

Food, Nutrition, and Consumer Services

Statement of Eric M. Bost, 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 budget request for fiscal year 2005 for the Food, Nutrition and Consumer Services (FNCS).

But first, with your permission, I would like to introduce the members of my FNCS leadership team joining me at the table this morning. I am pleased to introduce to you the newest member of the FNCS team, Deputy Under Secretary Kate Coler. Ms. Coler previously served with distinction as Food and Nutrition Service's (FNS) Deputy Administrator for the Food Stamp Program, and is appearing before the Subcommittee for the first time. Also accompanying me are Roberto Salazar, FNS Administrator, and Dr. Eric Hentges, Executive Director of the Center for Nutrition Policy and Promotion (CNPP).

During the past three years as Under Secretary for the Food, Nutrition and Consumer Services, I have focused my attention and my energy on three central challenges facing the Federal nutrition assistance programs: expanding access to the programs so that all eligible persons can make informed decisions about whether to participate; addressing the epidemic of obesity that threatens the health of individual

Americans, and our economy and health care system collectively; and improving the integrity with which our programs are administered, at all levels, so that we are the best possible stewards of the public resources with which we are entrusted.

Let me first review briefly some key accomplishments achieved over the last three years:

- We are reaching substantially more participants in each of our major programs: 5.8 million more people in food stamps, 1.6 million more children receiving a free or reduced price school lunch, over 1.4 million more in school breakfast, and over 400,000 more women, infants and children each month in WIC since January 2001.
- We successfully implemented the provisions of the 2002 Farm Bill that met the Administration's goals of simplifying policies, improving access, and ensuring program integrity, including the important steps of restoring benefits to legal immigrants and increasing flexibility for the States.
- We expanded electronic benefits transfer (EBT) to all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands; EBT now delivers over 95 percent of all food stamp benefits.
- We have seen food stamp payment errors fall for the fourth year in a row, reaching the lowest level ever – 8.26 percent – in 2002.
- We have reduced food stamp trafficking to less than 2.5 cents of each benefit dollar issued, down by one-third since 1996-98.
- We have made healthy lifestyles a top priority through the President's *HealthierUS* initiative. We are working with public and private partners, such as the National 5 to

9 a Day Partnership, to increase fruit and vegetable consumption and have developed a soon to be released kit for schools entitled “Fruits and Vegetables Galore: Helping Kids Eat More.” We are also expanding school-based efforts to promote healthy eating, and to foster a healthy school nutrition environment through technical assistance, training and nutrition education materials that help schools assess and improve the school nutrition environment, including improvements in school meals and overall food policies.

- We have focused on promoting healthy weight for children and adults across programs through the Eat Smart. Play Hard.[™] campaign, and within programs through Team Nutrition, the Fit WIC obesity prevention projects, and efforts to improve Food Stamp Program nutrition education.
- We are working in concert with the Department of Health and Human Services to update the *Dietary Guidelines for Americans*, and we are revising the *Food Guide Pyramid* to ensure that each reflects the most comprehensive, up-to-date science available in order to provide clear and useful nutrition information to American consumers.
- We achieved a clean financial statement for FNS for the fifth consecutive year, in support of the President’s management agenda initiative to improve financial management across government.

I am proud of these accomplishments, and the hard work that they represent from USDA staff, from the Congress, and from our State and local program partners. But much important work remains to be done. I’d like now to review the budget request and the improvements in performance and results that it is designed to support.

The President's budget for fiscal year 2005 requests \$50.1 billion dollars in budget authority to continue this critical work. This record request reflects the Administration's long-standing commitment to protect our children and low-income households from hunger and the health risks associated with poor nutrition and physical inactivity through the Nation's nutrition safety net. The purposes to which we will put this substantial public commitment are clear: first, we seek to improve the public's awareness of our programs and ease of access for all eligible persons, and second, through both the Federal nutrition assistance programs and the Center for Nutrition Policy and Promotion (CNPP), we will continue to do our part to address the growing public health threat that overweight and obesity poses to all Americans. Finally, we will strive to enhance the efficiency and accuracy with which these programs are delivered.

Ensuring Program Access

This Administration has demonstrated a long-term commitment to the Federal nutrition assistance programs and to the Americans whom they assist. The most fundamental expression of this commitment is making certain that sufficient resources are provided for these programs so that all who are eligible and in need have ready access to these critical benefits. We have delivered to you a budget that funds anticipated levels of program participation, while acknowledging the inherent difficulties in making such projections.

For the Food Stamp Program, the budget continues the \$3 billion contingency reserve appropriated in fiscal year 2004 but also offers, as an alternative, a proposal for indefinite budget authority for program benefits. This authority would be an efficient way to ensure that benefits are funded even as economic circumstances change, a goal we all share. In WIC, the \$125 million contingency reserve appropriated in fiscal year 2003 continues to be available to the program should participation or food costs exceed the levels anticipated in the budget. Should this not be sufficient, we are committed to working with you to ensure that WIC is properly funded.

Adequate program funding, however, is not enough to ensure access to program services for those who need them. Program structure and delivery methods must be designed so as not to create the types of barriers to program participation that can result in their underutilization. As we move forward with the reauthorization of the Child Nutrition and WIC Programs, improving program delivery and ensuring the access of eligible people who wish to participate will remain fundamental principles.

Addressing Overweight and Obesity

Poor dietary choices and sedentary lifestyles are having a serious impact on the health and well being of all Americans. Obesity and overweight are widely recognized as a public health crisis. The costs of these conditions are enormous -- reduced productivity and increased health care costs estimated at over \$123 billion, and, most sadly, unnecessarily premature deaths for over 300,000 Americans annually. The Federal nutrition assistance programs can play a critical role in combating this epidemic by

promoting better diets through nutrition education and promotion. These program services, along with the work of the Center for Nutrition Policy and Promotion, are an integral part of the President's *HealthierUS* initiative, and the budget reflects our continuing commitment to this effort. It includes \$5 million for ongoing demonstration projects to explore new ways for the WIC program to reduce and prevent unhealthy weight among our children. We are also seeking \$2.5 million to expand our very successful *Eat Smart Play Hard.* campaign, and to develop an integrated, family-oriented approach to nutrition education that cuts across all of the Federal nutrition programs and complements efforts in schools and other program settings to encourage healthy eating and physical activity.

Our request also supports FNCS' CNPP, which works with the Department of Health and Human Services and other agencies to promote good nutrition across all segments of the population. The budget includes resources that are critical to the development and promotion for the updated 2005 *Dietary Guidelines for Americans* and the concurrently revised food guide system, providing essential tools to communicate the *Guidelines* in ways that motivate Americans to improve their eating and physical activity behaviors. The requested funding for CNPP will enable us to capitalize on the investments we have already made with a new opportunity to build upon public awareness of basic nutrition messages with an enhanced food guide system that will target individual needs.

Enhancing Program Integrity and Delivery

With this budget request, we are asking the Nation to entrust us with over \$50 billion of public resources. We are keenly aware of the immense responsibility this represents. To maintain the public trust, we must demonstrate our ongoing commitment to be good stewards of the resources we manage, as an essential part of our mission to help the vulnerable people these programs are intended to serve.

This is not a new commitment. As I noted earlier, in fiscal year 2002, the most recent year for which data is available, the Food Stamp Program achieved a record high payment accuracy rate of 91.74 percent. We have also been working to develop strategies to improve the accuracy of eligibility determinations in our school meals programs – an issue of mutual concern to all those that care about these programs. The budget features dollar and staff year resources which will allow us to continue to work closely with our State and local partners on both of these essential integrity initiatives – continuing both our successes in the Food Stamp Program and our intensified efforts in school meals.

In the WIC program, we are requesting \$20 million to continue our initiative to assist States with the modernization of their information technology infrastructure. These systems are essential underpinnings for the improvements in program management, program integrity, and, most importantly, program delivery that need to be achieved. The Administration has worked closely with the Office of Management and Budget (OMB) and the WIC community to fashion a procurement strategy that will ultimately produce a series of core model WIC systems. States updating their WIC systems will be able to

select from among these model core systems as starting points for their own implementation, thus reducing their costs.

In the remainder of my remarks, I'd like to touch on several key issues:

Food Stamp Program

The President's budget anticipates serving a monthly average of 24.9 million persons in fiscal year 2005, an increase of 1.2 million over our projections of the current fiscal year. Our \$33.6 billion request supports this level of service. In addition, the budget continues the \$3 billion contingency reserve appropriated in fiscal year 2004. While the President's budget anticipates continuing improvement in the Nation's economy, Food Stamp Program participation traditionally continues to rise for some time after the aggregate employment begins to improve. Moreover, we have made a concerted effort over the last three years to raise awareness of the benefits of program participation and encourage those who are eligible, especially working families, senior citizens, and legal immigrants, to apply. The rate of participation among those eligible to participate increased two years in a row, after five years of declines, reaching 62 percent in September 2001. However, many eligibles remain who could be participating but are not. We have been aggressive in promoting the message that the Food Stamp Program Makes America Stronger in the sense that the program puts healthy food on the tables of low-income families and has a positive impact on local economies. We have just recently embarked on a media campaign to carry this message and to reach those who are eligible but not participating. We have also paid particular attention to those legal

immigrants who have had their eligibility restored by the Farm Bill by carrying messages on Hispanic radio stations across the country.

These factors make this a particularly challenging period to forecast program participation and costs. To ensure the adequacy of resources available to the program, and as an alternative to the traditional contingency reserve, we have proposed indefinite authority for program benefits and payments to States and other non-Federal entities.

Child Nutrition Programs

The President's budget requests \$11.4 billion to support the service of appealing, nutritious meals to children in public and private schools and child care facilities through the Child Nutrition Programs in fiscal year 2005. In the National School Lunch Program, we anticipate serving over 29 million children per day in fiscal year 2005. Similarly, the School Breakfast Program will serve approximately 9 million children each school day. The request for budget authority is a slight decrease from levels appropriated in fiscal year 2004. This is because the rate of program growth in fiscal year 2004, to date, has been slightly less than anticipated. As a result, the anticipated carry-over resources, in conjunction with the budget request, will fully fund the projected level of program activity.

Several components of the Child Nutrition Programs expire at the end of March. We urge the Congress to move quickly to extend these provisions before they expire to ensure that all aspects of the Child Nutrition Programs continue to operate without

interruption. We also want to work with the Congress to reauthorize and improve the entire range of Child Nutrition programs, consistent with the principles outlined last year. These principles include ensuring that all eligible children have access to program benefits as well as streamlining the administration of programs to minimize burdens, supporting healthy school environments and strengthening program integrity.

Reauthorization provides an opportunity to address our continuing concern that the certifications of children to receive free and reduced price meals are not performed as accurately as they reasonably could be. Correct certifications are a priority to ensure that school meal funds go to those most in need, and the many other Federal, State, and local resources that use this same data are properly targeted as well.

In sum, we are committed to working with Congress to reauthorize the Child Nutrition Programs and to reinvesting any savings achieved in the process back into these important programs for program improvements.

WIC

In fiscal year 2005, the President's budget request of \$4.79 billion anticipates providing essential support to a monthly average of 7.86 million women, infants and children through the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). This is an increase of 60,000 participants per month from anticipated fiscal year 2004 participation levels. Additionally, the \$125 million contingency reserve, appropriated in fiscal year 2003, remains available to the program should participation or

food costs exceed our projections. The Administration remains steadfast in its support of WIC and is committed to working with Congress to ensure its proper funding. Finally, the request includes \$20 million to continue our peer counseling initiative that is designed to enhance both rates of initiation and duration of breastfeeding among WIC participants.

The Emergency Food Assistance Program (TEFAP)

Through TEFAP, USDA plays a critical supporting role for the Nation's food banks. This support takes the form of both commodities for distribution and administrative funding for States' commodity storage and distribution costs. Much of this funding flows from the States to the faith-based organizations that are a cornerstone of the food bank community. The President's budget requests the fully authorized level of \$140 million to support the purchase of commodities for TEFAP. Additional food resources become available through the donation of surplus commodities from USDA's market support activities. In recent years, these donations have increased the total Federal commodity support provided to the Nation's food banks by almost 300 percent. State administrative costs, a critical form of support to the food bank community, are funded at \$50 million in the President's request.

Nutrition Programs Administration

We are requesting \$152 million in our Nutrition Programs Administration account, which reflects an increase of \$14.7 million in our administrative funding. This

increase supports the Child Nutrition and Food Stamp Programs integrity activities mentioned earlier, as well as a number of nutrition guidance initiatives under the Center for Nutrition Policy and Promotion. These resources are absolutely critical to our ability to successfully execute the mission of the Food, Nutrition and Consumers Services. Our total request for Federal administrative resources, including those activities funded directly from the program accounts, represents only about 0.39 percent of the program resources for which we have stewardship. I believe that we need this modest increase in funding in order to maintain accountability for our \$50 billion portfolio and to assist our State and local partners in effectively managing the programs.

Mr. Chairman, I appreciate the opportunity to share my thoughts with you, and would be happy to answer any questions you may have.