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SUBCOMMITTEE ON DEPARTMENT OPERATIONS, OVERSIGHT,
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Good morning, Mr. Chairman. I am Lisa Pino, Deputy Administrator of the U.S. Department of Agriculture's Food and Nutrition Service (FNS).

I am pleased to join you today to discuss the Supplemental Nutrition Assistance Program (SNAP) and how we can improve participation rates in SNAP especially among difficult to reach groups and in California. Before I get into those details, however, I want to step back and outline the U.S. Department of Agriculture's priorities for the Federal nutrition assistance programs managed by FNS.

These programs are critical components of our Nation's safety net for families in need. They currently touch more than one out of five Americans each year. Using their breadth and scope to promote healthier food choices among the children and families they serve is a critical prevention component of our national public health strategy. The U.S. Department of Agriculture is committed to making these programs as effective as possible in addressing our top priorities – ending childhood hunger and addressing the obesity epidemic. In support of these big picture outcomes, we are pursuing an ambitious agenda to strengthen program access, modernize operations, improve the effectiveness of nutrition education, and strengthen program integrity. We know that there are great challenges ahead of us, but with the aid of our state and

local partners, we are determined to achieve these goals. We can achieve success in ending childhood hunger and improving the nutritional status of participants.

This year Congress will reauthorize the Child Nutrition Programs. The Administration is committed to supporting ground-breaking improvements in these programs, including the school meals programs. In its Fiscal Year 2010 Budget, the Administration proposed a billion dollars each year in new funding for Child Nutrition, focused on priorities in reducing barriers and improving access; and enhancing nutritional quality and the health of the school environment.

One important connection between SNAP and school meals is Direct Certification. This system enables states to utilize data from the SNAP certification process and directly enroll students in SNAP households for free school meals, eliminating the need for application paperwork. This is an excellent way to simplify the administrative costs while improving access to our hunger-fighting programs. A recent report shows that while schools have increased their use of direct certification, some direct certification systems are more effective than others. We will be working to promote and expand best practices in this area.

During this recession, SNAP proves its inherent value as the nutrition safety net for America each and every day. More than 4 million people have joined SNAP in the past 6 months. Nearly 38 million Americans receive SNAP benefits, which is a 22 percent increase over just one year ago. In each month of fiscal year 2008, SNAP served approximately 6.3 million households with children, representing just over half (51 percent) of all SNAP households.

While record-high caseloads are an unfortunate indicator of the difficult times and the daily struggles of families across our nation, they are also clear evidence that SNAP is responding effectively, as it was designed to do, to the economic downturn. SNAP participation increases when the need is greater and contracts in better times. While SNAP has been responsive in these difficult times, many eligible individuals remain unserved.

FNS takes seriously its stewardship responsibilities for tax payer dollars through the quality control system and support for payment accuracy initiatives. Even as participation in SNAP continues to grow and benefits increase, FNS remains committed to program integrity, and the results are clear: In fiscal year 2008, SNAP achieved a record high payment accuracy rate. It is possible to achieve both high participation and high payment accuracy simultaneously.

In the past year, California has experienced a twenty-five percent increase in caseload from just one year ago, consistent with national trends. Nearly three million (2,998,851) Californians received SNAP benefits in October 2009. The average California SNAP household received a monthly benefit of \$325, or \$137 per person in fiscal year 2009. This is up from \$259 per household and \$105 per person in fiscal year 2007.

Still, California has a low participation rate relative to many other States. According to the USDA's annual report on State SNAP participation rates, California's participation rate ranked 50 out of 51 including all the States and the District of Columbia. In 2007, the most recent data available, California served only 48 percent of those eligible to participate in the program. The national average was 66 percent.

California's low participation rate is a serious concern for many reasons.

First, plain and simple, the low participation rate means less healthy food at home for households in need. It means that families lose the ability to stretch their food budgets to purchase more and healthier food. It means they go hungry instead of receiving nutrition benefits to which they are entitled.

Second, SNAP is an effective economic stimulus. Every \$5 in new SNAP benefits, if funded through emergency spending, has been estimated to generate as much as \$9.20 in total economic activity.¹ If California were to increase its participation rate among those eligible for benefits by

¹ Increases in food stamp (now named SNAP) benefits can stimulate additional economic activity. An increase in benefits raises spending by recipient households, which then stimulates production. Higher production boosts labor demand and household income. Increased household income triggers additional spending. Hanson and Golan

just five percentage points, participants would have more than \$117 million in benefits to spend on healthy food generating more than \$200 million in total economic activity. This is money “left on the table” that could flow into the State’s economy and help the economy get back on its feet with an influx of additional spending. Almost all (97%) SNAP benefits are spent for food within 30 days.

Because SNAP is an effective economic stimulus, Congress and the Administration worked together to build on the program’s strengths through the American Recovery and Reinvestment Act. The Recovery Act provided additional benefits for SNAP recipients nationwide, \$80 for a household of four per month, starting in April 2009. These additional benefits have been very effective in getting food resources to families facing increased need as a result of the slow economy. In conjunction with the Mid-Session update to the President’s fiscal year 2010 budget, we estimate that over time, the increased benefits will total \$48 billion. This figure will be re-estimated with the President’s fiscal year 2011 budget request and is likely to increase. The increased SNAP benefits were some of the first Recovery Act dollars to reach the wallets of needy people and the neighbors and businesses in their communities and made an immediate impact on the national economic situation.

We recognize the extraordinary budget difficulties States, including California, face in this current economic crisis. To help address the growing strain on existing resources, the Recovery Act provided nearly \$300 million in new administrative funds to States – funds that will not require a match – to help them serve the growing number of families seeking assistance. California’s share of these funds is \$21.7 million. The Defense Appropriations Act recently provided another \$400 million to States for this purpose.

USDA has offered all States an array of policy waivers to increase participation in SNAP while reducing cost and administrative burden and helping to more effectively manage the increasing workload.

(2002) estimate that an additional \$500 in food stamp expenditures triggers an increase in total economic activity of \$920. See the Economic Research Service website at <http://www.ers.usda.gov/publications/fanrr26/fanrr26-6/fanrr26-6.pdf> (See p. 2.)

California has already made some steps in the right direction. For example, California has established broad-based categorical eligibility for families with children. They are doing telephone interviews at certification and recertification in some regions. There are online applications with electronic signature capability in some regions as well as change processing call centers in some regions. One important waiver that California is already using restores eligibility to households terminated for failure to provide reports if those reports are received within 30 days. These efforts represent a significant start towards improving participation.

We are working with California to improve participation through three methods –better policies, better practices and better outreach to those eligible for SNAP.

First, better policies. There are several policies that California can implement to achieve significant savings and help to address its \$20 billion budget deficit, while also improving access and service for clients.

Specifically, we recommend the following approaches for California:

- *First, simplify client reporting.* FNS has asked the State to submit a plan by February 2010 to convert from the current quarterly reporting system to a simplified reporting system. Simplified reporting will require less frequent submission of report forms from clients, lead to longer certification periods for some households, and reduce the time and expense of acting on changes.
- *Second, expand eligibility and reduce workload through broad-based categorical eligibility:* Other States have eliminated asset requirements and are making use of higher income limits (up to 200 percent of the Federal poverty line) for all eligible households, not just those with children under 18 as in California. Broad-based categorical eligibility is an effective workload management tool for overburdened States workers and simplifies the application process for clients.

- *Third, consistently offer telephone interviews in lieu of face-to-face interviews.* Many California counties have chosen not to use telephone interviews consistently or limit the criteria for waiving the face-to-face interview. Use of telephone interviews and tailoring interview length and questions to the specific circumstance of the case make the process more efficient and reduce as many burdens possible. Failure to fully utilize these telephone interviews to their fullest extent can make it more difficult for households to navigate the certification process, thereby discouraging participation.
- *Fourth, eliminate finger imaging:* While there is no hard data to establish that finger imaging prevents participation of eligible households, community-based groups have consistently reported that low-income groups (especially low-income legal immigrants) are often fearful of applying for SNAP because of the finger imaging requirement. As States look for ways to provide services in difficult fiscal times, the cost associated with finger imaging should be reconsidered. Most States satisfy the requirement to establish a system to prevent duplicate participation by matching names with social security numbers, which is less costly than finger imaging and is also an effective deterrent. We need to make every dollar count by managing resources in the most efficient and effective manner possible. USDA is in the process of evaluating how finger imaging systems may impact cost and client participation.
- *Fifth, expand call center change reporting and electronic applications.* While these approaches are being used in some regions, participation and access could be enhanced if they were used statewide.

In the area of better practices, we stress the importance of customer service and better business processes. The more user friendly the application and related processes are, the more likely it is that access to the program will improve. We will continue to work further with the State to see where the application process can be improved or “reengineered” and whether there are waivers

or other assistance we can provide to help counties move towards more efficient application processes. FNS encourages States to learn from each other and implement models that work.

One critical customer service that must be addressed is application processing timeliness. Timeliness standards are set by law. Applications must be processed within 30 days or within seven days for expedited cases where applicants have very low income. Despite current challenges, these standards must be met. People have a critical need for timely assistance. Every day matters when you're hungry.

Some States have persistent difficulty with timeliness with little improvement. California has experienced decreasing timeliness rates over the past two years. In 2008, 79.6 percent of applications were processed in a timely manner in California. The national average is 85.6 percent. Record caseloads are challenging even those States with historically good timeliness rates. Yet there are States successfully maintaining timeliness rates despite rising caseloads. We encourage California to talk with such States and learn more about their business practices.

The negative error rate, which is the rate of incorrect denials, suspensions or termination of benefits, is another critical customer service issue. California has a very high negative error rate. When negative errors occur, access is hampered and households face unnecessary hardship because households are removed from the program unnecessarily. Over the past several months, FNS has done in-depth reviews in the five largest States, including California, to learn why the negative error rate is going up and what we can do to help States reverse the trend. Results of this analysis are expected later this year.

Like all States, California must promote accountability and make improved negative error performance as a priority. Policy, Quality Control (QC), and Corrective Action staff must work closely together on provided resources and tools to local county staff to promote improved performance in this measure.

In the area of better outreach, the advantages are crystal-clear: due to economic multiplier effect I described earlier, increasing the number of eligible individuals participating in SNAP would bring additional federal funding support to the State and its citizens. California is to be recognized for its statewide outreach plan that includes partnerships with food banks. We are working with many States, including California, to improve access and participation through innovative outreach and community partnerships, especially those designed to reach underserved populations, such as Latinos, the elderly, and the unemployed and under-employed.

Nationwide, more than five million U.S. Latinos participated in SNAP in 2006, but nearly as many were eligible yet did not participate. SNAP served nearly 1.1 million Latinos in California in an average month in 2006 (the latest year with data on race and ethnicity). The participation rate of eligible Latinos is just 56 percent nationwide, and in California is it just 43 percent. This means California is losing millions in federally-funded SNAP benefits to which their residents are entitled.

Latino families are much more likely to live in poverty and experience food insecurity than white non-Latino households. More than one-quarter of all people eligible for SNAP benefits but not receiving them are Latino. According to USDA's Economic Research Service, while fifteen percent of households in the U.S. are food insecure in 2008, the rate of food insecurity among Latino families was over 25 percent. This is not just a food security issue – it is a question of equitable program access across USDA's diverse customer base. The Department is making a concerted effort to overcome barriers to program participation in a wide range of programs among Latinos and other traditionally under-served communities. We continue to seek ways to help all States develop strategies that increase participation among such target populations.

Factors impeding Latino SNAP participation include confusion and misinformation about the issue of whether someone is considered a "public charge". In fact, receipt of SNAP benefits does not make one a public charge. Other factors impeding participation are the lack of awareness and understanding of the program and eligibility requirements, and limited delivery of that information in cultural and linguistically appropriate ways.

For many years, the Food and Nutrition Service has worked to eliminate these barriers and reach out to underserved groups to raise awareness of the nutrition benefits of SNAP, including significant efforts to reach the Latino population. Our efforts include:

- Outreach to make sure that eligible clients, outreach providers, and other stakeholders are aware of Department of Homeland Security policy that clearly indicates that participation in SNAP does not make one a public charge.
- Radio advertisements in English and Spanish to promote the nutrition benefits of SNAP and educate non-participating eligible people have aired in multiple States for six years. We are in the planning stages for the seventh year. Radio advertisements have aired in California during each year to date.
- A web-based pre-screening tool in English and Spanish. Individuals using the prescreening tool receive estimates of their eligibility and benefit amounts. This tool is online at <http://www.snap-step1.usda.gov>.
- A national toll free number, 1-800-221-5689, provides information about the program in Spanish or English and includes the option to receive a packet of information by mail.
- Educational posters and flyers in English and Spanish which may be ordered for use in local outreach campaigns that can be used in promotional and informational materials. These resources are available at <http://foodstamp.ntis.gov/>.
- A comprehensive Latino strategy outreach plan, now under development, to better reach and educate the Latino audience about the nutrition benefits of SNAP.
- A national SNAP Outreach Coalition to bring together national and local organizations working with low-income audiences. Coalition members share effective outreach

strategies to educate eligible, non-participating, low-income Latino people about the benefits of SNAP.

- Participation grants for projects that look at ways that State partnerships can improve access, and make the application and intake process more user-friendly. Three of these grants have been awarded to organizations in California during the past seven years.
- Outreach grants for small organizations to study the effectiveness of strategies to inform eligible low-income people about the program. Neighborhood and faith-based organizations in California have received nine outreach grants since 2001.

Now, I would like to turn my attention for a moment to the role that SNAP plays in promoting healthy eating. Through the nutrition education component called SNAP-Ed, SNAP plays a critical role in helping recipients obtain a healthy diet, engage in physical activity and pursue healthy lifestyles within limited resources. SNAP-Ed nutrition education resources in English and Spanish such as Loving Your Family, Feeding Their Future can reach low-income mothers and motivate them to improve their families' eating and physical activity behaviors. While SNAP-Ed can certainly be improved, it does play a key role in efforts to improve participants' food choices.

The Food Conservation and Energy Act of 2008 – the 2008 Farm Bill – authorized \$20 million for pilot projects to evaluate health and nutrition promotion in SNAP to determine if incentives provided to SNAP recipients at the point-of-sale increase the purchase of fruits, vegetables or other healthful foods. FNS refers to this effort as the Healthy Incentives Pilot. Through this recently launched pilot program, we released a competitive solicitation to encourage State applicants to test innovative ideas to improve the nutritional choices of SNAP participants. The Healthy Incentive Pilot is only one example of the agency's efforts to provide grants and other incentives in the programs to advance nutrition.

Increasing the number of farmers' market authorized by SNAP is another priority. This effort not only creates access to healthy produce for our clients but it expands the customer base for local farmers. The number of farmers markets in SNAP increased 25 percent in fiscal year 2009 over the prior year.

Know Your Farmer, Know Your Food is a new initiative launched by Secretary Vilsack and Deputy Secretary Merrigan to enhance the link between consumers and local producers. By successfully improving the link between consumers and local producers there can be new income opportunities for farmers and wealth can be generated that will stay in rural communities. There also can be a greater focus on sustainable agricultural practices and families can better access healthy, fresh, locally grown food.

In closing, let me reemphasize the Administration's commitment to fighting hunger and improving the Federal nutrition programs. I would like to thank the Committee for the opportunity to join you here to raise awareness, focus attention and motivate action to improve the effectiveness of SNAP and all Federal nutrition programs, both here and across the nation. Working together, we can strengthen our ability to ensure that, no matter what other hardships they experience in the face of economic disruption, low-income people need not experience food insecurity and hunger. I look forward to answering any questions that you may have.