

Food, Nutrition, and Consumer Services

Statement of Kevin Concannon, Under Secretary
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 this opportunity to present the Administration's fiscal year 2012 budget request for USDA's Food, Nutrition, and Consumer Services (FNCS).

Before I begin my testimony, I would like to take a moment to introduce to you the members of the leadership of the Food, Nutrition and Consumer Services mission area who are accompanying me at the witness table. Joining me is Julie Paradis, the Administrator of the Food and Nutrition Service. You may be aware that today is her last day as the Administrator of FNS as she retires. I want to thank her for her service to the agency and, more importantly, to all the people that we serve through the Federal nutrition assistance programs. She has been a tireless champion for them, and her work represents a legacy that we will build on into the future. Let me also introduce Dr. Rajen Anand, the Executive Director of the Center for Nutrition Policy and Promotion, someone with many years of public service. Each has submitted testimony for the record that provides more detail on each of the budget requests.

We come before you today in a challenging time for Americans. Even as signs emerge that the economy is beginning to return to vigor, families across the country continue to struggle with the aftermath of three years of recession:

- Unemployment has fallen substantially from its recent peak of 10.1 percent in October 2009, but remains unacceptably high at 8.9 percent as of February.
- The poverty rate in 2009 was 14.3 percent, the highest rate since 1994. There were 43.6 million people in poverty in 2009, up from 39.8 million in 2008 — the third consecutive annual increase, and the largest number of people in poverty in the 51 years for which poverty estimates are available.
- Demand for the nutrition assistance programs remains extremely high. In December 2010, nearly 44.1 million people received SNAP benefits, 21 million of them children – the twenty-sixth consecutive month of record-high participation. Participation in the school meals programs remains at near-record levels, with about 32 million children receiving a meal through the school lunch program on an average school day, and two out of three served free or at reduced price.

These sobering statistics underscore the fact that these nutrition assistance programs have never been more important to our Nation. In good times as well as bad, they provide an essential safety net so that, no matter what other hardship and disruptions our people may face, American families need not experience hunger.

But in the times of broad economic downturn, the benefits of these programs reach even more widely. They are structured to respond correspondingly to the needs of the hardest-hit households. Benefits flow to these households, providing a boost of economic stimulus for them and their communities, even as they meet the nutrition needs of low-income people. Every \$5 in new SNAP benefits, for example, generates as much as \$9 in total economic activity. Every time a family uses SNAP benefits to put healthy food on the table, it also 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 or rancher who produced the food.

We know that the fundamental cause of food insecurity and hunger in the United States is poverty – the lack of adequate resources to address basic needs such as food, shelter and health care. The Administration has worked with Congress on an aggressive program of actions to address poverty through a broad expansion of economic opportunity – creating or saving about 3.5 million jobs through the Recovery Act while making long-term investments in health care, education, energy, and infrastructure, providing tax relief for working families, and promoting affordable housing and vibrant neighborhoods and communities.

Evidence continues to mount that the nutrition assistance programs have multiple, positive impacts, especially in times of economic hardship:

- Program data indicates that in 2009, SNAP benefits added to other income sources, was sufficient to raise 13.4 percent of SNAP households – over 4.4 million people – above the poverty line.
- The Department’s annual tracking of the rate of food insecurity in the United States showed that this rate was essentially unchanged between 2008 and 2009, with 14.7 percent of households experiencing food insecurity in 2009. Similarly, data released recently by the Food Research and Action Center on food hardship showed relative stability during 2010. While continued high levels of food insecurity and food hardship are cause for concern, the fact that the numbers did not increase, despite the significant increase in unemployment and poverty, strongly suggests that that these programs are working as intended – to meet the needs of families in financial crisis.

The budget request for the nutrition assistance programs reflects the difficult circumstances that we face, but also the critical importance and proven effectiveness of these programs. Just as many Americans have had to cut back to make ends meet, USDA's budget request reflects many tough choices, and makes difficult cuts to important programs to reduce the deficit. But this budget also reflects important core values and preserves key investments that matter to the American people, and so preserves our strong commitment to a robust nutrition safety net.

The budget provides full support for the core nutrition assistance programs, to ensure access to benefits for all eligible people who wish to apply. And it makes targeted investments to:

- Maintain increased SNAP benefits through March 2014;
- Support and encourage schools to improve meals through the Healthier US School Challenge;
- Encourage States or leading entities to take up the challenge of ending childhood hunger;
- Help States improve SNAP customer service and process applications promptly;
- Expand the School Breakfast Program; and
- Support and promote breastfeeding through WIC.

The request also promotes improved nutrition and health and addresses the crisis of childhood obesity by supporting prompt implementation of the Healthy, Hunger-Free Kids Act, signed into law by the President in December. The Act, a historic victory for our Nation's children and families, includes real reforms to the Child Nutrition Programs, and strongly supports First Lady Michelle Obama's Let's Move! initiative, our overarching strategy to end childhood obesity within a generation. In January, we proposed updates to nutrition standards

for the school meals programs for public comment. Once new standards are finalized and go into effect, schools that comply will receive increased Federal meal reimbursements – the first real increase in over 30 years. The law also provides USDA with the authority to set nutritional standards for all foods sold in schools, including in vending machines, the "a la carte" lunch lines, and school stores. And it empowers parents by requiring schools to make information more readily available to parents about the nutritional quality of school meals. These and other provisions in the Act will promote the health and well being of our children for years to come, and our budget request provides the resources needed to implement these critical changes rapidly.

As a country, we cannot compete and win the future if our people are hungry, our children are poorly nourished, or new mothers and newborn infants do not have what they need for a healthy start. This budget recognizes and supports these fundamental facts and makes the right choices for our Nation, especially for those Americans most in need.

Before I move on to provide a few highlights of our request, there are two additional areas that I want to discuss to provide context. First, I want to emphasize that while the resources requested in this budget are critical investments, they are not the whole of our strategy to address the important challenges that remain in moving our Nation out of the economic downturn and its aftermath.

Our strategy includes leveraging our ongoing partnership with States to modernize, streamline, and improve program operations. As you know, all nutrition assistance programs are operated in partnership with State governments, and the very circumstances that have driven increased demand for these programs has also reduced the revenue available to States to operate

the programs. This is particularly important in SNAP, in which States must cover half of the costs required to administer the program.

Facing these pressures, many States have pursued with our encouragement business process improvements to increase the efficiency and effectiveness of SNAP operations. We work closely with them not only to provide technical assistance and share the most effective practices used in other States, but also to ensure that any changes they make do not compromise fundamental aspects of program performance such as access, customer service, and payment accuracy.

We are also working to enable and encourage program simplifications that make it easier for low-income families to apply for benefits while also reducing burdens on States. USDA has expanded the adoption of broad-based categorical eligibility for SNAP benefits to forty-one States. We promote the use of telephone interviews to ease the application process, and have clarified and reinforced a number of simplified reporting requirements.

In the school meals programs, we are promoting wider use of direct certification, which uses certification information from SNAP and other means-tested programs to enable low-income children to receive free school meals without their families having to fill out – and schools having to process – a paper application. The Healthy, Hunger-Free Kids Act of 2010 authorized and funded a major demonstration project to test the effectiveness of direct certification using Medicaid enrollment data in simplifying access to school meals.

These kinds of ongoing efforts are essential to keeping these programs effective in meeting the food and nutrition needs of our people in this time of limited resources.

In this same vein, I want to underscore our strong commitment to program integrity. As you may know, the President has issued an Executive Order and a memorandum to all Federal

agencies directing us to reduce payment errors and eliminating waste, fraud, and abuse in the programs under our jurisdictions. I take this responsibility seriously as a matter of proper management, but I also want to emphasize its fundamental relationship to our success.

From my perspective, the ongoing mission of these programs is not separable from strong and sustained attention to program integrity and stewardship of Federal funds. Waste and abuse draw scarce program resources away from the people who need them the most – and we cannot afford such losses. Just as importantly, these programs are ultimately unsustainable without continued public confidence that benefits go to those who qualify for them, are used appropriately, and achieve their intended purposes. We simply cannot sustain the Nation’s commitment to these programs, which with your support is considerable, without honoring and fulfilling the expectation that we can manage them with integrity. This matter is one of FNS’s fundamental responsibilities and one of my top priorities.

Let me turn now to a few highlights of the FNCS budget request:

Supplemental Nutrition Assistance Program (SNAP)

SNAP continues to serve the Nation as the primary source of nutrition assistance for low-income Americans. The President’s budget requests \$73.3 billion for SNAP, enough to serve an average of 45 million people each month in fiscal year 2012. The budget includes a one-year suspension of benefit time limits for Able-Bodied Adults without Dependents (ABAWDs). The suspension would provide approximately 65,000 low-income people access to nutritious food by temporarily lifting the limits on how long they can receive SNAP benefits during this difficult economic period.

The budget requests indefinite funding authority in fiscal year 2012, which would ensure the availability of benefits for eligible households even in the most challenging financial times.

Child Nutrition Programs

The budget requests \$18.8 billion for the Child Nutrition Programs, to assist State and local governments in serving nutritious meals to children in public and private schools, child and adult care centers and family day care homes as well as summer recreation programs.

The budget request also includes \$10 million to provide competitive grants to local education agencies to establish, maintain or expand the school breakfast program. Currently, fewer than half of low-income school lunch participants receive school breakfast on an average day. In addition, the President's Budget requests \$25 million to provide competitive grants to Governors to carry out comprehensive and innovative strategies to end childhood hunger in their States. Finally, the budget requests \$2 million for Farm to School Teams to support local and regional food systems by facilitating linkages between schools and their local food producers.

WIC

The President's Budget includes \$7.4 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. This year's request will allow local communities to provide food, nutrition education and a link to health care to a monthly average of 9.6 million women, infants and children. The budget request also includes \$60 million to continue the work with State agencies, food retail vendors and the payments industry to implement WIC EBT nationwide by 2020. The scientific information on the benefits of breastfeeding for both the mother and the infant continues to grow, so as an investment toward increasing breastfeeding and helping children get the most healthful start in life, the budget increases the amount available for

breastfeeding peer counseling to \$83 million and the amount for breastfeeding performance bonuses to \$10 million.

The Emergency Food Assistance Program (TEFAP)

The President's budget also fully supports the level of food purchases authorized for TEFAP. Through TEFAP, USDA provides food and administrative funding to hundreds of regional food banks, soup kitchens and food pantries to help them provide food to needy families. These organizations have seen unprecedented demand for food assistance during the extended economic downturn. While the majority of emergency feeding organizations' resources come from corporate or individual donations, TEFAP plays a critical role in ensuring that these organizations have a stable source of nutritious food and provides administrative funds to help ensure food gets to those in need. Feeding America estimates that about 25 percent of the food distributed by its member food banks comes from TEFAP.

In closing, the budget request reflects the essential role that nutrition assistance programs play in restoring our economic vitality and sustaining the nutrition, health and well-being of our people. It makes the right investments to make them as effective as they must be to meet the challenges that face our Nation. I appreciate the opportunity to present and discuss it with you, and would be happy to take any questions.