SNAP participants are in households with earnings. Studies of new SNAP entrants 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. About 600,000 SNAP participants were served by SNAP E&T programs in FY2014, but the number rose to more than 1 million participants in FY 2015.
- E&T is a powerful tool that we continue to improve. FNS’s recently established Office of Employment and Training will better target E&T resources to the most effective strategies.
- 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 recipients prepare for and secure good paying jobs. One project in Kansas, the Generating Opportunities to Attain Lifelong Success (GOALS), received \$13.5 million to support a four phase program focused on intensive case management by training for careers and offering work-based career opportunities. With the help of a Career Navigator throughout the program, participants will have someone to assist in overcoming difficulties in training, employment and developing a career plan. 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.

Some have argued that States should end the practice of seeking waivers of this time limit for childless able-bodied participants in areas of high unemployment. In my judgment, it is unwise to impose time limits in places where economic conditions make employment particularly difficult. But if States choose to re-impose time limits in places where jobs are not available, it heightens their responsibility to provide robust and effective E&T services, especially those which satisfy the ABAWD requirement, to those who need them. Unfortunately, too many

States do not take this responsibility seriously and leave substantial resources available for this purpose unused. It is both cynical and an affront to decency to fail to use the tools available to make SNAP effective in supporting work.

SNAP is also expanding its reach to emphasize fresh and healthy food sources. We have made great progress in providing better access to farmers markets and farm stands, with nearly 6,500 farmers markets and direct marketing farmers now capable of redeeming SNAP benefits using EBT card readers. We are working to expand this reach even further. In 2015, FNS equipped approximately 1,770 farmers markets and direct marketing farmers with wireless SNAP EBT equipment. Additionally, USDA awarded \$8.1 million in funding to 52 different projects across the United States to expand SNAP EBT services at farmers markets. For example, Homefull, a project in Montgomery, Ohio received a little over \$100,000 to bolster SNAP EBT at over fifteen local farmers markets by offering training and technical assistance as well as EBT staffing and market ambassadors. The project hopes to double the number and dollar value of SNAP transactions at southwest Ohio farmers markets, expanding farmers' customers, and getting healthy, fresh food to those who need it. Such efforts also encourage SNAP participants to take advantage of healthier options. Redemptions at farmers markets were valued at just over \$19 million in FY 2015 and we hope to see that number continue to grow.

USDA is also working to support healthy food choices. 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's National Institute for Food and Agriculture awarded \$31 million through the Food Insecurity and Nutrition Initiative (FINI) grants for projects to incentivize fruit and vegetable purchases among SNAP recipients in 26 states by supporting organizations that are offering incentives for fruit and vegetable purchases; more grants are planned for this year. Financial incentives to purchase fruits and vegetables with SNAP benefits have shown to be effective in increasing fruit and vegetable intake by one-quarter cup per day. SNAP is making healthier options accessible for all Americans.

As the Child Nutrition reauthorization process is underway, I want to underscore the importance of the school meals programs. They give children the nutrition they need to learn and grow, with a focus on providing access to whole grains, fruits, vegetables, lean protein and low-fat dairy—all within age-appropriate calorie ranges. All 53 million students attending schools that participate in USDA meal programs have access to a healthier school food environment thanks to the Healthy, Hunger-Free Kids Act (HHFKA). USDA school meals are offered in almost 100,000 public and private schools nationwide last year. Every school day, over 30 million children, including about 22 million free and reduced price kids, participate in the

National School Lunch Program (NSLP) and almost 15 million participate in the School Breakfast Program (SBP). On an average school day in FY 2015 more than half of all school children enjoyed an NSLP lunch.

Although change is never easy, schools and students have effectively implemented the meal standards FNS finalized in 2012. Today, 97 percent of schools are reporting that they are meeting the new meal patterns. Following the guidelines literally pays off for these schools, as they receive an additional six cents for each meal that meets the Federal nutrition standards – the first non-inflationary reimbursement rate increase in over 30 years. Recent studies from Harvard and the University of Connecticut are showing positive outcomes from these standards, including evidence that students are eating more fruits and vegetables and that there has been no increase in plate waste. A poll released in October 2015 by the W.K. Kellogg Foundation, shows that nearly 9 out of 10 Americans support national nutrition standards for school meals. In addition, nearly 70 percent believe school meals are excellent or good, compared to 26 percent in 2010, before the healthier standards were implemented in schools. These changes are part of a larger public health movement that will benefit current and future generations of Americans. Now is not the time to back away from our progress, but to continue to work towards improving the future for our nation’s children.

The benefits of school meals are particularly important for low income families. A study published in May 2015, using data from the National Health and Nutrition Examination Survey (NHANES 2005-2010), provided an overview of nutrient intakes, food choices and diet quality of National School Lunch Program (NSLP) participants. Overall, the program was found to be an important source of nutrition and healthy options for students, especially low-income students. Those who received free and reduced priced meals had a higher average Healthy Eating Index (HEI) score than low-income students who were eligible but did not participate.

Making NSLP accessible to low-income families as a source of healthy meals for students 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 school meals at no cost to students, while reducing the administrative burden on schools associated with collecting and processing household applications. CEP is a tool to combat child hunger, making it easier for low-income children in high poverty schools to access the National School Lunch and School Breakfast Programs. Access to free, healthy meals at school can reduce food insecurity for children living in households that have trouble affording enough nutritious food. 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. FNS also recently announced new

pilots that will allow more states to directly certify children for free and reduced price school meals using Medicaid data, which will help ensure eligible children have access to these critical programs. Previous pilots began in five states, and we hope to reach twenty States by 2018.

FNS is also committed to ensuring that children have consistent access to nutritious food during the summer. While more than 22 million children benefit from free and reduced priced meals during the school year, fewer than 4 million do so when school is out. Summer Food Service Program (SFSP) sites are effective in some areas, but not in all communities. For this reason, we have worked with Congress to enhance services and offer alternative models, such as the Summer Electronic Benefit Transfer for Children. Summer EBT pilots started in five states in 2011 and expanded to 10 states and Indian Tribal Nations in 2012. Rigorous evaluations showed that Summer EBT prevented very low food security for about one third of children who would have otherwise experienced it and improved children's diets. Children in households with Summer EBT ate healthier foods like fruits and vegetables and dairy and consumed fewer sugar-sweetened beverages. Based on this strong evidence, we proposed a significant investment to create a permanent, nationwide Summer EBT program, which would reach all states and approximately 20 million children by 2026.

Fresh, high-quality ingredients are needed for nutritious meals, and many can be sourced locally through Farm to School programs. These Programs exist in every state and the District of Columbia in school districts of all types - large and small, rural and urban to connect local farmers with their local schools. In October 2015, FNS established the Office of Community Food Systems to support and encourage programs beyond NSLP, such as the Summer Food Service Program (SFSP) and Child and Adult Care Food Program (CACFP) to better access local and regional foods, especially fruit and vegetables. The evidence supports this emphasis: the 2015 Dietary Guidelines Advisory Committee found, strikingly, that vegetables and fruit were shown to play a preventive role in every diet-related illness they investigated. There is no question that vegetables and fruits are absolutely critical to a healthy diet and healthy life. We look forward to sharing trainings and supporting more local connections to healthy food to make these foods as appealing as possible, to encourage their use and consumption.

Nutrition assistance also plays a critical role in promoting healthy eating habits at the beginning of life. About half of infants born in the United States participate in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), which provides supplemental foods, nutrition education, breastfeeding promotion, and facilitates health care referral at no cost to low-income pregnant, postpartum and breastfeeding women as well as infants and children up to age five. WIC is a premier public health program. The CDC stated in

2013 that recent updates to the WIC food package likely played a role in leveling off or even reducing rates of early childhood obesity in many states. We are exploring the connection between WIC, early diets, and nutrition, and seek program improvements through a longitudinal study of WIC infants from birth throughout the program to measure these infants' dietary intake, height and weight. We look forward to using the results of this study to identify and pursue important program improvements for infants and young children.

Even as we continue to measure WIC's impact, we are also continuing to keep the food package up-to-date with the latest science-based dietary guidance. The food package is currently under review by the National Academy of Medicine to ensure consistency with the new *Dietary Guidelines for Americans* and other relevant nutrition authorities. The goal is to identify any needed changes in the food package, and make them economical and practical while meeting the nutritional and cultural needs of WIC participants. Some studies show that the current package, which was updated in 2009 to emphasize healthy foods, help WIC participants consume more fruits, vegetables, whole grains, lean proteins and low-fat dairy, and because retailers adjusted their inventories in response to the updates, low-income communities have more whole grains, fruits and vegetables available to them in nearby small markets and convenience stores. The current food package review will be completed in 2017 and we look forward to making WIC even more effective for new mothers and their children based on the most current science.

Much like our various other programs, WIC is not just about food packages. In addition to providing food benefits, WIC supports mothers and children through peer support as well as nutrition education. We continually update and revise resources that are made available to participating mothers online and in the many clinics around the country. Breastfeeding peer counselors facilitate mother to mother support to encourage new moms to breastfeed for as long as possible. This program has proven to be effective at extending breastfeeding duration, which is important to infants' healthy development. Currently 93 percent of state agencies are operating or overseeing local agencies that conduct peer counseling programs.

Finally, and essentially, we are committed to continually improving the integrity of nutrition assistance programs. USDA has long recognized that these programs cannot succeed without strong public confidence, so we take good stewardship of American tax dollars to be one of our most important objectives – and have zero tolerance for fraud. That is why we continually strive to improve program oversight and to identify, penalize, and exclude those who seek to defraud the program, in order to preserve benefits for the vast majority of recipients who play by the rules and genuinely need help putting healthy food on the table.

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 has made tremendous strides in rooting out bad actors on the retail side. 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, and we continue to look for new ways to identify fraud. SNAP Retailer Integrity Pilots that began in 2015 are testing ways to identify retailer owners who are permanently disqualified from SNAP or have a history of problems that show a lack of business integrity. Additionally, FNS works with regional offices to minimize program deficiencies to keep the payment error rate to a minimum. FNS Regional Offices work directly with states to offer guidance and develop corrective action plans in cases where the payment error rate is above the 6 percent threshold. In SNAP, trafficking has been kept at a low level, but we continue to work to identify fraud, waste and abuse.

We are also working aggressively to limit improper payments in the child nutrition programs on a number of fronts. The latest study on school meal program's integrity found applicant misreporting to be a significant source of improper payments. We continue to pursue strategies, such as direct certification and Community Eligibility, to reduce reliance on household applications while also expanding access and reducing administrative burdens on families and schools alike. For those who must rely on these applications, we worked with the OPM Innovation Lab to develop a new model application that is clearer and reduces the chance that applicants and reviewers will make errors. Furthermore, we are currently launching a competition, under the America COMPETES Act, to develop a prototype electronic application. This is in addition to partnering with the White House Social and Behavioral Sciences Team to improve the process of verifying income reported on applications without discouraging participation. As required by HRFKA, we have developed a uniform accountability system for State oversight of school meal programs.

WIC also strives for program integrity and regularly conducts Management Evaluations (MEs) to assure programs are functioning effectively. In FY 2015, we evaluated vendor-focused MEs from the two prior years to create effective action plans to address areas of noncompliance and we continue to develop and make available vendor management guidance and training materials. We are currently completing MEs for Certification and Eligibility to maintain compliance and program integrity in the certification process. We are working towards meeting the 2020 mandate to implement WIC EBT in all States, improving both customer service and integrity. WIC also implements cost containment initiatives to make sure we get the best value for every dollar spent. Due to the success of our cost saving measures, the average per person

WIC food costs have grown much more slowly than general food inflation over the last 25 years. We can cite competitive bid rebate contracts for infant formula as our most effective cost containment strategy. In FY 2015, states reported an estimated rebate savings of \$1.83 billion. Most states received a 90 to 99 percent discount on the wholesale cost of infant formula. During the current fiscal year, we are seeing this trend continue as eight states have already awarded a contract for discounts from 98 to 99 percent. We continue to closely monitor these transactions.

The American public truly believes in helping those 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 and through the proposed budget will be able to continue facilitating access to nutritious foods. These programs' foods and education are grounded in an essential resource, the *Dietary Guideline for Americans*. Every five years since 1980, a new edition of the *Guidelines* is released in order to promote health and prevent chronic diet-related disease for current and future generations. We just released the newest edition in collaboration with the Department for Health and Human Services (DHHS). The *Dietary Guidelines* is the nutrition policy backbone for this country. It is the underpinning of not only USDA and HHS nutrition programs, but also 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 Dietary Guidelines* focus 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, this new edition of the *Dietary Guidelines* 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 Dietary Guidelines* 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.