

FOOD, NUTRITION, AND CONSUMER SERVICES

Statement of Audrey Rowe, Administrator Food and Nutrition Service 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 testify on the programs and services administered by the Food, Nutrition, and Consumer Services (FNCS) mission area. FNCS has long been committed to managing the Federal nutrition assistance programs with an eye to efficient and effective use of the resources available. I am pleased to be here today to describe and explain these efforts.

As you know, the nutrition assistance programs remain critically important to millions of Americans. Although the economy is recovering and more people are finding jobs, many are still struggling to find the means to put nutritious food on the table. Programs like the Supplemental Nutrition Assistance Program (SNAP), National School Lunch and Breakfast programs, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) are essential to families facing economic hardship. While other FNCS programs are much smaller in budget and clientele, they complement these larger programs by meeting specialized needs. This array of programs, authorized by Congress over the last 40 years, form a strong nutrition safety net to prevent hunger and improve nutrition.

The Federal nutrition assistance programs help millions of low-income families, demonstrating our Nation's broad commitment to provide families with nutritious food. Their positive impacts can be felt in schools, food banks, child and adult care centers, food pantries, soup kitchens, and family tables across our country. Their reach and their success reflect the dedication of the State and local agencies that operate them. These agencies have had to operate

through times of increased demand and shrinking administrative resources. I am grateful that they have sustained effective delivery of benefits to those who need them the most, while ensuring the integrity of program operations.

Good Stewardship

Each fiscal year, the Nation entrusts FNCS with taxpayer money to administer the core nutrition assistance programs and maintain a robust nutrition safety net. Americans expect and deserve a government that ensures their hard-earned tax dollars are managed efficiently and with accountability and integrity. We simply cannot sustain public confidence in these programs without meeting this expectation.

Our commitment to good stewardship of the program includes our ability to reduce waste and to increase our cost-effectiveness. FNCS is pleased that it was able to reduce its costs while maintaining the mission of the agency through the Department's Blueprint for Stronger Service, which is modernizing and accelerating service delivery while improving the customer experience through use of innovative technologies and business solutions. In order to support this effort, FNCS has taken a variety of steps to ensure proper stewardship of all available resources. It has reduced its spending on travel, printing, and supplies. FNCS has also consolidated cell phone contracts, standardized civil rights trainings and purchases of cyber security products, and centralized many administrative functions.

With regard to program operations, FNCS has methodically reviewed its policies and procedures to identify opportunities to increase efficiency and effectiveness. We have encouraged our State partners to do the same and work with us to improve their own business processes. One of our strategies, the SNAP "Modernization Central" webpage, provides State

agencies with information on policy options, waivers, technology strategies, and administrative process improvements that they can use to improve the effectiveness and efficiency of their administration of SNAP.

I am particularly proud of the way we were able to increase efficiency in our retailer operations in SNAP. FNCS has reengineered the process by which FNCS authorizes and oversees retailer participation in SNAP to maximize resources, gain efficiency, and improve efforts to fight fraud and ensure integrity. This process centralized all SNAP retailer operations into one national, integrated structure, which allowed for better oversight, greater consistency, better communication, and improved quality of operations. As part of this reengineering effort, FNCS focused on maximizing the use of our limited resources and saving Federal dollars. One streamlining step was to consolidate 31 field offices in 28 States into a single national office. We also established a national retailer management organization, and FNCS continues to take full advantage of available technology, and enhance our policies and procedures in an effort to manage SNAP retailers in a manner that ensures the integrity of the Program.

Program Integrity

Proper stewardship of Federal funds is intrinsically linked to constant and vigilant attention to program integrity. If FNCS is not able to root out program abuse and waste, we jeopardize public support for the programs. Although the vast majority of those involved with our programs are honest and abide by the rules, we cannot accept or tolerate any fraud or abuse. We aggressively target efforts to the small minority of bad actors who attempt to circumvent the rules. FNCS has enhanced penalties to deter fraud and abuse, incorporated new technologies to better identify and fight fraud and improper payments, and collaborated with State partners and

law enforcement to hold bad actors accountable. Our approach to program integrity is intended to focus Federal oversight and enforcement resources on the greatest risks to program abuse. We are pursuing a coordinated strategy that recognizes that, while each nutrition assistance program is targeted to different needs, they share some common design features. Each of the major programs must:

- Certify participants for benefits according to eligibility rules, and determine the correct amount or level of benefits;
- Deliver benefits – through electronic cards, vouchers, meals or food packages – accurately and consistently within Federal standards; and
- Account properly for the use of program funds.

In addition, since benefits for two of the largest programs, SNAP and WIC, are redeemed in retail stores, these retailers must be authorized and managed to ensure they comply with program rules and redeem benefits for appropriate, high-quality food at an acceptable cost.

Over the years, FNCS has demonstrated a commitment to improving program integrity, which is epitomized by the largest program, SNAP, having driven the error rate well below 4 percent. We are working on improvements in the other major programs and I am pleased to share with you some of our recent accomplishments in these areas.

SNAP

Over the past decade, FNCS and our State partners have worked vigilantly to ensure SNAP eligibility and benefit determinations achieve increased accuracy. In the past decade, we have successfully reduced the payment error rate from 8.9 percent in 2000 to 3.8 percent in 2011 – the lowest-ever payment error rate in the history of the program. This translates to a savings of

\$3.67 billion. We share this historic achievement with our State partners who, with FNCS, are committed to ensuring those who are eligible to participate in this critical nutrition assistance program receive the correct amount of benefits—not too much, not too little. Although FNCS is pleased to have made these significant achievements, we remain committed to working with our State partners to find additional strategies to improve the program’s accuracy even further.

In addition to improving payment accuracy, FNCS has also made substantial strides in reducing the prevalence of trafficking, the illegal selling of SNAP benefits for cash. Through state of the art technology and collaboration with law enforcement partners, FNCS succeeded in reducing trafficking from 4 percent to 1 percent over the last 15 years. FNCS has also published new regulations and implemented policies to combat abuse and misuse of benefits and imposed stronger penalties and sanctions against retailers who violate Program rules. Just last month, FNCS published two rules: a final rule that expands the definition of trafficking and a proposed rule that would allow FNCS to suspend SNAP benefit payments to retailers suspected of flagrant trafficking. In addition, FNCS recently released a website that educates the public about ways it fights fraud and how to report abuses to help stop trafficking.

We are pleased that our strategies are working, but we know that there is more to be done. While rare, fraud undermines public confidence and jeopardizes the ability of SNAP to serve the tens of millions of struggling families who need it the most. FNCS simply does not tolerate it.

School Meals

By making sure that rules and procedures are clear to all those involved in the programs, providing oversight and targeting corrective actions to poor performers, and monitoring State

and local performance over time, we can help schools reduce erroneous payments without compromising access for low-income children and without major increases in compliance burdens for schools. Our responsibility for children's nutrition, and for taxpayer dollars, demands nothing less. FNCS is currently obtaining survey information to update the measurement of improper payments in the school meals programs. In addition, we will be releasing a final rule on the independent review of school meal applications, and a proposed rule on fines and disqualifications, both that will provide additional oversight and integrity tools for the school meals program. FNCS continues to promote direct certification, which allows schools to provide free meals to children participating in SNAP and other mean-tested programs without an additional application. Direct certification has demonstrated highly accurate eligibility information and a reduction in the administrative burden paper applications place on schools and families.

The bipartisan Healthy, Hunger-Free Kids Act of 2010 provided FNCS with new tools to improve program integrity, which we are moving aggressively to implement. Some of these actions include:

- Restructuring the review process to assess school district operations, increasing the frequency of these administrative oversight reviews of the NSLP from once every five years to once every three years;
- Strengthening direct certification for school meals by rewarding States for improvement in direct certification rates.
- Providing alternatives to paper application systems in low-income areas, i.e. on-application alternatives to the standard Program application process to reduce the number of paper applications that are processed manually; and

- Establishing additional review requirements for school districts that demonstrate high levels of administrative error.

We expect the effectiveness of these actions will improve school meal program integrity and be reflected in the results of the improper payments survey previously referenced.

WIC

As with SNAP and School Meals, FNCS is committed to ensuring high integrity in WIC. Research has not shown a problem with errors in WIC—data shows about 3 percent for certification errors and only 1.1 percent for vendor errors. When we discovered some challenges this year in a few States’ vendor management, FNCS took quick, decisive action to investigate the problem and develop a viable solution. We implemented new requirements to increase oversight activities and are vigilantly monitoring these States to ensure the problems are resolved. We also hired an independent research firm to examine vendor management best practices and will help States use the information to improve their business processes. We have hosted a series of Federal-State meetings focused on improving vendor management, and are in the midst of a full, nationwide management evaluation of each State. FNCS is proud of WIC's low error rate, and our actions this year demonstrate our commitment to quick, decisive action when challenges arise.

Commitment to a Healthy America

Hunger and poor nutrition are issues that have afflicted this Nation prior to the inception of the Federal nutrition assistance programs and remain with us today, though we have certainly made progress. It is troubling, but not surprising, that low-income households largely make the same poor food choices that higher income households make. Our recent analysis has shown

that the diets of households at all income levels fall short of the Dietary Guidelines for Americans, even though higher income households spend over twice as much on food as lower income households. Therefore, since everyone's diet is in need of improvement, we cannot solve the Nation's poor diet through the Federal nutrition assistance programs alone. We must promote healthy eating behaviors and exercise among all Americans, including those who participate in our programs. The Center for Nutrition Policy and Promotion (CNPP) is working hard to help all Americans improve their diets and move their diets closer to the Dietary Guidelines. The health benefits of small improvements can be immense in terms of improved life quality and productivity and reduced health care costs. Therefore, the benefits of these small changes far outweigh these costs.

Our commitment to a healthy America is especially important in light of the fact that obesity rates continue to remain high. The evidence is clear that obesity rates are at truly epidemic proportions across our Nation. Most recent data from the Centers for Disease Control and Prevention (CDC) show that 35.7 percent of adults and 17 percent of children are obese. Obesity is associated with many other health conditions, including heart disease, stroke, diabetes, and some types of cancer. The CDC estimates that the medical costs associated with adult obesity are as high as \$147 billion, making obesity a public health concern we must address. FNCS supports several strategies to combat obesity, including encouraging all Americans to eat more fruits and vegetables, supporting breastfeeding, providing healthy food in schools, improving access to healthy, affordable food, and nutrition education. Collaboration and coordination with other nutrition assistance programs, federal partners, implementing agencies and others is required, which will help foster a broader systems approach to addressing obesity.

FNCS is very pleased with the success of MyPlate SuperTracker, which allows all

Americans to track their food intake, physical activity, and weight online. MyPlate SuperTracker uses the new MyPlate icon, which prompts consumers to think about building a healthy plate with fruit, vegetable, grains, protein and dairy food groups. This popular website had over 1.6 million users in January 2013 and allows users to track their weight and set calorie goals. SuperTracker contains the nutritional information of over 8,000 foods, allowing users to compare foods side by side to determine which ones best meet their nutritional needs. FNCS is continually improving and modifying SuperTracker based on user feedback to ensure that it is usable and helpful to all.

The mission of FNCS provides us with a powerful opportunity to promote healthy diets, physically active lives, and healthy weights for those we serve. Our strong commitment to improve the health of Americans can be found in our work with MyPlate, which educates Americans about healthy diets, and in our nutrition assistance programs, which provide eligible families with access to healthy foods. The nutrition assistance programs are critical to the health and welfare of our Nation because they provide education and access that many families would otherwise not receive.

Conclusion

FNCS operates these nutrition assistance programs with an eye towards efficiency, making sure to manage effectively, while still carrying out our very important charge, making sure that Americans need not experience food insecurity, hunger, or poor nutrition.

I thank you for the opportunity to present this written testimony. I look forward to a constructive dialogue with you to find additional opportunities to make these programs as effective as possible in creating a healthier America.