

**NUTRITION PROGRAMS:
PERSPECTIVES FOR THE 2018 FARM BILL**

HEARING
BEFORE THE
**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS
FIRST SESSION

SEPTEMBER 14, 2017

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry



Available via the World Wide Web: <http://www.govinfo.gov/>

U.S. GOVERNMENT PUBLISHING OFFICE

30-986 PDF

WASHINGTON : 2019

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NUTRITION PROGRAMS: PERSPECTIVES FOR THE 2018 FARM BILL

Thursday, September 14, 2017

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC

The Committee met, pursuant to notice, at 9:33 a.m., in Room 216, Hart Senate Office Building, Hon. Pat Roberts, Chairman of the Committee, presiding.

Present: Roberts, Boozman, Ernst, Grassley, Thune, Daines, Perdue, Strange, Stabenow, Brown, Klobuchar, Bennet, Gillibrand, Donnelly, Heitkamp, Casey, and Van Hollen.

STATEMENT OF HON. PAT ROBERTS, U.S. SENATOR FROM THE STATE OF KANSAS, CHAIRMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairman ROBERTS. Good morning. I call this meeting of the Senate Committee on Agriculture, Nutrition, and Forestry to order.

Over the last several months, I along with our Ranking Member Stabenow and our colleagues on this Committee have been working on a new Farm Bill. An important part of this process has been to hold hearings on each Farm Bill title and to listen to stakeholders.

I am proud to say that the Committee has efficiently conducted our work in this area, having held hearings so far on eight titles. Today's hearing covers the nutrition programs in Title IV of the Farm Bill. Two titles remain.

The reauthorization process affords us the opportunity to review the full range of USDA programs to ensure that they are operating efficiently and effectively. Not every program needs a major overhaul, but many Federal programs can benefit from increased efficiency, improved integrity, and the reduction of waste.

As we conduct this review, it is important to remember the purpose of these critical nutrition programs. They are not about long-term dependency; they are about giving aid in times of trouble. They are about ensuring our nation's security, helping folks become productive members of our economy, and about assisting the vulnerable among us who cannot help themselves.

Part of a thorough review includes verifying that the programs are being administered and implemented properly at the Federal and State levels.

Now, unfortunately, we have learned of some significant issues regarding the administration and oversight of the Supplemental Nutrition Assistance Program, or what we call SNAP.

Investigations by the Department of Agriculture's Food and Nutrition Service, the Department's Office of Inspector General, and the Department of Justice have revealed that States have purposely used, quote, "whatever means necessary," unquote, to mislead the Federal Government to obtain bonuses or avoid financial penalties.

Witnesses here today will provide details, but what we have discovered is that the integrity of the SNAP program cannot be verified. In all but a few States, the process used to measure errors has failed. Thus, the level of erroneous payments States have made when administering this program is completely unknown.

Simply put, no one knows the error rate of SNAP, and that is unacceptable. The Federal Government does not even know the basic elements of the problem, such as how long this has been occurring.

This program accounts for over 75 percent of Farm Bill spending. If we are unable to verify that this program is making every dollar count and ensure that the right amount of assistance is going to those who really need it, then something needs to change. With the help of the distinguished Ranking Member, something will change.

We are not talking about rampant fraud here. We are not talking about rampant program abuse. We are talking about States cheating and gaming the system, resulting in an inability to even measure how many taxpayer dollars are being spent in error. This is not fair to taxpayers. It is certainly not fair to those who depend on this program, and it is not right.

It is our duty to ensure that the integrity of this program, which is vital to those among us in need, is able to be measured and verified.

Once that is accomplished, we must also ensure that this program is truly serving those in need, helping them to achieve self-sustainability, and not hindering their ability to succeed.

Now, much has been made of the, quote, "work requirements, but it is our job to be deliberative and informed when considering how we truly achieve the goal of enabling those who are receiving public assistance to attain self-sufficiency.

Now, the last Farm Bill included a significant investment in work pilots to test effective methods of ensuring the long-term success of folks in need of assistance. We will need to build on that investment and continue to test proven methods of success.

As we undertake this process, with the goals of program integrity and truly helping people to become self-sustaining, we will need the support and flexibility of all program stakeholders.

Lines in the sand and uncompromising positions will benefit nobody and especially not the vulnerable populations these programs serve. Working together, I am confident we can find a way to ensure the integrity of SNAP and the critical need that the program meets.

With that, it is my pleasure to recognize Senator Stabenow for any remarks she may have, but before yielding, I would like to take a moment to express appreciation to the Department's Food and Nutrition Services and other agencies for their work in providing assistance to those affected by the recent tragedies with regards to the hurricanes that we have experienced in this country,

I understand that Department's staff have worked around the clock to provide services and ensure that program participants and others have access to assistance in this time of need. I have received reports lauding the Department's preparation and response, and I would like to thank Secretary Perdue and his staff and for everybody involved for their dedication and hard work.

It will take this same spirit of working together for us to remedy these and other issues that need to be addressed to pass a Farm Bill.

Senator Stabenow, I yield to you for any comments you may make.

**STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR
FROM THE STATE OF MICHIGAN**

Senator STABENOW. Well, thank you, Mr. Chairman, and it continues to be a great pleasure to work with you. I want to start out with echoing the comments that you just made about the heart-breaking devastation that Hurricanes Harvey and Irma have caused in the South. These destructive storms underscore the critical need for disaster assistance for both our farmers and our families.

I want to commend Secretary Perdue for his quick action to administer food assistance and provide flexibility for those in the path of these storms so that having enough to eat is the least of their worries.

Our families deserve a reliable safety net in times of need. Whether it is making Disaster SNAP available during a hurricane or ensuring that a veteran can weather the storm of job loss during a recession, nutrition assistance programs are vital to rebuilding after disaster strikes.

The Great Recession hit our country like a force of nature, causing too many Americans to lose their homes and jobs. For those who face unexpected unemployment, or underemployment, the Supplemental Nutrition Assistance Program is a short-term lifeline to keep food on the table while they look for a stable, long-term job that allows them to fully support their families.

This is a point worth repeating: SNAP supports families. It is about America saying, "We've got your back when there is an emergency."

Nearly half of SNAP recipients are children, as we know. The vast majority of SNAP recipients are children, seniors, people with disabilities, or parents and caregivers that live in these households.

Approximately 1.5 million veterans receive SNAP at some point during the year, and many of these heroes are considered able-bodied, despite lasting challenges from their times of service.

Even current military families face food hardship. Many utilize SNAP and visit food banks that are often stretched too thin to meet community needs.

It is important that we keep these real people in mind, like Mr. Parker who is here today to share his story about the impact of SNAP in his life, and that is an important story. It is important to reflect on other stories as well as we consider changes to nutrition assistance in the Farm Bill.

As a Committee, we can make improvements to SNAP. We need to. We need to make improvements in every single area, and hold every single program in the Farm Bill accountable, as we should for every area of the Federal government. I will continue to be very focused on making sure that we are doing that while still preserving critical food access.

As we know, we have a farm safety net and a family safety net. We need to make sure there is accountability in both and support for both. As prices go down in farm country while jobs have gone up for families, it is really important to note that we will see significant savings over the next 10 years in SNAP because things are working as they should, people are going back to work and needing less assistance with their food.

In 2014, we made common-sense reforms to further strengthen the integrity of nutrition assistance. While nutrition programs have historically had an extremely low rate of error and fraud, we addressed rare cases of misuse while protecting benefits and eligibility for SNAP participants that needed access to the family safety net.

We also included Employment and Training Pilots to allow States to test innovative strategies to help SNAP participants find stable, long-term employment.

As we will hear today, these pilots, along with the broader SNAP Employment and Training Program, create important community partnerships to connect people to jobs and training that works.

Rather than focusing on arbitrary cuts to push people off of needed food assistance, we should focus, as we have in the past, on the types of voluntary partnerships that help families succeed.

As I indicated before, the good news is this is already happening. As the economy has improved and people are getting back to work, we certainly want the economy to move faster, so everyone has the opportunity for a good-paying job. But we are seeing savings in the nutrition programs. They are working as intended.

The Congressional Budget Office recently estimated that the Farm Bill is projected to save \$80 billion more than initially expected, largely driven by reduced spending on food assistance.

Looking ahead to the next Farm Bill, we will also continue to look for ways that we can strengthen health outcomes in SNAP through efforts like SNAP Nutrition Education and the very successful Food Nutrition Incentive Program that has often been called Double-Up Bucks.

We will also ensure that oversight of SNAP at the State and Federal level is working as it should.

I look forward to hearing from the USDA and the Inspector General's office today on the steps that are already being taken to ensure accuracy and timeliness in SNAP.

I also want to learn more about the ways we can support the work the Food and Nutrition Service is doing to strengthen the quality control program.

Mr. Chairman, as always, I look forward to working with you as we move forward to put together a great Farm Bill and continue to fine-tune these programs while also protecting food access for millions of families.

Thank you.

Chairman ROBERTS. I thank the Senator.

I welcome the first panel of witnesses before the Committee this morning.

Mr. Brandon Lipps, Acting Deputy Under Secretary, Administrator, Food, Nutrition, and Consumer Services within the Department. Mr. Lipps currently serves as the Administrator of the Food and Nutrition Service, as well as the Acting Deputy Under Secretary of Food, Nutrition, and Consumer Services at the Department. As the FNS Administrator, he oversees 15 nutrition assistance programs at the Department, including the Supplemental Nutrition Assistance Program.

Prior to his time at the USDA, Mr. Lipps served as Chief of Staff in the Office of Chancellor Robert Duncan at Texas Tech University—home of the ever-passing, unsuccessful Red Raiders—and led nutrition policy for the House Agriculture Committee during the 2014 Farm Bill.

Welcome to you, sir, and I look forward to your testimony.

Mr. Harden, Mr. Gil Harden, Assistant Inspector General for Audit with the Office of Inspector General. Mr. Harden is the Assistant Inspector General for the Audit at the Department of the Office of Inspector General. He currently manages all audits of the Department and previously has served in a variety of roles in audit work at the OIG headquarters. Mr. Harden began his career as an auditor with the Western Regional Office, and he also oversaw Performance and Financial Audits for the Northwest Region.

Welcome, sir, and I look forward to hearing from your perspective.

Lastly, we have Ms. Ann M. Coffey, Assistant Inspector General for Investigations at the Office of Inspector General. Accompanying, Mr. Harden to respond to questions is Ann Coffey, who also joins us from the Department of Agriculture Office of Inspector General. She has served as the Assistant Inspector General for Investigations ever since 2015. She began her career at the Office of Inspector General, subsequently worked as a special agent with the OIG and then went over to the Department of Homeland Security. Following her return to the Office of Inspector General in 2005, Ms. Coffey led the Special Operations Division and then the Investigations Liaison and Hotline Division.

Welcome to you, ma'am, and I look forward to your testimony.

Mr. Lipps.

STATEMENT OF BRANDON LIPPS, ACTING DEPUTY UNDER SECRETARY, ADMINISTRATOR, FOOD, NUTRITION, AND CONSUMER SERVICES, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. LIPPS. Good morning, Mr. Chairman, Ranking Member Stabenow, and members of the Committee.

Let me start by thanking you for the recognition of Secretary Perdue's leadership in this disaster and the hard work of our staff, certainly at FNS, but Department-wide, as we work to protect agricultural infrastructure and make sure that all Americans are fed during this time. The staff really has worked overtime to ensure that everybody gets fed, and we appreciate that.

I am honored to be here today to talk about the Supplemental Nutrition Assistance Program Quality Control system. As you stated, I am the Acting Deputy Under Secretary and Administrator for the Food and Nutrition Service. I look forward to working with this Committee to ensure those most in need have access to food by administering FNS programs efficiently, effectively, and with the utmost integrity.

Working in partnership with State agencies, FNS programs leverage our Nation's agricultural abundance to ensure that no American goes hungry.

You have invited me here today to talk about SNAP quality control, or as we often refer to it, QC. SNAP's QC system measures improper payments, often referred to as the payment error rate. This rate is a combination of payments that are too high and those that are too low. It is a measure of errors in issuing benefits, not the misuse of benefits.

Quality control is a two-tiered system of shared responsibility between the States and FNS. States review cases for errors, and FNS reviews a sample of those to ensure that States have, in fact, made the correct determination.

Typically, USDA releases a national error rate for SNAP on an annual basis. However, USDA and the Office of Inspector General both found bias in the QC data which prevented us from releasing a national error rate for fiscal years 2015 and 2016.

FNS noted that rate reductions appeared to happen too quickly, like dropping off a cliff, making us question the integrity of the QC system. That led SNAP to create four different statistical errors to comb the data for bias. When FNS found that all eight States we looked at showed problems in all four categories, they quickly moved to an in-depth review of all 53 State agencies' QC data.

The results surprised and greatly concerned our experts. Some States had made inadvertent process errors, but more often, States were hiding errors from Federal reviewers. In doing so, they bypassed our data controls, preventing SNAP from catching the bias until the new indicators were developed.

Based on our findings and those from our colleagues at OIG, FNS began implementing corrective actions with these 42 States to eliminate the bias at the State level in late 2014. FNS has also made our own policies, guidance, and review processes more robust. We issued memos and guidance to States, revised our quality control handbook, provided additional training to Federal and State staff, developed a new management evaluation guide to strengthen our oversight, and made new data services available to validate State findings.

Let me be clear, FNS owns our role in these problems and is taking strong action to solve them, but the most egregious problems we saw do not result from unclear guidance. For example, we learned that in some states, error reduction committees, which are intended to identify errors and prevent them going forward, were instead hiding the errors they found from FNS.

The changes FNS has made to our QC system will make those behaviors less likely, but fully eliminating the bias will require a commitment of good faith on all sides.

FNS has not released a national error rate since fiscal year 2014 because the data was unreliable. I fully expect to release an error rate for fiscal year 2017, in June of 2018, when these reforms and training efforts are fully reflected in the data.

FNS is committed to continually improving the QC system and the integrity of SNAP as a whole. We will hold ourselves accountable and our State partners accountable.

We look forward to working with you on additional solutions to prevent this problem in the future.

Thank you, and I am happy to answer any questions.

[The prepared statement of Mr. Lipps can be found on page 56 in the appendix.]

Chairman ROBERTS. Mr. Harden.

STATEMENT OF GIL HARDEN, ASSISTANT INSPECTOR GENERAL FOR AUDIT, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC;

ACCOMPANIED BY ANN M. COFFEY, ASSISTANT INSPECTOR GENERAL OF INVESTIGATIONS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. HARDEN. Good morning, Chairman Roberts, Ranking Member Stabenow, and members of the Committee. Thank you for the opportunity to testify about OIG's efforts to help FNS ensure the integrity of the SNAP program.

With me today is Ann Coffey, the Assistant IG for Investigations.

My statement today will focus on our audit of SNAP's QC process as well a related investigation.

Through our audits and investigations, OIG helps FNS improve its general oversight of SNAP. Over the past 3 years, we have published six audit reports that resulted in 77 recommendations and \$299 million in monetary findings. Our SNAP-related investigations over the same period have led to over 2,300 arrests, 1,600 indictments, 1,500 convictions, as well as \$296 million in monetary results.

In 2013, OIG initiated an audit of SNAP's QC process. Though we recognize the improper payment rate for SNAP had been steadily declining, SNAP benefits had nearly doubled due to increased participation. Even at a low error rate, improper payments for SNAP still averaged over \$2 billion annually.

We found that confidence cannot be placed in FNS's reported error rate. For example, in all eight States we visited, private consultants and/or State error review committees used methods to mitigate case errors found during the QC process rather than report the cases as errors.

A number of States hired third-party consultants who actively worked to eliminate errors and, therefore, improve the State's error rate. These States saw dramatic, if unwarranted, improvements in their error rates—from 21 to 85 percent, depending on the State.

We also found other issues with how error rates were calculated. For example, State QC reviewers did not correctly identify and calculate payment errors during their review of SNAP cases. As a result, errors were improperly excluded from the SNAP error rate.

Also, FNS did not adequately review State QC results. State QC results in 27 of the 60 cases we reviewed were unsupported, ques-

tionable, or inaccurate. As a result, FNS lacked the assurance needed to validate the accuracy of States' reported error rates, which serve as the primary basis for determining the SNAP national error rate.

In total, we made 19 recommendations to help FNS improve the QC process. As of August 2017, FNS had closed 14 of these recommendations.

One unique OIG investigation has highlighted significant problems with the QC process. Our investigators received a whistleblower complaint related to the activities of a third-party consultant working in one State. So far, this investigation has resulted in two States, Virginia and Wisconsin, agreeing to pay over \$14 million to resolve allegations about both States' administration of SNAP.

Both States admitted that they used consultants to review the error cases identified by their workers. The consultant advised the use of several improper and biased QC practices, including finding a basis for dropping error cases from the review, selectively applying requirements and policies to overturn and reduce errors, and asking beneficiaries leading questions to obtain desired answers to eliminate error potential. These practices improperly decreased the States' reported error rate, and as a result, States were paid performance bonuses for which they were not entitled. This investigation is ongoing.

I want to thank the Committee again for the opportunity to testify, and I am open to—welcome to any questions you may have.

[The prepared statement of Mr. Harden can be found on page 50 in the appendix.]

Chairman ROBERTS. Thank you very much.

Let me note that we appreciate the statements of Mr. Lipps and Mr. Harden, and Ms. Coffey is here for questions only.

Thank you to Panel 1 for taking the time to join us today. I appreciate it, but what I have heard is extremely disturbing.

The integrity of the largest food assistance program that spends over \$70 billion a year is simply unknown.

The OIG has found that the quality control process is broken and in need of reform, and not only that, but we have a number of States that have defrauded the Federal Government and are being investigated by the Department of Justice.

Mr. Lipps, you stated that the 2014 error rate data raised questions at FNS. Once the agency completed its in-depth review, did you discover any indication of when bias entered a State's quality control process? Do you have a sense at what point the State error rates became inaccurate?

Mr. LIPPS. Senator, unfortunately, I cannot give you an exact answer to that question.

We do have concern that bias has been in the system for quite some time. The OIG notes in its report that this consultant first started acting with States as early as—I believe it was 2004 when States' individual error rates started dropping dramatically. So I think there has been some level of bias in the system for over a decade.

Chairman ROBERTS. 2004.

Mr. LIPPS. Yes, sir.

Chairman ROBERTS. So we have a problem here that could have started 13 years ago.

Mr. LIPPS. That is correct.

Chairman ROBERTS. The FNS review, Mr. Lipps, for fiscal year 2015 found that 42 out of 53 State and Territory agencies were improperly administering the quality control process.

A document referenced by the media indicated that the very preliminary estimates of the 2015 national error rate could be between 4 and 7 percent. Now, if that is the case, 7 percent would be almost double the 2014 error rate. Something is pretty fishy here.

That was biased and would have indicated over \$5 billion in error. Do you have any updated estimates for 2015?

Mr. LIPPS. Mr. Chairman, unfortunately, we do not. The data is so significantly biased that we do not feel we can provide you an accurate measure of that rate.

Chairman ROBERTS. So you are basically saying that the data was unreliable, and so, therefore, you could not release the error rate for 2015 or 2016?

Mr. LIPPS. Yes, sir.

Chairman ROBERTS. Do you have better data now?

Mr. LIPPS. We believe we will have accurate data with the ability to report a rate to you in 2017. As I stated in my testimony, we have entered corrective action plans with these 42 States, and believe that the bias will be removed significantly, and our statisticians advise that we can get you an accurate rate for 2017.

Chairman ROBERTS. Well, I appreciate that, but we have no idea how much taxpayer money was wasted. It could be \$3 billion. It could be \$5 billion. It could be \$10 billion.

Mr. LIPPS. Yes, sir.

Chairman ROBERTS. I think it goes without saying, that is a lot of money.

During the 2015 review, were States fully cooperating with FNS?

Mr. LIPPS. Senator, there was a range on that. Some certainly were. Many were not, and there were certainly some egregious practices that OIG recognizes in their report. Some States were not forthcoming with information with FNS staff, and we did have difficulty getting all of the information from all of the States.

Chairman ROBERTS. Can you describe some of the difficulties for us?

Mr. LIPPS. For us to be able to perform accurate re-reviews, we have to have the entire case file from the States. States did not all want to give us access to their data. Sometimes there are legitimate issues with us being able to access that data, and we need to work on those going forward. But we do believe that some of the States were intentionally keeping that data from us.

We believe that some States had destroyed portions of the data that was part of their review before we came in to review those.

Chairman ROBERTS. Is this an open investigation?

Mr. LIPPS. Yes, sir. There is an ongoing investigation that my colleagues at OIG might be able to comment on more thoroughly.

Chairman ROBERTS. I understand the FNS did their own reviews of SNAP cases in 2016, while States worked to correct their processes. During the '16 case reviews, what level of error did you find? Approximately how much in improper payments does that indicate?

Mr. LIPPS. Senator, I would unfortunately give you the same answer, that we cannot give you an accurate measure.

I do think as the rate reported in 2014 was 3.66 percent and we have noted significant bias, it is definitely above 4 percent but could be significantly higher.

Chairman ROBERTS. I recognize you just recently came on board of the Department. I think it was June. But it is absolutely imperative that we work together, the Department and all Committee members, to address these issues.

Ms. Coffey, let me ask—the OIG noted that the investigation is ongoing, but Wisconsin and Virginia have settled with the Department of Justice. How many of the 42 States that have had issues are currently being investigated?

Ms. COFFEY. Unfortunately, since it is an ongoing investigation and the States are considered the subjects, I cannot comment on the specific number, but it is multiple States that are involved in the investigation.

Chairman ROBERTS. Multiple.

Ms. COFFEY. Yes, sir.

Chairman ROBERTS. So it could be all 42? It could be 20? Bigger than a bread box? What are we talking about here?

Ms. COFFEY. I would say it is not all 42. That is what I can offer you at this time.

Chairman ROBERTS. A significant number.

Ms. COFFEY. It is a significant number, sir.

Chairman ROBERTS. Have you ever encountered a case like this where so many States had been defrauding the Federal Government?

Ms. COFFEY. Sir, I have been doing this job for a number of years, and I can tell you this is a unique situation. We have not encountered this type of an investigation previously in my experience.

Chairman ROBERTS. We need a better adjective than “unique,” but we will work on that.

During your investigation, did OIG look into the information regarding pressure, pressure on State employees to use information from a consultant?

Ms. COFFEY. Sir, during the course of the investigation—and I think that is also part of public knowledge—for the State of Virginia, there was allegations that pressure was placed upon the employees to adhere to the methods from the consultant company, and that is something that we did look into. However, we do not have jurisdiction to impact the employees within the State of Virginia unless it was a criminal matter, and in that—in this instances, within the State of Virginia, it was an administrative matter that was handled by the State of Virginia.

Chairman ROBERTS. If States under investigation decide not to settle with the Department of Justice, what further action could occur?

Ms. COFFEY. I cannot comment specifically in this particular instance. However, just generally speaking, if there is a criminal or civil matter that we are working with the Department of Justice on, if we are not able to reach a settlement agreement, the next

step typically would be that that matter would go to trial, either a criminal or civil trial, depending on the nature of the litigation.

Chairman ROBERTS. So that number of States that we have indicated before—15, 20—we do not know, or you cannot comment on it. I understand that. The Department of Justice would enter into that.

Based on your in-depth audit, what role do you believe the almost \$50 million a year in State bonuses played in creating conflicts of interest?

I am sorry. That goes to Mr. Harden.

Mr. HARDEN. Mr. Chairman, we think the conflict of interest really stems from FNS's two-tiered process for the QC process where States and the Federal level are involved.

What we found was that process is vulnerable to State abuse due to conflicting interest between accurately reporting the error rates and incurring what would be penalties or mitigating errors and receiving bonuses for exceeding the standards.

We considered this a very inherent conflict of interest for the States, and it is why it led to us make the recommendation that they are still working on to look at that process and see if there is a cost-beneficial way to move away from the two-tiered process to having either FNS do it alone or through a third party that is doing it independently.

I would also want to recognize that as part of our working the audit, we know that this recommendation is not new, necessarily. It is something that was recommended back in 1987 by an outside study that noted the conflict of interest that went on with the process.

Chairman ROBERTS. So, basically, the program was incentivizing bad behavior?

Mr. HARDEN. Yes, the stuff that we heard from State—State staff as we did our work they expressed concern with what the consultants were wanting them to do and training them to do, but some States said it was kind of a keeping with the Jones type of thing. They knew they needed to use the consultants to help get their error rates down or else they would not be in line for the bonuses. They recognized that their competing for the bonuses was an inevitable consequence of that.

Chairman ROBERTS. So they were gaming the system.

Can you describe what you found in your audit regarding the methods by which States tried to eliminate errors or otherwise improperly reduce their error rate? You commented on that to some degree, but could you expand on that?

Mr. HARDEN. Yes. We found that the consultants were used to train the State QC staff on techniques that would exploit vulnerabilities in the process. They focused—the consultants focused their work on what—mostly on QC workers and how they could mitigate the errors rather than use the errors to improve the process, which is what the intended part is.

They also very much encouraged the use of error review committees by States to eliminate the errors as opposed to working on solutions to make the program stronger.

Chairman ROBERTS. How did the FNS respond to the recommendations from the OIG audit?

Mr. HARDEN. I would say this was a very difficult audit. It is probably one of the most sensitive ones that I have worked on in my career, and I have been with OIG my whole career.

But, in our typical fashion, we worked with the agency as we learned what we were learning through the process. We would sit down with the agency and make sure we understood what we were hearing and find out if there was any other information that we needed to consider.

At the time we issued the report, we did not reach agreement on all the recommendations and the corrective actions to take, but I would like to say since that time, we have reached agreement on all 19 recommendations. They have reported out that they have implemented 14 of those recommendations and are working on the remaining five.

So a number of the steps that Mr. Lipps referred to in terms of how they are improving the program are in line with the recommendations we made. So later down the road, when we take up reviewing this as a follow-up, we will look to see how effective those changes were.

Chairman ROBERTS. But there was pushback prior to this latest better relationship that you had with FNS.

Mr. HARDEN. Yes. There was pushback throughout the process, and I would say it is because of the sensitivity of the matter. It included discussions all the way up through the former Under Secretary level, but from my perspective and opinion, having discussions at that level is just part of the process that we do for any of our major audit work. We need to hear their views and how they think of things. We do not always agree, but we need to hear what they are having to say, talk those things out, and decide on proceeding on a path forward.

Chairman ROBERTS. You noted in your testimony that in fiscal year 2013, SNAP had the highest participation level in the history of the program and yet had the lowest error rate. Still, \$2.4 billion in error, that is not a small amount of money. Do you find record-high participation with a record-low error rate to be rather unusual?

Mr. HARDEN. I would say that we were aware that the error rate was trending down, and it was—from what we learned as we did the QC audit, it was caused by a number of factors.

One of those factors was FNS raised the error tolerance threshold in 2012 from \$25 to \$50 and which meant that anything below \$50 as an error would not be reported, so that contributes to rates going down or having fewer errors.

I also want to note that as part of the 2014 Farm Bill, Congress established that threshold in law and the way that it would be changed.

But FNS also had policies that simplified things, like simplified reporting, which caused—or which did not require SNAP participants to report changes in income as frequently as they had before or had the case workers follow up on that. They would not know of different changes because they were not required to report them.

Chairman ROBERTS. Thank you very much for your testimony.

I apologize to my colleagues for going overtime.

Senator Stabenow.

Senator STABENOW. Well, thank you, Mr. Chairman. This is a very important, very serious issue that we need to address, and I do want to make it clear, this is about State reporting and what they are doing. This is not about individual people committing fraud. This is about what the States are doing in the system.

Many cases, I know the errors are data entry errors, administrative mistakes, or may be what you as well certainly have found in terms of what they are doing to manipulate the system.

But, Mr. Harden, I wonder if you could give us examples of the kinds of things that are counted as errors.

Mr. HARDEN. I may have to get back to you with specifics because there are like 48 different things that they check as part of the QC process, and it is income levels. It is work history, if they are working.

One of the problems that we have found with the work requirements is that when the States were checking the work requirements, it was not a requirement for them to check on that, and so sometimes they did not do the extra digging to find out about that. It is determining their status in terms of being veterans or—those types of things are the things that they are checking to see—

Senator STABENOW. So it is how much they are really digging into—

Mr. HARDEN. Yes, that was part of the problem that we saw, is that States were following the guidance that FNS provided, and the guidance that FNS provided, from what we found and made recommendations about, was contrary or different than what was in the regulations. So they were following what was in the handbook, but the handbook did not agree with what the regulations say.

Then, as the follow-on to that, the Federal reviewers at FNS were not really digging into and making independent assessments on what the States did. So there was not that full review that was necessary to know if the benefit amount that was given was correct.

Senator STABENOW. Great.

By the way, Ms. Coffey, thank you for being in here. I understand you are here for the tough questions, so chime in, please, at any time if you want to add anything. Did you want to add anything as it relates to the type of errors?

Ms. COFFEY. I can comment a little bit about what Gil said. He is much more the expert as to specifically what they are checking for, but obviously, what we did see from the investigation side, as noted in the two public settlements, is that there was definitely encouragement on the part of the third-party consultants to misrepresent facts to the Federal authorities when they were submitting information to FNS in efforts to lower their payment error rate, things like stretching their income as expenses and altering documents of that nature.

Senator STABENOW. Okay, the State was doing this. This is very serious.

Ms. COFFEY. That is correct, the State.

Senator STABENOW. Thank you.

Do errors reflect both overpayments and underpayments, as I understand?

Mr. HARDEN. Yes.

Senator STABENOW. Yes. So it could be—it could be either.

Mr. HARDEN. Yes.

Senator STABENOW. When there is an overpayment error, do the States, when they recoup the payment, which I understand they go back with an over payment, and they recoup the dollars, that counts as an error still? Correct?

Mr. HARDEN. Yes, it should. But one of the things that we saw was that whenever the States QC reviewers would have identified an error over or under, they were not necessarily communicating that back to the case workers or the people that would carry out—actually pursuing that repayment.

Senator STABENOW. So there is an overpayment.

The same if there was an underpayment and they corrected that—

Mr. HARDEN. Correct.

Senator STABENOW. —that counts as an error?

Mr. HARDEN. Yes.

Senator STABENOW. They should be reporting that—

Mr. HARDEN. Yes, ma'am.

Senator STABENOW. —as an error, even though it has been corrected?

Mr. HARDEN. Yes.

Senator STABENOW. That they should be counting that, absolutely.

So, Mr. Lipps, the USDA has issued several memos and undertaken a variety of things to correct the bias that you talked about with quality control system. Anything else you would want to describe to us in terms of the steps that have been taken, and do you believe that FNS will be able to issue reliable error rates for the fiscal year 2017?

Mr. LIPPS. Thank you.

I do think the most significant change is the corrective action plans that we have entered into with the 42 States, so we have identified where they were entering bias into the system, and we have required them to report to us how they are going to change that. We are following up on those with States.

So following through on those plans is what gives our staff confidence that they are going to be able to report a rate for 2017, and I have asked that question as many different ways as I can, and I am assured we will get you a rate.

There are a number of other important factors. I talked in my testimony about how we are not only changing our management model, but our training for our QC reviewers and ensuring the States are doing the same for theirs.

We are requiring that any contracts with a third-party consultant with regard to QC reviews are reviewed by the FNS national office before they move forward to make sure they are not entering into a contract to receive the types of advice that they have received in the past. We want to limit that to legitimate process-oriented work.

I also want to say thank you. Congress provided us \$4 million in 2016 to hire 32 extra reviewers at the Federal level. I do think one of the issues is that our Federal reviewers were expected to re-

view between 6-and 700 cases a year, which was not allowing them to dig as deeply as they needed to, and we certainly should have looked at that as an internal resource issue at FNS but appreciate the extra funds that you have provided for those FTEs, and we will ensure that they are working hard on that.

Senator STABENOW. Along that line, because OIG has recommended moving away from the two-tier system to a single-tier system and in looking at that, it does raise questions. Would USDA need additional staff and resources to be able to move to a single-tier system?

Mr. LIPPS. I do not have a specific answer on that, Ranking Member Stabenow, but I certainly would expect that we would.

The two-tier process should work, if administered properly. We have let a contract with an outside entity to look at this issue, and we will report back to you as soon as we get that information from them.

Senator STABENOW. At this point, given what is happening in the focus and—the needed focus on all of this and the actions that are being taken, do you feel that additional legislation is needed to fix this, or are we talking about additional resources to support what the Department is currently doing?

Mr. LIPPS. As we have talked about, we have made significant internal changes, and we believe that that will get us to a corrected error rate.

I think we want to be careful that in the future, we do not end up back in this place, and we certainly want to work with you on any ideas that you may have with regard to legislation to make sure that this does not happen in the future, whether that regards for resources or a change in how this process works.

Senator STABENOW. Thank you very much.

Mr. LIPPS. Thank you.

Senator STABENOW. Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Ernst.

Senator ERNST. Thank you, Mr. Chair, and thanks to our witnesses here today.

Mr. Lipps, I would like to start with you, please.

The USDA administers a handful of the over 80 different Federal programs designed to serve low-income Americans, and according to the GAO, these programs are too fragmented and overly complex for clients to navigate, for program managers and policymakers to assess program performance.

What steps is the USDA taking to better coordinate with other agencies to make the safety net more cohesive?

Mr. LIPPS. Senator, we have not taken significant steps since my arrival, but I will assure you that we do intend to do so, both within the 15 programs that we administer and outside of those.

With regard to what these reviewers have to look like, application to this program, I would say is akin to filing a tax return. We have to look at income deductions, expenses, and then we have additional questions of whether they are complying with work requirements. These are very difficult processes, and we are always looking at ways to make sure that those eligible have access while we are making sure that we have integrity in the program. It is

always a difficult balance, but I think allowing programs, to work across, help on that.

There are other agencies around the government that have access to data that we do not have at FNS that can be helpful in that, and so we hope to be working with you all on resolving some of those in the future.

Senator ERNST. Yes, I hope so.

It is a complicated area, and I think by linking many of our agencies together and nesting their skills and abilities together, not only can we better assist the Americans that need these support systems, but also stop, maybe, some of the fraud that might exist out there. So I would just encourage you to continue working with other agencies in those areas and also improve that coordination.

Despite over 80 programs and billions and billions of taxpayer dollars that have been spent, the Federal Government just often-times fails to address the barriers to self-sufficiency faced by those that are currently living in poverty.

Just a plug for one of my bills, earlier this year, I introduced the EMPOWERS Act, and that is a bill that would allow States to pursue pilot projects that integrate certain programs and better address the challenges that are faced by low-income families and individuals, but that does require a lot of these agencies working together to find a better way forward.

So we are always looking for efficiencies out there and ways to prevent fraud and abuse within the system.

Mr. Harden, SNAP is one of the largest benefit programs for those in need, and the OIG findings are very, very concerning. I think you have heard that over and over again from this panel.

What specifically can we do as Congress, especially with the Farm Bill coming up? Are there ways that we can address these types of systems through any legislation, beyond rules that might be able to address it in the agencies?

Mr. HARDEN. We would continue to have conversations with FNS as we go through this, but as a result of our work in the QC process, we did not see the need for any necessary legislative change. It was just a matter of applying the rules and regs that were already there.

We do—as an OIG, if we see the need for legislative change, we do make those recommendations to agencies and have them work through their process for putting them forward. We also make sure that we advise committees that we have made those recommendations too, but we did not see that this time.

Senator ERNST. Thank you. I appreciate that.

Mr. Chair, I would thank you for raising this attention—or to our attention here at this level. Thank you for the proper oversight necessary for the program to be successful, and with that, Mr. Chair, I will yield back my time.

Chairman ROBERTS. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. chairman.

Chairman ROBERTS. I am sorry. Senator Casey. I apologize.

Senator GILLIBRAND. That is okay.

Senator CASEY. Mr. Chairman, thanks very much. Thanks for this hearing.

I want to thank our witnesses.

I want to start with the value of the SNAP program in a State like Pennsylvania, a big, diverse State with a lot of economic challenges. We have got, for example, in our State, SNAP helping 1 in 12 workers in the State put food on the table. That means roughly more than 507,600 Pennsylvania workers live in households that participated in SNAP in the last year. That is what the Census data tells us.

I spent 10 years in elected office in Pennsylvania, 8 of those as a State auditor general, which meant that I was on a daily basis kicking the hell out of State programs that were not efficient, effective, and in some cases wasting taxpayer dollars.

So we have, I think, an enduring obligation to make sure that every program measures up to the expectations of taxpayers. That is why this hearing is so important.

At the same time, I think there are some folks in Washington—I do not think anybody on this Committee, but some folks that use examples of waste, fraud, and abuse, or error or overpayment or whatever the description is, to take a meat ax to programs and just hack away at them while allowing other programs to be sacrosanct from that same kind of accountability.

My question involves what can we do to make sure that what I am told is a payment error rate for fiscal year—I guess, is the most recent fiscal error rate for fiscal year 4? Is that correct?

Mr. LIPPS. Yes, sir.

Senator CASEY. That is 3.66 percent; is that right?

Mr. LIPPS. Yes, sir.

Senator CASEY. So, with that number in front of us, we have got to make sure that we are bringing that number down even more.

I realize States, because they are dealing with the so-called QC program, may not measure error rates either fairly or consistently. So we have got to make sure that we are holding them accountable.

I direct this to you, Mr. Lipps. What action can we take to ensure that our systems drive meaningful improvement as opposed to just improving the measure?

Mr. LIPPS. Senator, I think there are a lot of different sides to that, but I do think that improving the QC rate is really about improving the program as it is delivered to the recipients.

It is—we talk a lot about the money that is wasted for the taxpayer, and it is a very important factor in this. But, as you say, it is extremely important for the recipient.

If your QC rate is zero, you are delivering the payment that every recipient deserves. That is really what this question is, and so the lower we get that to zero, the better job we are doing of ensuring that each recipient is getting the money that you intended them to have.

Senator CASEY. How do you think we arrive at that point? What is the best way to get there?

Mr. LIPPS. I think we always work for a lower error rate. I think these things that I have talked about that FNS has taken actions on with regard to working with States in our oversight to ensure we get there, it is a—it is a partnership between the Federal government and the States, and we constantly have to work on this issue.

As you know, there are a lot of State options, and that is the significance of States being involved in this process, is that they know theirs well. But we want to make sure that each State has the ability to adapt to best serve their citizens.

Senator CASEY. The last question I have is with regard to the bonus and penalty system. I guess the report, among other things, indicates that both bonus and penalty contributed to the problem. Do you think there is a need to reevaluate that—reevaluate both, I guess I would say?

Mr. LIPPS. There has been a lot of discussion on that issue, and we look forward to engaging with you on that. States have certainly said that both of those influenced their actions in this.

Senator CASEY. Great. Thank you very much.

Mr. LIPPS. Thank you.

Chairman ROBERTS. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman.

I would like to follow up on the bonus situation. In the 2012 Farm Bill, I offered an amendment on the floor that would strike the State bonuses for low error rates, money that is used to encourage the States to do something that they ought to be doing, anyway, and would reinvest those savings into the Emergency Food Assistance Program.

As the OIG report shows, these bonuses obviously created an incentive for States to submit false error rates to FNS.

Mr. Harden, do you think that Congress should do away with the bonuses?

Mr. HARDEN. I mean, in terms of us looking at the program, I do not want to say what the policy should be, because that is kind of not the auditor's role, but we did note that that was a big part of the conflict of interest at States when they were looking at themselves and trying to—they were—they used the consultants, and they knew that if they got lower error rates, they would be getting better bonuses. So it did incentivize them to get the error rates lower in a variety of ways.

Senator BOOZMAN. Okay. Very good.

So that is a nice way of saying that there is a significant problem there.

Mr. HARDEN. Yes, sir.

Senator BOOZMAN. Mr. Harden, as you stated in your testimony, OIG made 19 recommendations intended to assist FNS to improve their quality control process. Could you briefly summarize some of the recommendations? Do any of those recommendations carry more weight than others, and if so, which ones are they? Has FNS addressed them to the satisfaction of OIG? Of the five that FNS has closed out, what has been the delay? I know that is a lot.

Mr. HARDEN. Yes. I think the most significant recommendation that we had in the report is the first one that talks about looking into the cost benefit of whether we should move away from the two-tier system.

I know that FNS is acting on that right now. They have a request for proposal out and comments and are looking at that.

A two-tier process can work, but it has to be managed the right way, as Mr. Lipps has said. But that is something we definitely wanted them to look at.

A lot of our other recommendations, they are also moving out on and have implemented in terms of making sure there is guidance out there if you are going to use consultants, because there was not guidance in place before, clarifying guidance for State QC workers in terms of how they are supposed to carry out their QC reviews, as well as redoubling their efforts on the Federal review process and making sure that they had the right type of oversight from the Federal level to really look at the cases that the States were doing and asking the proper questions.

So there are only five that they are continuing to be open and have not reported back to the Department that they have implemented, and I think the one that will take the longest is the one on the two-tier process, which I think is expected currently to be put in place by next year.

So we would then follow up usually after an agency has had a chance to implement the recommendations, say 18 to 24 months afterwards, so we would definitely be looking at this probably in the 2020–2021 audit cycle.

Senator BOOZMAN. Very good.

Mr. Lipps, what is the timeline to get the five closed out?

Mr. LIPPS. I do not have exact dates on those, Senator. I think we are very close on each of them. We have worked with OIG to move forward.

Obviously, on the question of the one-tier system, we have that contract, and it is going to take some time to do the analysis and get it back. So it will be at least a year on that issue.

Senator BOOZMAN. So what do you say is the biggest challenges facing FNS as you make changes to implement OIG's recommendations and improve the accuracy of the SNAP error rate?

Mr. LIPPS. Senator, I think the biggest challenge is making sure that States are good partners in this and that they are working with us to a valid QC rate.

I think the work of OIG and DOJ has encouraged them to do so, and we will continue to be good partners with them.

What I want to commit to you from within the agency is that we re-review our QC oversight regularly so that we do not end up in the situation again.

Senator BOOZMAN. Good.

Thank you, Mr. Chairman, and thanks to the panel.

Chairman ROBERTS. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. Chairman.

I am very grateful that we are holding this hearing. I know everyone on this Committee is very determined to fight poverty in our country, and we all know that SNAP is one of our most effective tools to do that.

SNAP can lift families out of poverty, can drive down health care costs, and improve people's health. It can help our children stay focused at school, and it can improve the lives of our most vulnerable citizens.

The data are very clear that SNAP plays an enormous role at giving low-income Americans access to the nutrition they need, and SNAP helps Americans in every community and our cities, our small towns, and our rural communities. Even as SNAP participation drops, we must remind ourselves that there are millions of

Americans who are working hard but still do not earn enough to buy the food they need, and so they rely on SNAP. SNAP is an essential program, and it is a program that works.

So I want to thank the witnesses today for their testimony and to work to make SNAP serve Americans more efficiently and effectively.

Concerning the SNAP standard medical deduction, many of your concerns raised about quality control in this morning's hearing are about how different State agencies conduct their reviews of client paperwork.

I have recently introduced the SNAP Standard Medical Expense Deduction Act of 2017, that would standardize the deduction for seniors and disabled individuals with high medical costs. Would more uniform and simple deductions like this help make QC easier for the State agencies and FNS to verify? Any of you.

Mr. LIPPS. Senator, we look forward to working with you on that. Certainly, standardizing things makes the QC process easier and the certification process easier. We are just always balancing, making sure folks get the benefits that they need and the right amounts when we standardize those things, and I am happy to visit with you further about that.

Mr. HARDEN. I would tend to agree that if it can be standardized, it is usually helpful, and then it can be consistently implemented.

Senator GILLIBRAND. Any thoughts, Ms. Coffey?

Ms. COFFEY. I will defer to my colleagues at the table, but yes, obviously standardization, even from the criminal investigative side of the house, is helpful for us when we are doing our reviews and investigations.

Senator GILLIBRAND. Mr. Lipps, we are hearing a lot about how SNAP participation rates are falling as the economy recovers. In New York, SNAP participation rates dropped 2 percent in a year. However, not every community recovers as quickly.

The national rate of SNAP participation in rural counties is 16 percent, which is 3 percent higher than cities. What steps is FNS taking to coordinate with State agencies, and what has been done to ensure that rural SNAP recipients, who may face transportation issues, can submit their paperwork?

Mr. LIPPS. Senator, one of the great things about SNAP being administered by the States is it allows them the flexibility to make sure that they are serving their cities. Obviously, some of our States are overwhelmingly urban, and some are overwhelmingly rural, and some with a combination of both.

So we look to the State agencies to make sure that they are serving all those populations, and in our technical guidance and overview with them, we want to make sure that everybody is getting served.

Senator GILLIBRAND. Just to clarify some of our earlier testimony, one of my colleagues referred to this as incidence of fraud. I do not understand that there is any allegations of fraud with regard to these paperwork concerns. Is this an issue of fraud, or is it mismanagement?

Ms. COFFEY. So the investigation is actually—the settlement agreements were put in place to settle claims of False Claims Act,

so yes, that is a deliberate act on the part of the States to provide information that is not—we would consider to be fraudulent.

Senator GILLIBRAND. So did you file a case against various States for fraud?

Ms. COFFEY. So there are two settlement agreements we worked with the Department of Justice on. For our purposes, whenever we have an allegation within the—in fact, the Inspector General's office on my side, we are obligated to go to the Attorney General as part of the IG Act, and so we did pursue that avenue. As a result, yes, the settlement claims that you see, they were not criminal, but they were civil matters that were taken up by the Department of Justice.

Senator GILLIBRAND. Are you able to tell us what States?

Ms. COFFEY. At this point, I can tell you there are two that are public, but because this is still ongoing—the two that are public are Wisconsin and Virginia settlement agreements, but I cannot comment on the other ones because those are still in process as this time.

Senator GILLIBRAND. Can you describe, for the two that are public, why you believe it was intentional fraud?

Ms. COFFEY. I think based upon the information that was submitted to FNS as well as we do a lot of work relative to interviewing individuals, State employees. The complaint originally came in from a State employee who was concerned about how the materials were being provided to FNS. All those factors play into whether or not we have a determination of whether there may be fraud present.

Senator GILLIBRAND. Thank you.

Chairman ROBERTS. Senator Heitkamp.

Senator HEITKAMP. Thank you, Mr. Chairman, and again, thank you for this hearing. I think it is critically important that instead of waiting for the reauthorization process for the Farm Bill that we start talking about these issues in developing some strategies and techniques.

I just want to kind of get back to Senator Gillibrand's line of questioning, which is fraud, because I think if people—if the headline is the Inspector General finds fraud in the SNAP program, people are going to automatically assume that that was widespread fraud by applicants.

So if we can just clarify what we are talking about and who—let us just be charitable and say the misunderstandings were with the State, I think it would be really important that we make sure that we understand what we are talking about here.

Ms. Coffey?

Ms. COFFEY. From the perspective of the States, typically what we see in many of the overpayment—or the payment error rate, it is administrative errors or mistakes that have been made, and that is really the majority of what you see within the program.

However, in this particular instance, it is clear that there is a pattern. That it has been established utilizing these third-party consultants to basically look to change information that normally States would be reporting to FNS, and that information has either been withheld in some circumstances or altered in some fashion or guidance has been given out to State employees to not follow up

on certain pieces of information. That is very different, I think, in terms of what you see typically with payment error rates.

You are seeing this is a really overt act on the part of the consultants and the States that obviously we have identified thus far, so there is a distinction there.

Senator HEITKAMP. But it is fraud in establishing the review process, or it is fraud in putting more people on the program, on the SNAP program, who are unworthy, or we do not know whether they were unworthy or not?

Ms. COFFEY. It is basically we cannot say—

Senator HEITKAMP. Right.

Ms. COFFEY. —because the information was not accurately followed up upon.

Senator HEITKAMP. Right.

So I just want to clarify that what we are talking about when we talk about fraud and mismanagement is at the State level, where they are administering this program. This is not to imply that there is widespread applicant fraud, where the applicant—maybe somebody said, “Well, I think this person probably has 1099 income that was not reported,” no follow-up on the 1099 income that was not reported. You do not know whether that is true or not because the States have not taken the steps that they should have taken to do the investigation and, in fact, allegedly, covered up the missteps that they had in terms of administering the program. Is that a fair characterization of what we are talking about?

Ms. COFFEY. Yes, it is.

Senator HEITKAMP. Okay. So I just want to make sure that—we take very seriously this program, and access to this program is essential. It is essential for people who live below the poverty line. It is essential for seniors. It is essential for our recovering and veterans who are coming back who are struggling with the transition back into civilian life.

So we do not want a headline coming out of this saying there is widespread fraud, and it is really unfortunate that the States have not followed the proper procedure. I will bet if we had them in here, they might argue that they did and that they just want to put this behind us and that there was not a problem.

The fact that the Department of Justice has chosen to not take this criminal, I think is an indication that we need to ratchet down the rhetoric on how we look at this. Do you think that is a fair characterization?

Ms. COFFEY. I believe it is, and that is part of the reason we do not talk about the States that are currently under review in the investigation, because we do not want to unfairly accuse anyone or anything at this point.

Senator HEITKAMP. I would argue that the Federal administration of these programs, not the Inspector General, but the Federal administration of the program not setting broad guidelines, not auditing and appropriately overseeing the State administration of these programs has led—and I see Mr. Harden nodding his head—has led to the confusion and has led to this problem.

So I think there is opportunity for criticism all around. Is that a fair characterization?

Mr. Harden?

Mr. HARDEN. Yes, it is.

Senator HEITKAMP. Mr. Lipps, I know you are new to this, this business. I hope you are taking this all in because it is not going to be okay with me. As somebody who was a State official who worked with Federal programs, who may have gotten dinged on an audit—cannot remember if I did or not, but I know there are other ways to look at it. It is really important that we not throw out the baby with the bath water, not have a broad statement that there was widespread fraud, waste, and abuse in the SNAP program, but that we take the information that we have gotten today and change outcomes by being more directive and looking at solutions like Senator Gillibrand's bill.

So I look forward to working with this Committee as we move forward with the Farm Bill.

Thank you, Mr. Chairman, for the extra 25 seconds. Senator Boozman did not use up all of his, so thank you, Senator Boozman for those 30 seconds.

[Laughter.]

Chairman ROBERTS. Anytime, Senator. Anytime.

Senator HEITKAMP. Thanks.

Chairman ROBERTS. I would say that there are some disturbing things with regards to fraud and the people involved and the States involved, and there is about three things.

The integrity of the largest food assistance program that spends over \$70 billion a year is unknown. That is not acceptable.

The Office of Inspector General has found the quality control process is broken and in need of reform, and you are in the business of doing that.

We have a number of States that have defrauded the Federal Government and are being investigated by the Department of Justice. They are gaming the system.

Senator Boozman had an amendment that would have taken care of that to some degree, but in determining how many, that it is an open investigation. Ms. Coffey is correct in stating that and only that, but we do not know—we know two, but there are 42. That is no small number in terms of people who are gaming the system. The people who are gaming the systems—or the States who are gaming the system, there are people in charge of that, and now we are hearing primarily, “Well, it was the consultants, and maybe these States got together and figured out how to do that.” Maybe somebody in the Department knew that; maybe they did not. I think that is to be determined, but this is a very serious problem. I do not think it should be understated.

Senator STABENOW. Mr. Chairman, if I might just jump in here with you as well to agree that this is a very serious problem, and to underscore what Senator Heitkamp and Senator Gillibrand were addressing on this, because in my line of questioning, you indicated if there is an overpayment, it is corrected, but it's still counted as an error. If there is an underpayment corrected, it is still in error. What we have are States who want to get bonuses, who have not been reporting as they should be reporting, and so we know that corrections are made on underpayments, overpayments, other kinds of things. We need to do a better dive, deep dive. USDA

needs to have the staff to be able to do that and do what OIG is recommending.

But I agree with you. We have got to look at the bonuses and incentives, and if the incentives are creating a situation where we are not getting accurate reporting on errors and what has been corrected and so on, then that is a big problem, and so thank you.

Chairman ROBERTS. I would make one other point before we get to the second panel. In 2009, the improper payment rate—let me point out that is an improper payment rate. That is money that should not have been spent. 2009, that rate of a percent was 4.36. That is about \$2.2 billion. 2010, 3.81, that is about \$2.5 billion. 2011, 3.8, that is about \$2.7 billion; '12, 3.42, that is \$2.5 billion; 2013, 3.2, that is \$2.4 billion; and 2014, 3.6, \$2.5 billion. Then, for some reason, we do not have any numbers from 2015 and 2016 because the method of determining the error rate was very questionable. But if it is 2 percent, it is about 1.4 billion for \$70 billion. If it is 5 percent, that is 3.5 billion. If some of the States would have a 10 percent error, that may or may not be true, probably not, but that is \$7 billion. Fifteen percent—I am not going to go there, but I will say it anyway, \$10.5 billion. This is a major problem.

Over the life of a Farm Bill, 6 years, 5 years, I mean, we are talking an awful lot of money, and that is not acceptable. That is the gentlest way I can put that.

Let us go to Panel 2, please. Thank you, Panel 1. I appreciate your testimony. Welcome to the second panel.

Thank you to our second panel of witnesses. First, we have Mr. Sam Schaeffer, the Center for Employment Opportunities. Mr. Schaeffer is the Executive Director and the Chief Executive Officer of the Center for Employment Opportunities, or CEO, in New York. Since 2009, he has worked to expand employment services provided by CEO to 18 cities in Oklahoma, Colorado, Ohio, Pennsylvania, California, and New York. Mr. Schaeffer previously served as the director of Economic Development for Senator Schumer.

Welcome, and I look forward to your testimony, sir.

Next, we have Mr. Bryan Parker of the Community Food Bank of Eastern Oklahoma. Mr. Parker joins us today from Tulsa on behalf of the Community Food Bank of Eastern Oklahoma. He is currently enrolled in the Lobeck Taylor Culinary Trade Program, which provides training and professional skills for the restaurant industry. Previously, Mr. Parker served in the Navy on the U.S.S. Midway. Thank you for your service. Semper Fi for all the marines that you helped—and ran a small business in Japan for more than 20 years. Domo arigato.

Thank you for being here today, and I look forward to your testimony.

Mr. Jimmy Wright of Wright's Market. I would like to welcome the witness from Alabama, Mr. Jimmy Wright. I know that the Senator from Alabama, Luther Strange, is extremely proud of the great work that you are doing in Alabama. We are all excited to hear from you today. Mr. Wright is the owner and president of Wright's Market. Opelika? Did I nail that? Opelika, Alabama. Under his leadership, the store expanded from a small convenience store to a 22,000-square-foot supermarket. Mr. Wright is an active member of his community, serving as president of the Opelika

Community Development Corporation, on the board of East Alabama's food bank.

Welcome, sir, and I look forward to hearing your perspective.

Fourth witness is Dr. Diane—"Schanzenbach"?

Senator STABENOW. Schanzenbach.

Chairman ROBERTS. Schanzenbach.

Senator STABENOW. Yes.

Chairman ROBERTS. Pardon me. She is our fourth witness. She is the director of the Institute for Policy Research at Northwestern University and—oh, I am sorry. You are to introduce her.

Senator STABENOW. That is totally fine. Mr. Chairman, whatever you would like to do is totally fine.

Chairman ROBERTS. Why don't you go ahead. I apologize.

Senator STABENOW. Thank you. Thank you very much.

Chairman ROBERTS. It only took two taps on the shoulder for me to understand that you were going to introduce—

[Laughter.]

Senator STABENOW. No, no, no. Either way is fine.

Dr. Diane Schanzenbach, you are so important, both of us are introducing you, so we are very pleased that you are here. Director of the Institute for Policy Research and the Margaret Walker Alexander Professor in the School of Education, Social Policy, at Northwestern University in Evanston, Illinois. Dr. Schanzenbach is also research associate for the National Bureau of Economic Research. In this role, she studies policy aimed to improve the lives of children in poverty, with her recent work focus on tracing the impact of SNAP and early childhood education on children's long-term outcomes. Dr. Schanzenbach was formerly the director of The Hamilton Project at the Brookings Institution, and received her PhD in economics from Princeton University.

Welcome.

Chairman ROBERTS. We are going to—

Senator STABENOW. One more person.

Chairman ROBERTS. I understand that. One, two, three, four, five.

Chairman ROBERTS. That is right.

Chairman ROBERTS. I got this.

Senator STABENOW. Okay. Good. I got your back here.

[Laughter.]

Chairman ROBERTS. I am going to recognize Senator Strange with regards to Mr. Wright, as I know you want to have an opportunity to say something on his behalf, sir.

Senator STRANGE. Thank you, Mr. Chairman. I apologize for being late.

Have you had a chance to introduce him, or should I?

Chairman ROBERTS. Well, I have already introduced him, but I think you could certainly add to that.

Senator STRANGE. Well, I am glad to add to it because it is a rare opportunity to introduce not only a fellow Alabamian, but a friend to this panel. What Jimmy Wright is doing is creative. It is cutting-edge. It is going to benefit a lot of people. I am very proud to have visited Wright's Supermarket. I know it well. It is a true place of Southern hospitality, but of creative thinking about how to serve a population that desperately needs to be served. I am proud that

Jimmy is my friend. I am glad he is here, and the whole area that he is involved in is important to me.

When I was Attorney General, I had the opportunity to encourage our food banks with a challenge to lawyers across our State that I think has been particularly effective in restocking them during the summer months, so it is a team effort. Jimmy, I am glad you are here. I look forward to your testimony.

Chairman ROBERTS. We thank the Senator.

The last witness is Mr. Brian Riendeau. Did I get that right? I am close. All right.

Senator McConnell was to introduce you, sir, but he cannot attend at this particular time. So you have served as the executive director at Dare to Care Food Bank in Louisville, Kentucky, since 2009. You oversee the delivery of more than 19 million meals per year through a variety of programs at the food bank. Previously, you were the vice president of the Government and Community Affairs for YUM! Brands as well as legislative assistant for Senator McConnell for 6 years.

Thank you for being here today, and I look forward to your input. Let us start it off with Mr. Schaeffer.

**STATEMENT OF SAM SCHAEFFER, CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR, CENTER FOR EMPLOYMENT OPPORTUNITIES, NEW YORK, NEW YORK**

Mr. SCHAEFFER. Chairman Roberts, Ranking Member Stabenow, and members of the Committee, thank you for the opportunity to testify about the important role SNAP and the SNAP Employment and Training Program play in the lives of millions of Americans.

I am Sam Schaeffer, the executive director of the Center for Employment Opportunities, or CEO. CEO is a national nonprofit that this year will provide employment services to more than 5,000 men and women recently released from incarceration.

In 18 cities across California, Colorado, Ohio, Oklahoma, New York, and Pennsylvania, individuals come to CEO sometimes just days after being released from prison. Although half have never had a job, they are all eager to work, eager to support themselves and their families. Food insecurity, however, hinders success. Forty-one percent of CEO participants report that since exiting prison, they have run out of food and lack the resources to secure more.

Meet Tomas Caban. Tomas served 16 years for a crime for which he is deeply remorseful. He took advantage of every opportunity in prison, earning a BA in social studies from Bard College. The day after release, Tomas signed up for SNAP benefits, and he came to CEO to find a job. He was not comfortable taking what he remembers being called food stamps, but he would have gone hungry otherwise. Tomas spent 2 months at CEO, showing up every day for a transitional job, honing basic skills like team work and punctuality.

Tomas wanted to be here today. The reason he could not come and the reason we could not get the smile in this photo off his face is that he is preparing to start his first job in more than 17 years. He will be working as a client advocate in a homeless shelter in Brooklyn. Tomas is relieved and proud. He has a way to support

himself. His time on SNAP is ending, and he has a job where he can give back.

CEO supports 1,250 people a year like Tomas through the E&T program. As a third-party partner to multiple States, CEO will match every Federal dollar, as much as \$2 million this year, representing a significant leveraging of resources. CEO has been proven to work through a randomized control trial, and to be clear, we are one of many evidence-based programs who could use E&T to help men and women on SNAP find economic security.

While my written testimony has several detailed recommendations, I would like to highlight the following for the Committee.

First, I urge the continued funding of a SNAP E&T program. Addressing food insecurity and employment through a single government intervention is aligned with what we know about hunger and poverty. Hungry people are incapable of focusing on the things we ask them to: making a career plan, showing up ready to work, being patient with coworkers and supervisors. Even motivated individuals cannot function well when their mind is occupied with when they will next eat.

Second, maintain the flexibility that has been a hallmark of E&T from its inception. This flexibility allows States to design initiatives responsive to local needs. That said, we must balance this flexibility with increased focus on evaluation and rigorous data collection. Building on the 10 pilots authorized in the previous Farm Bill, the Committee should authorize an additional 4100 million for States that adopt activities proven to work through rigorous evaluation. We should build a collection of E&T-specific best practices to scale across the country.

Finally, reconsider the 3-month limit on benefits for populations with barriers to employment, such as the formerly incarcerated. Men and women on parole, for instances, have competing obligations, like mandated drug treatment and parole check-ins, that make it difficult to meet required work thresholds. States should be allowed to apply for waivers for this population and others who have severe difficulty entering the labor market.

In closing, SNAP E&T is essential for the survival of individual people and the health, security, and prosperity of our communities. Without SNAP, many other problems we are trying to solve promoting opportunity, keeping communities safe, and supporting strong families become harder, if not impossible.

Thank you.

[The prepared statement of Mr. Schaeffer can be found on page 67 in the appendix.]

Chairman ROBERTS. Thank you for your testimony and that excellent presentation in regards to that individual that is now a working part of our society. That is very helpful.

Mr. Parker.

**STATEMENT OF BRYAN PARKER, COMMUNITY FOOD BANK OF
EASTERN OKLAHOMA, TULSA, OKLAHOMA**

Mr. PARKER. Thank you. Thank you for allowing me to testify today.

My name is Bryan Parker. I am a 51-year-old father of two, a native of Tulsa, Oklahoma, and a recipient of food stamps—I am sorry—SNAP benefits.

I am also a veteran. I served on board the U.S.S. Midway from 1985 to 1988. I then lived in Japan for the next 20 years as the owner of a small chain of English cram schools. I was also a physical fitness trainer for MMA fighters and of professional wrestlers.

In 2010, I moved back to Tulsa to be with the family and friends here, left behind my two daughters, who are both successful, my oldest being an architectural engineer and my youngest also a chef, both quite successful in moving forward with their lives as adults.

I have been in the restaurant industry myself for my entire life. I have held every position from dishwasher to a general manager and still take great pride in being prepared to step into any one of those positions at any given time to help my crew get through a crunch.

I have always been a hard worker, and I believe in it. I have always felt accomplished and successful. I have never worried about paying a bill, buying food, or wondering where I was going to get the next meal. That was a thought that never crossed my mind.

But like many people do, I lost my job. This happened 2 or 3 years ago, and it is rough. I felt down on my luck, depression. I battled anxiety, and every day, it seems to grow a little bit stronger. You lose hope after a while. Every day that goes by without landing a job, it gets rougher.

So while trying to find work, I had to find ways to cut spending. It was not too long before I would no longer—because I could no longer afford to keep my car or my home or anything else, for that matter. With each interview that went without the promise of a new job, the struggles just kept becoming more and more complicated.

When it seemed that nobody was willing to give an opportunity to a man, it is tough when you are 51 years old, for anybody, but when you are looking for work, it is daunting. When you find yourself trying to land these jobs, when you are working out of a cheap midtown motel, it gets even more difficult.

SNAP during this time was a lifesaver. It provided nutrition. It gave me hope. A man can endure a lot of pain and suffering, but one thing that is almost impossible to ignore is hunger.

[Pause.]

Mr. PARKER. Excuse me.

It is hard to live up to the—to your only responsibilities as a provider when you are not providing. I am very thankful for the SNAP program and for the SNAP benefits that I have received while trying to get back on my feet.

I am happy to say that someone has finally decided to give me a chance, though, a second chance. I am currently enrolled in the Community Food Bank of Eastern Oklahoma's Culinary Trade Program, and I am over halfway finished with the 16-week course.

The Culinary Trade Program is free to qualified participants, and it helps people needing a second chance in life.

I am currently working there 5 days a week for at least 7 hours a day. The program teaches professional cooking skills and life skills. The executive chef, Jeff Marlow, likes to remind us of his

AA&E. That stands for—it is his little motto. It stands for “attitude, attendance, and effort.” He likes to tell us that these are the keys to life.

Well, when I graduate from the Culinary Trade Program, I will—upon successful completion of the program and the final examination, I will leave the course with a Food Handlers Manager’s Certificate and a set of chef knives and some other little perks. All of the—this certification is also transferrable anywhere in the United States. It is a good program, and it is a program that has helped put me in a position to where I will be able to land any position I want, again, in the food industry.

Ultimately, I would love to get my own food truck and further down the line move that into a more brick-and-mortar type of a scenario with a larger menu and a relaxing atmosphere.

Immediately following this course, completion of the course, I will find myself in almost any professional kitchen I would like to work in, and that with hard work, really hard work, the training and my passion for cooking, my dream of ending my own business will become a reality.

None of this would have been possible without the help of the food—the SNAP program and the Culinary Trade Program. I see every day how important SNAP is to many lives in the community. Everyone needs to eat, not just the employed or the wealthy or middle class. Everyone needs food, and food, it provides the fuel and the strength that we need. SNAP helps those in need, one step closer to self-sufficiency.

Most do not even consider hunger to be an obstacle. It is hard to unless you have been there. If it were not for SNAP, I would probably—I would probably be homeless, and that is not easy to say. I am a proud man. Unless you have been there, you really would not—you would not understand it. All you can do is focus on when you might eat again or how you are going to come up with the 40 bucks it takes to stay in a cheap motel one more night. This is why SNAP is important to me and the people that need it.

Honestly, I believe anyone working, middle-class individual, it is just one life-altering change or event, bad event away from being in the same situation.

One day, I want to be able to pay it forward, and hopefully, I am doing that right now.

Thank you for allowing me to tell my story today. I am blessed and fortunate to be here. Thank you.

[The prepared statement of Mr. Parker can be found on page 60 in the appendix.]

Chairman ROBERTS. Bryan, from a marine to a Navy veteran—and I thank you for your service—well done.

Mr. PARKER. Thank you, sir.

Chairman ROBERTS. Mr. Wright.

STATEMENT OF JIMMY WRIGHT, PRESIDENT, WRIGHT’S MARKET, INC., OPELIKA, ALABAMA

Mr. WRIGHT. Good morning, Chairman Roberts, Ranking Member Stabenow, and distinguished members of the Agriculture Committee.

My name is Jimmy Wright, and I am the owner of Wright's Market in Opelika, Alabama. It is an honor and a privilege to be before you this morning.

I have been asked to testify today by the National Grocers Association on behalf of the retailers and wholesalers that comprise the independent sector of the supermarket industry.

Wright's Market is a small, family-owned, full-service supermarket. We have accepted SNAP as a form of tender essentially since the store opened, and we understand the needs of these customers extremely well, including many who are elderly.

We began a shuttle service 3 years ago called "Wright 2 U" for our customers who are unable to get to the store due to a lack of transportation. We expanded this service last August when we launched an online delivery option that serves the communities of Opelika and Auburn. We have been very pleased with the success of this service.

I am grateful this service has given us a unique opportunity to participate in the Online SNAP Purchasing Pilot Program, and we are confident in our ability to execute this model efficiently and effectively for SNAP customers.

We have been willing to take the risk by investing time and capital into this initiative. We are still waiting for the green light from USDA.

The supermarket industry is changing rapidly, and for small businesses like Wright's Market to successfully innovate in food retail, we need the Government to keep up the pace with our ambitions.

When the USDA transitioned from paper vouchers to EBT cards, our SNAP customers benefitted, and our store achieved new efficiencies. Implementing this pilot will be an important step in the right direction, much like the EBT transition.

As one example of the possibilities this pilot can bring, we are planning to leverage our delivery to SNAP customers with other community services. For example, I am working on a program with East Alabama Medical Center to put physician assistants or RNs on our delivery vehicles to provide basic medical checkups or care to these customers, many who live in the rural areas that lack access to medical care and therefore often wind up in the ER with chronic medical issues.

As the Committee examines other ways to improve Federal nutrition programs, I would suggest you start by ensuring a favorable regulatory climate for supermarkets. We understand there is a desire for some lawmakers to restrict food choices for SNAP recipients.

While we support the goal of promoting healthier eating, the implementation of such an idea would be completely unworkable for the independent supermarket community. The added regulatory burden and costs coupled with an inevitable stigma that our SNAP customers would face may put some grocers out of business and, therefore, make food insecurity worse.

Instead of Government mandates, we believe that programs such as FINI, HFFI, and SNAP-Ed have proven to be effective in expanding healthy food access and incentivizing healthy food pur-

chases. For this reason, we support their reauthorization in the next Farm Bill.

To encourage more small businesses growth in our industry, we also recommend a more efficient process for the approval of SNAP applications for small retailers in good standing with the program.

We appreciate the progress that FNS has made in making the process more efficient for larger store groups, and we encourage them to expand this to other retailers in good standing.

Not too long ago, I helped a nonprofit ministry in Atlanta open a small store named Carver Market in an Atlanta food desert, and it took nearly 3 months to get the SNAP license approval from USDA. Delays for store openings in food-insecure areas is frustrating, and we would appreciate any potential improvements to the process.

The SNAP program, in my opinion, is one of the most important and efficient programs our nation offers. In our business, it creates jobs. In our community, it helps those in need.

Finally, NGA commends USDA and the particular team at FNS for their tireless work to respond to the back-to-back disasters caused by Hurricanes Harvey and Irma. Throughout both disasters, the Department has been proactive, and it has been in communication with the retail food industry and State agencies. We sincerely appreciate the hard work that has been done and continues to be done by the FNS staff.

Thank you for your time. I look forward to your questions.

[The prepared statement of Mr. Wright can be found on page 93 in the appendix.]

Chairman ROBERTS. Dr. Schanzenbach.

STATEMENT OF DIANE SCHANZENBACH, Ph.D., DIRECTOR AND MARGARET WALKER ALEXANDER PROFESSOR, INSTITUTE FOR POLICY RESEARCH AT NORTHWESTERN UNIVERSITY, EVANSTON, ILLINOIS

Ms. SCHANZENBACH. Thank you, Chairman Roberts, Ranking Member Stabenow, and members of the Committee. Thanks for the opportunity to appear before you today.

My name is Diane Schanzenbach, and I am the director of the Institute for Policy Research and a professor at Northwestern University.

SNAP is a highly efficient and effective program. It kept 8.4 million people out of poverty in 2014, including almost 4 million children. It is sufficiently targeted to families who need the benefits the most. It reduces the likelihood that families have trouble affording food and serves as an automatic fiscal stabilizer in times of economic downturns.

A key reason for SNAP's success is that it relies on the private sector to provide efficient access to food through grocery stores and other retail outlets. The program's reliance on the free-market system has been a critical feature of SNAP since its beginning.

SNAP serves a diverse caseload. The overwhelming of individuals who participate, nearly 80 percent of participants are children, the elderly, disabled, or working adults. The employment rate among SNAP households has consistently climbed over the past two dec-

ades, and there is no evidence that SNAP has a sizeable negative impact on employment rates.

SNAP benefits the wider economy by providing an effective stimulus during difficult economic times. By design, SNAP can very quickly adapt to economic downturns. As more households become eligible for the program, for example, due to job loss, they can be quickly enrolled with total program outlays automatically increasing along with need.

SNAP payments and caseloads increased in the wake of the Great Recession but have been falling since their peak at the end of 2012, with the Congressional Budget Office predicting further declines in coming years in response to the strengthening economy.

SNAP recipients quickly spend the benefits providing a rapid fiscal stimulus to the local economy, including the retail, wholesale, and transportation systems to deliver the foods purchased. The USDA estimates that every \$5 in new SNAP benefits generates as much as \$9 in additional economic activity.

Alan Blinder and Mark Zandi have found that Congress' authorization of the temporary SNAP increase during the Great Recession had a larger fiscal stimulus impact than did any other potential spending increase or tax cut policy.

SNAP's entitlement structure, therefore, is one of its greatest strengths. Block granting or otherwise capping the program would fundamentally undermine its timely stabilizing impact on the macro-economy.

SNAP also enables families to buy nutritious foods that they otherwise could not afford, such as vegetables and healthy proteins, and it reduces food insecurity.

Recent research that I have conducted documented that SNAP is a very good investment that has lasting positive impacts on children. Those who had access to the SNAP program during childhood were 18 percentage points more likely to graduate from high school, and they grew up to be healthier. Women, in particular, were more likely to become economic self-sufficient adults due to access to SNAP during childhood. In other words, SNAP is not a welfare trap, but instead, we should think of it as an investment in children.

In terms of potential reforms to SNAP, while SNAP is effective, it would be even more effective if the benefit were better aligned with families' needs. Evidence suggests that modest increases in SNAP benefits would improve dietary quality and reduce food insecurity.

SNAP could also broadly adopt market-based policies to encourage participants to consume a healthier diet. Market-based policies that produce rebates for purchase of healthy foods or bonus dollars for use at farmers markets and grocery stores would increase healthy food consumption among SNAP recipients.

The Committee could also serve children in nutritional need better by measuring and establishing performance metrics for cross-enrollment of eligible SNAP participants into WIC, similar to the performance metrics for the National School Lunch Program. Such a move would turn needed attention to serving this important and vulnerable group.

Strengthening SNAP is a smart public investment that will improve both public health and economic growth.

Thank you, and I look forward to answering any questions that you have.

[The prepared statement of Ms. Schanzenbach can be found on page 83 in the appendix.]

Chairman ROBERTS. Thank you, Doctor.

Mr. Riendeau.

**STATEMENT OF BRIAN RIENDEAU, EXECUTIVE DIRECTOR,
DARE TO CARE FOOD BANK, LOUISVILLE, KENTUCKY**

Mr. RIENDEAU. Chairman Roberts, Ranking Member Stabenow, and members of the Committee, thank you for inviting me here today.

I am Brian Riendeau, executive director of the Dare to Care Food Bank in Louisville, Kentucky, and I am honored to represent not only my food bank but Feeding America's network of 200 food banks that serve more than 46 million people in need.

Our collective vision is a hunger-free America, a country where everyone has enough to eat at all times to live an active and healthy life.

Dare to Care works with more than 300 agencies across 13 counties in Kentucky and Indiana. Our service area spans nearly 4,000 square miles and includes urban, suburban, and rural counties.

Now, I know that to make sound decisions regarding funding of Federal nutrition programs, you need sound data, and I have submitted extensive written testimony that will, hopefully, supply some of that.

In my remarks, however, I would like to provide two testimonials to create a larger context for this discussion. After all, behind each piece of data is a real person.

So, first, please meet Ray, a client in Kentucky who receives TEFAP. In Ray's words, "I am a 73-year-old veteran, military veteran. I was diagnosed with stage IV cancer, was unable to work, had a sick wife and sister to care for. My local food pantry signed me up for the monthly TEFAP program, and it has helped me through this tough past by supplementing our other sources of food, so we have enough to eat. I cannot begin to thank those who made this program possible.

Second, meet Sarah, director of one of our partner agencies. In Sarah's words, "At our food pantry, we have regular volunteers who get to know the clients we serve. They hear their stories of scarcity and insecurity. They hear the woman who was so grateful for her TEFAP box because she had to pay extra for medicine that month. They know the grandparents who are raising their grandchildren and receive no additional assistance. One such family did not leave the parking lot after getting their box. They ate it immediately in the car. The TEFAP food helps us stabilize our clients' lives."

So throughout this renewal process, let us always remember the real people—there are real people whose lives may be impacted by the decisions we make here.

Last year, Dare to Care Food Bank distributed over 19 million meals to 134,000 struggling individuals. That includes 7.2 million pounds of fresh produce and 3.8 million pounds of TEFAP product.

TEFAP and all the Federal nutrition programs are critical to our success. In fact, TEFAP represents 70 percent of the food that we distribute. We contribute TEFAP with food that is donated as well as food that we purchase to meet the needs we see in Kentuckiana.

The highly nutritious products we receive through TEFAP greatly increased our overall nutritional mix of our food contributing to the health of our clients.

TEFAP is particularly important among Federal nutrition programs because, in my service area, nearly 50 percent of our food-insecure neighbors have incomes too high to qualify for SNAP. The food Dare to Care provides, including TEFAP, is often all that is available to offset hunger.

Yes, unemployment is down, but food insecurity remains unacceptably high, and I urge the Committee to ensure continued strong funding of all the Federal nutrition programs, particularly TEFAP, in the upcoming bill.

Dare to Care Food Bank also benefits by the Kentucky Farms to Food Banks Program. This initiative increases access to healthy food for struggling Kentuckians by distributing surplus and No. 2-grade produce which is fresh and edible but not saleable because of minor blemishes or size discrepancies. With State and private funds, the Kentucky Association of Food Banks helps farmers cover their costs to pick, package, and deliver their unmarketable produce to food banks.

Through the leadership and the support of our Kentucky Ag Commissioner, Ryan Quarles, this program provides crucial support to farmers, reduces food waste, and feeds the hungry. It is something that other States have implemented and that I would urge the Committee to consider scaling it nationwide.

In conclusion, I firmly believe that hunger is solvable, and my food bank colleagues and I are dedicated to the task and will continue to work together with you and private stakeholders to achieve our vision of a hunger-free America.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Riendeau can be found on page 62 in the appendix.]

Chairman ROBERTS. Our thanks to Panel 2, and thank you for taking the time to join us today and to share your insight. We really appreciate that.

Mr. Schaeffer, leading up the Farm Bill, a lot of discussion of SNAP has revolved around the concept of work. Unfortunately, we do not yet have the results of the work pilots from the last Farm Bill, and the question remains on how best to facilitate SNAP's participants return to self-sufficiency.

Your testimony referenced a personal case and made several recommendations to improve the employment and training authorities.

Conversely, what pitfalls should the Committee avoid?

Mr. SCHAEFFER. Thank you, Mr. Chairman.

While there certainly are pitfalls for the Committee and for the next Farm Bill to avoid, I would begin by emphasizing that the

previous Farm Bill and this Committee's work, in particular, has positioned the work requirements under SNAP very well, and highlighting those 10 pilots operating now across the country is going to help us build an evidence base of what is effective.

I would further add that USDA's investments in their SNAP to Skills initiatives are giving the right technical assistance to States to design more effective programs also to third-party partners, like CEOs. So I think we are on good footing. Certainly, as we build this knowledge base and operational efficiencies, there are, I think, three pitfalls I think we should be mindful of avoiding.

One is that for E&T programs, there is not a one-size-fits-all model. As has been referenced numerous times in this hearing this morning, the recipients of SNAP benefits, the participants in SNAP E&T programs represent a tremendously diverse group of Americans, from folks like Mr. Parker to individuals coming home from prison, and we need to be mindful that for each of these groups, a different set of job and training activities would be more appropriate. Some will need less intensive activities; some will need more intensive activities. Resisting the urge to sort of funnel everyone through one path will be incredibly important. We need to aim to find the right program for the right person at the right time.

I would further emphasize that job retention is critical. From any individuals who participate in CEO's programs, it will be their first ever job. Finding that job is a challenge. Keeping that job can be just as hard. So ensuring that the E&T program allows for the intensive investments to help people manage employment over the long term to gain greater skills to continue to move up, up the economic ladder, is a key point.

Then, finally the SNAP program, the \$507 million are spent as part of the E&T portion of that program, \$200 million—\$199 million, to be specific, actually comes from a match program in which States, philanthropy, private donors help leverage a correlative amount of Federal dollars. While I think that represents a tremendous leveraging ability, I would be mindful that certain communities and certain third-party providers across the country might not have the same access to those economic means. So I think a pitfall to avoid would be ensuring that every community can take place in this really important program.

Chairman ROBERTS. I thank you for that.

Mr. Parker, thank you for your service to this country.

What made you decide to enroll specifically in the Culinary Trade Program?

Mr. PARKER. Thank you, Mr. Chairman. That is—it was easy. It was a passion for food. I think my mom had something to do with that when she taught me how to scramble and egg, but it started as a child. It has continued through my adult life. It is just something I love to do.

This particular course came to me through my participation with the Barracks Program, and they pointed it out to me and got me set in the right direction. To have an opportunity to work with a great team of chefs is—it is something that is worth paying for, and I am fortunate enough to be able to go there and, frankly, be—I get a stipend for going there. They are almost paying me. So it

is an opportunity to go there and learn from great chefs and one that you do not pass up.

Chairman ROBERTS. As you continue your success with your food truck there in Tulsa, what are you going to offer the good folks?

Mr. PARKER. Oh, at the food bank, we offer quality, a quality product on a daily basis.

I did not anticipate walking into—seeing a walk-in full of high-quality proteins. We have got ribeye steaks. We have got anything you want, and it goes out to people who need it. So we have got quality ingredients, and we put it out on a daily basis with pride. It means a lot to me.

I thought that I was going to be walking into a bunch of flour and sugar and dried goods, and that is not the case at all. It is a pleasure to be there, and I am learning from a lot of good people.

Chairman ROBERTS. But the question I have for you, sir, you said you had ambition to get your own food truck.

Mr. PARKER. Yes, sir.

Chairman ROBERTS. I just want to know what you are going to serve the good folks in Tulsa and Kansas.

Mr. PARKER. Oh, okay. Thank you.

Chairman ROBERTS. Kansas is pretty close. If you get something pretty good, I will come down.

Mr. PARKER. All right. Well, yes. Anywhere from burgers to tacos. I have to wait until I get there to figure it all out, but I am thinking about probably burgers or tacos.

Senator STABENOW. All right.

Mr. PARKER. You are more than welcome, Mr. Chairman.

[Laughter.]

Chairman ROBERTS. It would be Bryan's—maybe Bryan's Burgers on the side of the truck.

Mr. PARKER. All right. That is what we are going with.

Senator STABENOW. That is good. That is good.

Mr. PARKER. Done.

Chairman ROBERTS. I offer that at no cost, of course.

Mr. PARKER. Thank you, sir. Thank you, sir.

[Laughter.]

Chairman ROBERTS. Mr. Wright, like many grocers in rural communities, your store faces a lot of challenges related to the supply chain or serving a smaller customer base.

SNAP-authorized retailers, as you have indicated in your statement, must also comply with additional rules and regs that add a layer of administrative burden, to say the least, and I share your concern that some would like to create additional burdens under the guise of—the well-intended guise of promoting nutrition by dictating what people should eat and forcing cashiers to be the food police. We just do not need that.

Are there any other regulatory burdens that we should seek to address or avoid?

Mr. WRIGHT. Mr. Chairman, thank you.

I think that that is certainly a concern for our industry and how we would handle that.

Again, back to my testimony, just the ability, if we decide to grow and in good standing with the USDA, that we would be able to obtain a license and move very quickly on that, and we would

also ask that a fast track, so to speak, would be set up for retailers in good standing and also people who are committed to serve the food deserts of America. Those would really help us.

Our big concern that we see looming out there right now is the food choice, and any other things that would have to do with the processing of the program that would add cost to it, that unfortunately would force us to have to pass those costs on to our customer, thus, reducing the amount of buying power they would have.

Chairman ROBERTS. I appreciate that.

Mr. Riendeau, you mentioned the importance of public support to your food bank's operation, but you depend on private support as well. Can you give us what percentage of food does your food bank receive from TEFAP versus private donations?

Mr. RIENDEAU. Certainly. We—Dare to Care, about 17 percent of the food receive comes from the TEFAP program. We also receive food from donations from national donors, retailers, local retailers, and increasingly, we find ourselves purchasing more food. So, today, almost 10 percent of the food that we acquire and distribute is purchased food.

Chairman ROBERTS. I understand you all expend some of your own funds for storage and distribution of TEFAP commodities. Can you give us what percentage of those costs do the TEFAP administrative funds cover and what percent that you have to chip in?

Mr. RIENDEAU. Yes, absolutely. That is a great question.

So the TEFAP storage and distribution reimbursement covers about 23 percent of the cost to Dare to Care Food Bank to acquire, store, and distribute TEFAP products. So, clearly, it is not covering the majority of those costs, and frankly we would love to discuss or love to see the Committee consider increasing storage and distribution allocations. It would free up funding that we could then allocate towards other programs in feeding—acquiring healthy, nutritious food and feeding more people.

Chairman ROBERTS. Well, we would both—all of us on the Committee, would like to encourage some of that at the national level. Let me point out what you hear time and time and time again. That we have some very tough spending decisions as we head into this Farm Bill.

Are there aspects of the Farms to Food Banks that are low or no cost?

Mr. RIENDEAU. Well, let me say, first of all, I certainly understand and sympathize with the tough challenges facing you and the Committee.

On the Farms to Foods Banks Program, I would love to—I would welcome the opportunity to sit with you and your staff and talk more about that program and how it might be leveraged at the Federal level.

I know in Kentucky, it is a jointly funded program. The State kicks in about 600,000, and taxpayers have an opportunity to donate a portion of their return on the tax check-off, and then there is also a significant private-sector funding. So most aspects of the program do require costs.

In Kentucky, we found a wonderful private-public partnership that works and would love to see if that could be replicated here.

Chairman ROBERTS. Senator Stabenow?

Senator STABENOW. Thank you very much, Mr. Chairman, and thank you to each of you for the excellent panel.

I first want to say to Mr. Parker, thank you for paying it forward on behalf of many people that are not able to be here today and for talking about how important it is that our country has your back when someone has the need for temporary assistance, so thank you.

By the way, we are roaring back in Detroit with hundreds of new restaurants being opened, as well as food trucks. So I would suggest that you ought to come on up. We would love to have you join us in this great new effort that is happening.

I was just meeting the other day with folks opening restaurants saying they are desperately in need of chefs and culinary help—that is just a plug for Detroit.

Let me start, Dr. Schanzenbach, talking about the fact that SNAP enrollment does go up and down. That is what it is supposed to do, and the good news is that the costs are going down, the spending is going down because we are seeing the economy getting better. The Budget Office says we are going to save about \$80 billion over the next 10 years.

Can you tell us a little bit more about what your research shows about participation and why it is important that SNAP is able to shrink as well as grow when there is need?

Ms. SCHANZENBACH. Absolutely. The SNAP program was one of our most important programs during the great recession. I mean, we, of course, all remember that we saw labor market devastation on a scale not seen since the Great Recession—Great Depression, actually.

In fact, our calculations at the Brookings Institution suggested that the economy just in July recovered back to the jobs numbers that we had at the beginning of that, so it was a very long, deep recession.

You will recall that, a lot of times, it is the people who are on SNAP who will be the first to lose their jobs and last to get them back. So what the research has found is that every dollar that got spent on a SNAP program really stimulated the local economy because people spend those very quickly, they spend them at local grocery stores, helps families make sure that their kids are able to go to school and learn. I mean, the program has many, many terrific strengths.

Senator STABENOW. Great. Thank you so much.

Mr. Schaeffer, you clearly run a very impressive program and appreciate your being here today.

Can you talk a little bit more about why voluntary training and support programs are more effective in connecting SNAP recipients to employment than time restrictions or more punitive actions?

Mr. SCHAEFFER. Thank you for the kind words, Ranking Member Stabenow, and yes, happy to address that question.

CEO participants, as I mentioned, will come into a program like ours, weeks, sometimes just days after being released from prison, and it is an incredibly volatile time in their lives. The challenges that they face are tremendous, from reconnecting with family to

finding a safe, secure, affordable place to live, to accessing the substance abuse treatment that so many will need.

Putting incredibly hard and tight work requirements on those individuals, given those completing obligations, sometimes is just not realistic for individuals.

We also find that with many populations who access SNAP and SNAP E&T benefits, that point of agency is critical. They have to be able to choose the program, to enroll in the program that is going to best fit their needs, their interests, and allow them to be successful.

But we found in our program and criminal justice literature generally, if you mandate someone into a program, you are much less likely to have long-term success. It certainly is critical to provide that array of programming to give folks the opportunity and the appropriate amount of time to find food and economic security.

Senator STABENOW. Thank you.

So you are saying Government mandates, in this case, are not as effective as voluntary programs.

Mr. SCHAEFFER. Correct.

Senator STABENOW. So thank you.

Mr. Wright, I am so impressed with what you have been doing with Wright's Market and also very impressed that you are talking about combining that with health in terms of reaching out to people. Obviously, the connection between nutrition and health outcomes is so important. I really appreciate the fact that you are really leaning into that effort.

Mr. WRIGHT. Thank you.

Senator STABENOW. Could you talk a little bit more about the economic impacts that the incentive programs have for independent grocers like yours?

Mr. WRIGHT. Well, certainly, in our business, SNAP is almost 40 percent of our retail sales.

Senator STABENOW. Wow.

Mr. WRIGHT. So it certainly creates jobs, and it is very helpful to us from the economic standpoint.

Some of the other things that the SNAP program brings to the table is just reaching—we have seen examples already of reaching people that are desperately in need, so there certainly is a business side of that, but by the same time, just the other benefits for our community, we still see a lot of elderly—and people.

But it is an economic driver. I saw some statistics in 2015. For every \$1 SNAP benefits, I think \$1.80 was returned back, and I think that a colleague here referred to \$9. So it is certainly an economic generator. It is something that is good for our industry and I think a very efficient program the Government does to get that kind of return back on it.

Senator STABENOW. Thank you very much.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman.

In Arkansas, one in four children struggles with hunger, yet not all eligible children are receiving access to their nutrition programs that they need.

Dr. Schanzenbach—did I get that right?

Ms. SCHANZENBACH. You did.

Senator BOOZMAN. Good. You are like me. You probably answer to anything.

[Laughter.]

Senator BOOZMAN. Your research demonstrated clear connections between children who have access to SNAP and educational outcomes. Do you see connections between the SNAP and the school meals, and how is the interaction of these programs working on the ground?

Ms. SCHANZENBACH. Yes. As I mentioned in my testimony, I think the performance standards that you all put in last time relating to SNAP and the National School Lunch Program have done a tremendous amount of good, making sure that children have access to both sets of programs. I would really encourage you to consider doing the same with WIC this time because participation in WIC is actually very low. While 85 percent of infants who are eligible participate in WIC, that falls down to about 30 percent by age 4. I think establishing some performance standards there would really help these vulnerable children.

Senator BOOZMAN. Very good.

Mr. Wright, can you expand on the online SNAP pilot program that your grocery store is participating in? How do you think it can be effective to be able to fight hunger in rural food deserts like ones that we have in Arkansas and I know in Alabama?

Mr. WRIGHT. Again, we are very pleased and honored to be a part of the pilot program.

You know, when people typically think of a food desert, they think of in the urban area of Philadelphia, Chicago, or somewhere like that. Alabama, much like Arkansas, the challenges that we have are in our rural areas, and unfortunately, they are in areas that do not have the population density to support a full-size brick-and-mortar supermarket.

So we believe using e-commerce and online delivery, we can reach into these areas and bring a full variety of products, especially fresh produce and fresh meat to these customers, that would not be accessible to them as they are today.

Again, partnered with a health care component, which is another area that is missed in these rural communities, we feel like we have got a great model that can make a difference nutritionally and in health care also.

Senator BOOZMAN. Very good.

Mr. Wright, Mr. Riendeau, you both are serving rural communities that have food access issues, again, the deserts. What are some of the major barriers to food access, and how are these being solved from the local level? Sometimes it is difficult to push things out at the Federal level.

Arkansas is very different than Massachusetts or whatever. Where we get into trouble is the one-size-fits-all.

Mr. RIENDEAU. Right, yes, serving rural areas in our world is much—presents unique challenges. There are distances traveled, which we do not see in urban areas. There is the lack of good partners or just fewer partners that we can work with to distribute food, and then there is for particularly in the case of children, kids

do not congregate in rural areas like they congregate in urban areas.

I was here 2 years ago to talk about the Summer Food Service Program and the importance of injecting flexibility into that program to allow States like yours and my rural counties to adapt the program to meet the unique challenges in those communities, and some work was—some progress was made there. I think anything that the Committee can do to encourage that flexibility to allow food banks like mind to adopt programs that fit the unique circumstances we see are certainly worthwhile.

Senator BOOZMAN. Right. Very good. I know the congregant feeding issues and all those things really are very, very important, and that is just something that we have to deal with and provide some flexibility.

Thank you, Mr. Chairman.

Chairman ROBERTS. Thank you, Senator.

Senator STRANGE. Oh, I am sorry. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

Chairman ROBERTS. I apologize.

Senator BROWN. Sorry, Luther. Sorry about that.

He is taller. You did not see me. You saw him.

Chairman ROBERTS. Well, you sneaked in on my right there.

Senator BROWN. Okay. Fair enough.

First, I am sorry. We have been doing tax reform on Finance Committee and on banking issues with CFIUS, and I apologize for not being here.

Mr. Parker, I have heard already a recounting of your story, and thank you for sharing it and your genuineness, and I appreciate the Chairman's response to it. Thank you very much.

Mr. Wright, thank you for what you do in Alabama. We have a store. My wife and I live in the City of Cleveland. My ZIP Code has had more foreclosures, 44105, 10 years ago, had more foreclosures in my ZIP Code than any ZIP Code in America that year.

We have stores not too different from yours, one particularly that serves what people called "food desert," and thank you when you step up as a small businessperson like that, so to both of you.

Dr. Schanzenbach, if I could direct a question to you. Last week I met with the Mid-Ohio Foodbank in Columbus and several hospitals, CEOs from Central Ohio. They are partnering to tackle hunger head-on and had one message for me how food and nutrition are so linked to health outcomes.

We know the ZIP Code you come from, whether it is in Appalachia, Ohio, or inner city, Dayton, it matters a whole lot to your life expectancy and so much else.

These CEOs told me the clear benefit they see in safety-net programs like SNAP. Good nutrition leads to patients that can recover more quickly. Patients who have access to food are better positioned, as you said well in this Committee already, to avoid chronic health issues. As one executive said, "We can pay now or pay later."

Two questions. Your research shows links between SNAP and our broader work to address poverty in this country, including improvements in health care and educational outcomes. Are there im-

provements we make specifically to SNAP that would accelerate these gains?

Ms. SCHANZENBACH. You know, in my opinion, the best improvements we could make, I guess, are twofold. One is I think the benefits right now are very meager, about \$4.50 per person per day. I think the evidence suggest that a slightly larger benefit would improve the effectiveness of the program all the more, allow people to escape food insecurity, buy healthier foods, and so on.

The second would be really expanding those market-based incentives to buy healthier food, whether that is a Double-Up food buck program or other, other programs like that.

Senator BROWN. Well, talk in more detail about if the—first of all, I think Americans do not really know. We used the term “food stamps” for years. That term was seen by far too many people in a negative light. I think that is one reason it is now called SNAP, but it is still seen that way. Surely, people think the benefits are much greater than they are. People always have a story about somebody that they judged standing in line next to them or whatever. Sometimes it is a bit about race. Often it is not. It is just whatever, when taxpayers see others up close, the stories are told, as you know.

But talk through what—having access to food, having a little bit more in SNAP, what it would mean for families trying to move out of poverty. Put us in a position. I mean, we do not—few of us, certainly all of us up here—as Pope Francis exhorted his parish priest, “Go out and smell like the flock,” and we do not do a whole lot of that here. We do not really see how—we do not hear up close the stories of Mr. Parker, and we do not experience it nearly often enough. So talk that through, if you would.

Ms. SCHANZENBACH. Sure. So there is good research evidence that additional—modest increases and benefit levels will allow people to buy healthier food, right? So those first dollars that you have, especially if you are facing a lot of scarcity, you are going to buy high-calorie, dense foods, but then as you have more money, you can have a more varied diet, et cetera.

So the evidence is that modest increase in food stamp—SNAP benefits would increase the purchase of vegetables, greens, high-quality proteins. In fact, it would actually probably reduce the likelihood that people buy fast food. So people buy healthier foods with more money.

Senator BROWN. Is there evidence that the programs we have done and experimented with and done sort of with fits and starts to allow food stamps to be used—or SNAP to be used for—at farmers markets, buying fruits and vegetables, increasing the value—are those working? In the limited way they have been tried, are those working?

Ms. SCHANZENBACH. They sure seem to be, right?

So, as an economist, I will tell you that anytime you change the relative price of something, if you reduce the relative price of vegetables and fruits, people will buy more of them, and, indeed, that is what the research is showing based on both the Healthy Incentives Pilot that was conducted in Massachusetts and in these Double-Up programs.

Senator BROWN. Thank you.

I thank—I compliment the Chairman on—this Committee has worked on the school breakfast, school lunch program, and worked with a number of school cafeteria leaders in my State, in Cincinnati, in Marion especially, and worked to get young people exposed, particularly if they are not getting it at home, to more fruits and vegetables, so that can have some impact on lifelong eating habits. We know what that means for their life expectancy and their healthier lives.

So thanks to all five of you on the panel.

Chairman ROBERTS. Thank you, Senator.

Senator STRANGE. Thank you, Mr. Chairman, and thanks to the panelists for being here. This is very informative to me.

Jimmy, thank you for being here to talk about your great initiatives. A couple things you did not mention that I just want the Committee to be aware of, you mentioned partnering with the East Alabama Medical Center to address those issues, but also you work with the Hunger Solutions Institute at Auburn and our Cooperative Extension Service, brings those resources to those needed, constituents, to help them make better choices about their food selections and so forth. So I want to compliment you on that.

Also, I appreciate the chairman asking questions about—and you raising them in your testimony about the processing time, some of the regulatory burdens that you face. It sounds to me that is more of a regulatory issues than it is a legislative issue, but we will be open to any suggestions you have there.

I would like to ask you first about—I am so proud that you are participating in this pilot brown, but as a small retailer addressing a unique problem, I wish you would address the challenges that you face or explain opportunities, maybe, in dealing with other participants like the larger ones, Amazons, Walmarts of the world. How do you see that working? How do you differentiate yourself and your challenges from them?

Mr. WRIGHT. Well, thank you, Senator Strange.

I have always looked at business, my business, two ways. I looked at it on the transactional side and on the relational side, and I think that is how most independent grocers in America do that.

Our point of difference is, as independents, we are anchored in our communities. We are going to stay here, good times and bad. Some of our competitors, when it gets tough, they just go and leave.

As far the online pilot is considered, on a transactional side, it is just getting a package from A to B, and that is fine. We have to compete in that space, and we certainly understand that. That is part of our business.

The relational side is more of the things we are interested in and knowing the people that we serve and knowing them on a personal basis, and that is why we want to add the component of health care, looking at a much more holistic model of that, love that these relationships that we could build would run—would carry over in some of the programs that you have heard from today.

But, essentially, my business model and the business model for independent grocers from coast to coast is that we are anchored in our communities, and whether it is in store, whether it is online,

we are going to make the relationships personal in our communities and be there to serve.

Senator STRANGE. I love that approach, that holistic approach.

Mr. Chairman, he has an assistant. He is raising Emily, who is 13, I think. She showed me around the store, so this is a generational thing, and it is very effective.

You might in the remaining time tell us a little bit about the delivery route you implemented because it is an important service to the community, people that cannot get to your great facility, and how that is—what feedback you have gotten, any advice you might offer to other retailers in your situation that are considering doing that.

Mr. WRIGHT. Thank you.

Two components to that. We started about 3 years ago, as we said in the opening statement, with our Wright 2 U shuttle service. Back to some of the conversations we have already had, transportation is still a huge issue, even in a community that is a pretty decent size. We still see a lot of elderly people that just have a tough time getting to the grocery store.

So we started out having these people call our store. We come pick them up. We take them to the store and let them shop, and we take them back home. There is no charge to that. We see a lot of seniors from that program.

Now as we roll into the e-commerce component of this, we see the same way. We already see in our initial launch, a lot of seniors out there that we are reaching now that just cannot get out to the store. Even if they wanted to ride in our shuttle, they are just not physically able to do that, so we see the ability to do that.

Certainly, as we reach into the rural areas—there are four communities that surround Opelika, Alabama, that are anywhere from 15 to 30 miles that do not have a full-service grocery store. Their fresh food options are extremely limited, and this is a way that we see building a route to be able to go out and give people access to the grocery store without the grocery store actually being there.

Senator STRANGE. Well, I want to compliment the panelists. As a former Attorney General, I appreciate the reentry efforts that you are making. That is a very significant component of the criminal justice system, and that work is very important.

Mr. Parker, congratulations on your success, and the food banks obviously are a critical part of the chain of support, and I appreciate our economist validating some of the things we think are going on. So I thank the panelists, and thank you, Mr. Chairman.

Chairman ROBERTS. We thank you, Senator.

Senator Donnelly is here.

Senator DONNELLY. Thank you, Mr. Chairman.

I want to thank the panel and particularly to Mr. Parker for being here to testify before the Committee. Thanks for your service to our country. We are very, very grateful to you for that and for taking the time to be here to share your story—and to the entire panel.

To Mr. Wright, I will tell you that some of my dear friends back home are independent grocers who work hard every day to make sure that not only do they run good shops, but that folks in our community have a decent meal in front of them, and so we are

grateful for your American ingenuity and entrepreneurship and hard work. That goes for the entire panel as well.

Mr. Riendeau, one of the things that you do is you help Hoosiers in Southern Indiana be able to meet their needs and be able to take care of their families, and I want to thank you for that.

I heard regularly from Hoosiers on the importance of getting high-quality American commodities, such as Hoosier-grown meat and produce, to the people in our country who need it most, and that is supported by TEFAP, the Emergency Food Assistance Program.

You highlight the critical nature of TEFAP in helping relief food insecurity. Can you share in more detail how TEFAP adds value to the foods you distribute from food donations and from other programs at Dare to Care?

Mr. RIENDEAU. Certainly. I will highlight two things.

First of all, just the volume of the product we receive from TEFAP is critical as we face what remains to be near record levels of food insecurity in Southern Indiana and in Kentucky. So the product itself is important in terms of providing meals to people in need.

Dare to Care has worked over the last few years to really begin using our food and programs to improve the health and nutrition of our clients. We know that there is a direct link between poor diet and health.

The problem comes in terms of the donated product that we receive. We cannot always count on what that is going to be, and we get what we get.

TEFAP is 100 percent—considered 100 percent nutritious foods to encourage, so TEFAP is a critical component of our ability to get healthier, fresher food to our clients and address those health needs that we see.

Senator DONNELLY. This next question will be for you again, Mr. Riendeau, and Mr. Wright as well. The importance of knowing how to stretch food dollars is really significant. Purdue Extension in our States does a great job in helping families gain skills and strategies that help make grocery trips more successful.

So, Mr. Riendeau and Mr. Wright, can you share with us more about the nutrition education and the skill-building programs that you talk to families about to help them stretch their dollars and make good food decisions?

Mr. Wright, would you like to go first?

Mr. WRIGHT. Sure. Thank you, Senator.

Yes. An important part of the model we have going forward is the Alabama Cooperative Extension Program, SNAP-Ed program, and certainly education on how to shop smarter and how to cook smarter and how do we cook healthier, I cannot stress the huge importance of that.

The store that I actually am involved with in Atlanta has got a program now that is a 6-week cooking program, and it addresses the same issues of how to shop, how to stretch your dollars, how to make your budget work for you, and what you are putting in your basket and how to prepare that and prepare that in a healthy way.

So I cannot speak enough about the importance of the education piece and the partnership that we look forward to having in Auburn.

Senator DONNELLY. Mr. Riendeau?

Mr. RIENDEAU. You raise a great point. One of the things we have come to realize as we push more healthy food out and make it available is that access is only part of the issue.

The understanding why it is important to eat, changing cultural habits and attitudes, and then understanding what to do with healthy products is super critical.

So we have a program called Cooking Matters, which is a 6-week program that teaches adults and children and families how to shop for, prepare, and consume healthy food on a budget. We have a dietician on staff. She works to operate that program. We also hand out nutrition-related information and recipes with the products that we distribute.

A lot of the product we get from TEFAP, oftentimes our clients will ask, "What is this? What do I do with it? It is healthy, but I do not know what to do with it," so we have to educate them. So education, nutritional education is a critical component of all the work that we do, and anything that the Committee could do to help us on that front would be very important.

Senator DONNELLY. One last question, and this would be for Dr. Schanzenbach. Can you describe in greater detail some of the threats to food security for children and why the challenges they face are a little bit different than adults?

Ms. SCHANZENBACH. Sure. I have been studying food insecurity, especially among children, for quite some time, and it is a really hard, hard nut to crack, and in particular, what we find is a lot of times in those poorest families, the adults in the household are suffering from other challenges, mental health problems, depression, and so on.

As a result, not only it is hard to get a job and hold down a job, but it is just hard to go grocery shopping, cook meals, et cetera.

Senator DONNELLY. Right.

Ms. SCHANZENBACH. So it is no fault of the children's, to be sure.

Senator DONNELLY. Thank you, Mr. Chairman.

Senator STRANGE. [Presiding.] Thank you, Senator.

Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much, Mr. Chairman, and I want to thank you and to thank Senator Roberts and Stabenow for this hearing today.

This Nutrition Assistance Program is very important in my State, and I am proud to say that our SNAP program last year, we had a—2015, Minnesota was one of 11 States that had its error rate validated by the USDA and as a result received a bonus payment. I am going to have some questions on the record from our first panel about that, but clearly, we are doing something right.

Last year, 479,000 Minnesotans participated in the SNAP program, but almost 69 percent of those participants were in families with children.

My State is not alone in terms of need. So, Dr. Schanzenbach, what more can we do to strengthen SNAP nutrition education pro-

grams and support efforts taking place in communities so that SNAP participants can make healthy choices?

Ms. SCHANZENBACH. Sure. So in terms of healthy choices, I really think we want to capitalize on what is great about SNAP, which is that it works well with the free market system, and to do that, typically we need to either change demand for fruits and vegetables and healthy foods, either through education programs or by changing prices, by giving bonuses for purchase of health foods.

Senator KLOBUCHAR. Very good.

Mr. Wright, bringing broadband is one of my top priorities to rural communities, and we have some real issues in our State with that, farmers that do their business at McDonald's parking lots and things like that.

So in the case of the last Farm Bill, it included a pilot program to test the feasibility of online SNAP purchases. Rural broadband can also, of course, increase access, and do you anticipate that access to rural broadband for your customers is going to be a barrier for participating in the program?

Mr. WRIGHT. I am sure we are going to find some of the proverbial digital deserts out there, and I guess that is two ways to look at that. It may be a challenge, but it also gives an opportunity to address some of those issues. But we think we can do that with some technology. We still have people today that are actually using something like a satellite dish and some other things on buildings to be able to access technology.

So we will find a way to work, make this work, but it would be great if this continues to be at the forefront of discussion in the Farm Bill that broadband access is improved in these areas.

Senator KLOBUCHAR. Okay. Thank you.

Mr. Riendeau, one important program that helps alleviate hunger is the Emergency Food Assistance Program, and I recently joined with Senators Casey and Perdue to be proactive in purchasing and donating bonus commodities to places like Second Harvest Heartland in St. Paul, and the bonus issue was just raised by Doctor. Can you talk about the importance of the USDA's bonus commodities, and have bonus commodities from the USDA kept pace with the demand?

Mr. RIENDEAU. Thank you, and thank you for your support of that important program.

Yes, the bonus component is very important to us. It is in addition to the base, and it all goes towards helping us meet what we see as near record levels and unacceptably high levels of food insecurity.

Again, I guess I would talk about the nutritional aspects of the products that we receive through that program. These are high-quality proteins, vegetables, fruits, things that we do not get donated, things that we have to either buy or receive through this program. So it is critical to helping us not only meet the need, but meeting it with the right types of food.

Thank you for your continued support of that.

Senator KLOBUCHAR. Thank you.

Mr. Schaeffer, public-private partnerships play an important role in pooling resources, maximizing the value. Can you elaborate on

your experience with public-private partnerships and the employment outcomes you have seen as a result?

Mr. SCHAEFFER. Absolutely. Thank you for the question, Senator.

It has been not just a hallmark of CEO's approach, but also a hallmark of the SNAP Employment and Training Program and I think an element that has helped it extend its reach far more broadly than otherwise exists.

I can give you an example in two States in which we have worked, Pennsylvania and Ohio. In Ohio, there was a strong interest in bringing CEO's reentry services to the State across Cincinnati, Columbus, and Cleveland, large numbers of people coming home every year facing both food insecurity and a lack of employment, and those folks are universally eager to work, eager to not be on benefits, but needing that support.

The State teamed different agencies, the Department of Corrections, the Department of Jobs and Family Services to support CEO's entry into the State, but part of that was a 50-50 match, the support from the Jobs and Family Services through the SNAP E&T program. We will be able to leverage in Ohio over the next 2 years, I think, over \$2 million in that match program, and so it is an ability for States to design programs and projects, initiatives that are responsive to local needs that meet their priorities, but also gain far more resources than they would otherwise without the match.

Senator KLOBUCHAR. All right. Very good. Thank you, all of you.

You brought me a gift, "Thank you for asking such nice questions." Thank you.

Chairman ROBERTS. [Presiding.] It is amazing what you have to do to achieve bipartisan support.

[Laughter.]

Chairman ROBERTS. That will conclude our hearing today, and I want to thank each of our witnesses for taking time to share your views on the nutrition programs within the Farm Bill.

The testimonies provided today are valuable for the Committee to hear firsthand, and we will follow up with the suggestions of various witnesses to meet with our staff, so we can further learn from you what we can do to better improve the program.

For those in the audience who want to provide additional thoughts on the Farm Bill, we have set up an address on the Senate Ag Committee's website to collect your input. Please go to ag.senate.gov—been waiting all day to say that—ag.senate.gov, and click on the Farm Bill hearing box on the left-hand side of your screen. That link will be open for 5 business days following today's hearing.

To my fellow members, we would ask that any additional questions you may have for the record be submitted to the Committee Clerk, 5 business days from today or by 5:00 p.m., next Thursday, September 21st.

The Committee stands adjourned. Thank you so much.

[Whereupon, at 12:00 p.m., the Committee was adjourned.]

A P P E N D I X
SEPTEMBER 14, 2017

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

STATEMENT OF GIL HARDEN
ASSISTANT INSPECTOR GENERAL FOR AUDIT

Submitted to
The Committee on Agriculture, Nutrition, and Forestry

United States Senate

September 14, 2017



Good morning, Chairman Roberts, Ranking Member Stabenow, and Members of the Committee. Thank you for the opportunity to testify before the Committee on the Office of Inspector General's (OIG) efforts to help ensure the integrity of the Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP). In particular, my statement will address our audit of the SNAP quality control process and a related investigation.¹

Of course, through our audits and investigations, OIG helps FNS improve its general oversight over SNAP. Over the past 3 years, we have published 6 audit reports that resulted in 77 recommendations and \$299 million in monetary findings. Our SNAP-related investigations over the same period have led to 2,370 arrests, 1,648 indictments, and 1,577 convictions, as well as \$296 million in monetary results.

SNAP's Quality Control Process

Since fiscal year (FY) 2013, SNAP has served on average more than 46 million people per month and paid out more than \$71 billion annually in benefits. As the largest food assistance program in the country, SNAP is jointly administered by FNS and State agencies. While FNS is responsible for establishing regulations governing SNAP and ensuring that States implement those regulations, States are responsible for determining whether the recipient's household meets the program's eligibility requirements, calculating monthly benefits for qualified households, and issuing benefits. FNS and State agencies conduct independent quality control (QC) reviews to measure the accuracy of the States' eligibility and benefit determinations.

FNS and State QC reviews are performed to determine SNAP recipient eligibility for benefits at a given point in time and, if determined to be eligible, whether or not the recipient received the correct benefit amount. Every year, States conduct QC reviews for a random sample of participating SNAP households and report all findings to FNS. FNS subsequently performs QC reviews for a sub-sample of the States' reviews to verify the States' findings. The results of both reviews (State and FNS) are combined to calculate the States' error rates. The national SNAP error rate is then determined by calculating a weighted average of the States' error rates.

¹ Audit Report 27601-0002-41, *FNS Quality Control Process for SNAP Error Rate*, Sept. 2015.

The SNAP error rate is an important measurement used for two primary purposes. First, it is the basis for awarding State bonuses for high payment accuracy and assessing State penalties for poor performance. Second, it serves as the improper payment rate for SNAP. The Improper Payments Information Act of 2002, as amended,² as well as Office of Management and Budget guidance,³ requires that high-risk Federal programs identify and measure improper payments and develop annual reduction goals. Federal agencies use the improper payment rate for each program to identify the root causes of payment errors. Once root causes are identified, agencies should implement corrective actions to prevent improper payments in subsequent years.

Given SNAP's size, efficient and effective program administration is essential. In FY 2013, SNAP had the highest participation level in the history of the program (an average of 47.6 million participants per month), and the agency reported the lowest SNAP error rate. For that year, FNS reported a national payment error rate of 3.2 percent, which represented more than \$2.4 billion in improper payments. As the following table illustrates, FNS reported error rates that have generally declined since 2009.

Fiscal Year	Estimated Improper Payment Rate (%)	Estimated Improper Payment Amount (in millions)
2009	4.36	\$2,195
2010	3.81	\$2,465
2011	3.80	\$2,729
2012	3.42	\$2,553
2013	3.20	\$2,437
2014	3.66	\$2,563
2015	NA*	NA*
* According to USDA's FY 2016 Agency Financial Report, USDA chose not to report the national SNAP error rate because some States reported SNAP error rate data that were unreliable.		

² Pub. L. No. 107-300, 116 Stat. 2350, as amended by the Improper Payments Elimination and Recovery Act of 2010 (Pub. L. No. 111-204, 124 Stat. 2224) and by the Improper Payments Elimination and Recovery Improvement Act of 2012 (Pub. L. No. 112-248, 126 Stat. 2390).

³ OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments* (Oc. 20, 2014).

Why OIG Performed the Audit

In 2013, OIG initiated an audit of SNAP's QC process. Though we recognized that FNS' reported improper payment rate for SNAP had been steadily declining, SNAP benefits had nearly doubled due to increased participation in the program. Even at a low error rate, improper payments for SNAP still averaged over \$2 billion annually. Therefore, OIG determined that an audit assessing the QC process was warranted.

What OIG Found

We found that confidence cannot be placed in FNS' reported QC error rate. States weakened the QC process by using third-party consultants and error review committees to mitigate individual QC-identified errors rather than improving eligibility determinations. FNS' QC process thus tended to understate SNAP's error rate.

In all eight States we visited, we found that private consultants and/or State error review committees used methods to mitigate case errors found during the QC review process rather than report those cases to FNS as errors. Most notably, a number of States had hired third party consultants who actively worked to eliminate errors and therefore improve the State's error rate. These States saw dramatic, if unwarranted, improvements in their error rates—from 21 percent to 85 percent, depending on the State.

We also found other issues with how these error rates were calculated:

- QC reviewers did not correctly identify and calculate payment errors during their reviews of selected SNAP cases. As a result, errors were inappropriately excluded from the SNAP error rate and SNAP recipients' future benefits were not adjusted within required timeframes.
- States' QC results in 27 of the 60 cases we reviewed were unsupported, questionable, or inaccurate. As a result, FNS lacked the assurance needed to validate the accuracy of States' reported error rates, which serve as the primary basis for determining SNAP's national error rate.

Likewise, State employees made errors when determining eligibility and calculating payment amounts:

- States did not assess the eligibility of more than 15 million SNAP households in FY 2012 under the traditional SNAP eligibility requirements because of their Broad-Based Categorical Eligibility (BBCE) status. Considering that more than 15 million households (roughly two-thirds of the 22.3 million SNAP households in FY 2012) were eligible because of their BBCE status, and with total SNAP benefits averaging over \$71 billion annually since FY 2010, the amount overpaid to SNAP recipients nationwide due to FNS' BBCE policy is likely substantial.
- SNAP recipients whose weekly and biweekly income amounts were converted to monthly income amounts received more benefits than they were entitled to in five of the eight States in our audit. Again, considering that since FY 2010, on average, over 45 million people received monthly SNAP benefits totaling over \$71 billion annually, the amount overpaid to SNAP recipients nationwide due to the inaccurate conversion factors is likely substantial.

In our report, we made 19 recommendations intended to help FNS improve this QC process so that the agency could report an accurate error rate for this important program. For example, we recommended that the agency consider the costs and benefits of moving away from its current two-tier QC process and to a system where FNS—or an unaffiliated third party hired by FNS—performs the QC review.

As of August 11, 2017, FNS had closed 14 of the report's 19 recommendations. FNS is still considering our recommendation to move to a new, single-tier QC process. In January 2017, FNS released a request for proposals to determine the feasibility of creating a one-tier QC system. FNS stated that it expected to award a contract for the study in the summer of 2017, including estimated costs, of changing the QC system from a two-tier process to a one-tier process.

Investigation Related to SNAP's QC Process

One unique OIG investigation also highlighted significant problems with how these QC processes have operated. Our investigators were aware of the results of the audit described above; they also received a whistleblower complaint related to the activities of a third-party QC consultant working in one State. This complaint led to an investigation with the following outcomes thus far:

- On April 7, 2017, the State of Virginia, Department of Social Services, agreed to pay \$7.2 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.
- On April 12, 2017, the Wisconsin Department of Health Services agreed to pay \$6.99 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.

Both States admitted that they used a QC consultant to review the error cases identified by their workers. This consultant advised the use of several improper and biased QC practices, including: (1) finding a basis for dropping error cases from the review by discouraging beneficiaries from cooperating with information requests and pursuing unnecessary information; (2) selectively applying requirements and policies to overturn and reduce errors; (3) asking beneficiaries leading questions to obtain desired answers to eliminate error potential; (4) arbitrating any and all differences with USDA; (5) subjecting error cases to additional scrutiny and QC casework with the goal of overturning an error or dropping a case; and (6) omitting verifying information in documents made available to USDA. These practices improperly decreased the States' reported error rate and, as a result, the States were paid performance bonuses to which they were not entitled.

At present, this investigation remains ongoing.

Conclusion

This concludes my written statement. I again want to thank the Committee for the opportunity to testify today. I welcome any questions you may have.

**Statement of Brandon Lipps
Acting Deputy Under Secretary,
Food, Nutrition and Consumer Services
Administrator, Food and Nutrition Service
United States Department of Agriculture**

**Before the Senate Committee on Agriculture
September 14, 2017**

Thank you, Mr. Chairman, Ranking Member Stabenow, and Members of the Committee for the invitation to be here today to update you on the Supplemental Nutrition Assistance Program (SNAP) Quality Control system.

My name is Brandon Lipps; I currently serve as Acting Deputy Under Secretary, Food, Nutrition, and Consumer Services (FNCS), and as Administrator for the Food and Nutrition Service (FNS). This is a bit of a homecoming for me as I previously worked with many of you during my time as part of the House Agriculture Committee's staff. I know first-hand the importance of the issues that come before this Committee, and the diligence with which you work to support America's farmers, ranchers, foresters, and consumers. I am happy to be back in Washington DC, serving in this new capacity, and I look forward to working with this Committee to ensure that individuals most in need have access to food and that FNS programs are run efficiently, effectively, and with the utmost integrity.

As you know, FNS is responsible for administering America's nutrition assistance programs, which leverage the nation's agricultural abundance to ensure that no American goes hungry, even during difficult times. SNAP is the largest of these programs – serving 41.5 million low-income individuals as of May 2017. Operating in close partnership with State agencies, the goal of the program is to help those most in need get back on their feet by supplementing their food budgets.

While we are here to talk about a specific – and serious – program issue, it is worth recognizing the importance of the SNAP program and the evidence of its success:

- Studies show that receiving SNAP benefits reduces the likelihood of being food insecure – defined by experiencing difficulty accessing adequate food due to a lack of resources. Participating in SNAP for 6 months is associated with a 5 to 10 percentage point decrease

in food insecurity¹.

- Providing benefits that can be spent only on food has been shown to raise food expenditures more than providing an equal amount of cash².
- A key component of SNAP is that it includes work requirements, which ensure the program does not foster a culture of poverty but rather empower individuals to lift themselves out of poverty. Indeed, 44 percent of all participants live in a household in which one or more people work³. FNS will continue to focus on supporting SNAP participants in identifying, seeking, obtaining, and retaining opportunities for employment that lead to self-sufficiency, which would ultimately decrease reliance on the program.

Today, however, I want to speak to you about the importance of accountability and integrity in this vital program. Americans care for their neighbors and want them to have food on the table—but they also want to know that the benefits paid for by their tax dollars are preserved for those truly in need. We owe this to those we serve and to the American taxpayer.

As you know, SNAP operates a quality control, or “QC,” system to measure improper payments, commonly referred to as the payment error rate. The SNAP payment error rate is a measure of the extent to which SNAP benefit amounts are issued in the proper amount to the targeted households. The error rate is the combination of payments to recipients that are too high (overpayments) as well as payments that are too low (underpayments), not the difference between the two.

It is important to note that QC is a measure of errors in *issuing* benefits, not in the *misuse* of benefits. It includes both errors caused by the State agencies and those made by clients. Often errors are due to a failure to properly act on information or incorrectly calculating household income and deductions following SNAP rules. Examples include, failing to apply an earned income deduction to recipients who work or counting a household’s tax refund as income when it should be excluded.

Quality control is a shared responsibility between the States and FNS. States review cases for errors and FNS reviews a sample of those to ensure that States have made the correct determination. As you may know, USDA and the Office of Inspector General (OIG) both found bias in the QC data which impacted our ability to release a national error rate for FY 2015 and FY 2016. What you may not know is how we got to this place.

¹ Mabli, James, Jim Ohls, Lisa Dragoset, Laura Castner, and Betsy Santos. Measuring the Effect of Supplemental Nutrition Assistance Program (SNAP) Participation on Food Security. Prepared by Mathematica Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service, August 2013.

² Tuttle, Charlotte. “The Stimulus Act of 2009 and Its Effect on Food-At-Home Spending by SNAP Participants.” Washington, DC: U.S. Department of Agriculture, Economic Research Service, August 2016.

³ Farson Gray, Kelsey, Sarah Fisher, and Sarah Lauffer. (2016) *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015*. Prepared by Mathematica Policy Research for the USDA Food and Nutrition Service.

While the agency had no direct evidence initially, USDA had questions about the reliability of State data it reviewed in FY 2014. The error rate reductions appeared to happen too quickly – like falling off a cliff. One might expect reductions resulting from proper operational improvements to have occurred more slowly – like a staircase, a little at a time.

These observations suggested that FNS needed to explore these State-generated datasets in new ways. In late 2014, FNS created four different statistical indicators that our statisticians used to comb through the state data for bias. When they found that seven states showed potential issues under all four of those indicators, FNS promptly took further action. They began reviewing a few States' quality control processes in April 2015 and quickly determined that an in-depth review of all 53 SNAP agencies was warranted.

What they found truly surprised and greatly concerned our experts. Many States were bypassing our data controls. In some cases, these were inadvertent process errors, but more often, States were altering what information and data they reported to FNS so Federal reviewers would not even see many of the errors. Therefore, we could not detect this level of bias until we developed the new statistical measures to catch it.

During this same time, OIG had independently begun an audit of several states for similar problems. Based on the findings of the September 2016 OIG audit as well as the in-depth reviews conducted by FNS, we began an extensive process of working with States to implement corrective actions to dramatically reduce errors.

However, our reviews also showed us that some FNS practices may have contributed to some of these issues. The agency's policies and related documentation were not always clear in all areas, and we needed to make our own federal review processes more robust. So FNS got to work. We issued memos and guidance to States and revised the quality control handbook to reduce the incidence of bias. We provided training to Federal and State staff, developed a new management evaluation guide to strengthen oversight of QC, and made new data sources available to better assess and validate State findings. In addition, FNS now conducts audits of State QC operations annually as part of regular oversight and monitoring activities. FNS is planning to conduct over 20 state audits in FY 2018.

Let me be clear. FNS owns these problems and is taking strong action to solve them. Our mission, and the future of SNAP, depends on it. But the most egregious problems we found in some States do not result from unclear guidance alone. As just one example, we learned that in some States, error reduction committees – which are intended to identify QC errors and take steps to prevent problems in the future – were instead going back and *hiding* the errors they found. This was not a simple misunderstanding. It was an overt attempt to game the system, and it is totally unacceptable. The changes made to the QC system will make those behaviors more difficult, and less likely, but truly eliminating errors will require a commitment of good faith on all sides.

SNAP works best when Federal and State partners work together and there are opportunities for improvement on both sides. FNS remains committed to our relations and

partnerships with the States, but intends to further emphasize measurements and holding States accountable for outcomes.

As mentioned above, we have taken a number of actions to strengthen QC, but we have more work to do. We must continue to ensure that the QC system is functioning at the highest level of integrity and can be trusted by policy makers, including Congress. We take this responsibility very seriously. Because we did not have trust in the data used to report on FY 2015 and because the data still was not sufficiently reliable in 2016, FNS has not released a national error rate since 2014. This may seem drastic, but it speaks to my agency's commitment to the American taxpayer to run an efficient and effective program. I fully expect to release an error rate for FY 2017 in June 2018 once the reforms, training and integrity efforts FNS and States have taken are fully reflected in the data.

FNS is committed to continually improving the QC system and the integrity of SNAP as a whole. We will hold ourselves and our State partners accountable, striving to meet the highest of standards expected by you and the people you represent.

Thank you for the opportunity to provide this background on the SNAP QC system, and I am happy to answer any questions that you may have.

Bryan Parker
Trainee, Culinary Trade Program
Community Food Bank of Eastern Oklahoma

Testimony before the Senate Agriculture Committee
On Perspectives for the 2018 Farm Bill
September 14, 2017

Dear Senator Roberts, Senator Stabenow, and members of the Committee:

Thank you for inviting me to testify today. I am Bryan W. Parker. I am 51 years old and a native of Tulsa, Oklahoma. I am a recipient of SNAP benefits.

Just like anyone else, I've been through many ups and downs in my life. I served in the Navy on the USS Midway from 1985-1988. I then lived in Japan for 20 years as the owner of a small chain of English cram schools and as a physical fitness trainer of fighters in Japan. In 2010 I moved back to Tulsa to be with my family. I have two daughters that are both grown and very successful in life. I worked in the restaurant industry and held every position from dishwasher to general manager. I felt accomplished, successful, and never worried about paying my bills, buying food or wondering where I would get my next meal. That was never a thought that went through my head.

Like many people do, I lost my job about 3 years ago. I felt down on my luck and was battling depression and anxiety because I couldn't find a job. I could no longer afford to own my car or home. With each interview, the struggles seemed to just keep coming. No one was willing to give me an opportunity. It is tough being a 51-year-old man living in a hotel and searching for work.

During this hard time, SNAP has been a life saver to me. Not only has it given me the nutrition to stay alive, but it has given me hope. You can endure a lot of pain and suffering in life, but one thing you can't withstand is having no food and being hungry. I am very thankful for the SNAP benefits I'm receiving while trying to get back on my feet.

I am happy to say that someone has finally decided to give this 51 year old a chance. I am currently enrolled in the Community Food Bank of Eastern Oklahoma's Culinary Trade Program, and am more than half-way finished with this 16-week course. The Culinary Trade Program is free to participants and helps people needing a second chance on life, like me. I'm currently working 5 days a week for 7 hours a day for the program. The program not only teaches professional cooking skills, but also life skills. The executive chef's motto "A.A.&E." is my favorite. "A.A.&E" stands for Attitude, Attendance, & Effort. He always says these are the key to life.

When I graduate from the Culinary Trade Program I will have a Manager's License in Food Safety that will transfer anywhere in the country. The program will also help place me in a job in the restaurant industry. I ultimately want to work in a professional kitchen, and with hard work, one day own my own restaurant, because cooking is my passion.

None of this would be possible without the help of SNAP and the Culinary Trade Program. I see every day how important SNAP is to many lives in my community. Everyone needs to eat. Not just employed people or rich people need to eat, everyone does. Food is fuel and without it, you have no strength to motivate you to move forward. SNAP helps to take away just one more daily worry that most people don't even consider - hunger. I would be in a different situation than I am now if it weren't for SNAP. I would probably be homeless.

You really don't know what it's like to be hungry until you haven't eaten for days. All you can focus on is when you might eat again. This is why SNAP is so important to me and the people that need it. I honestly believe any working middle class individual or family is one life changing event away from being in the same situation that I'm in. One day I want to be able to pay it forward and hopefully I am doing that right now. Thank you for allowing me to speak and tell my story, I'm very blessed and fortunate to be given this opportunity.

Bryan W. Parker



**Brian Riendeau, Executive Director
Dare to Care Food Bank**

**Testimony before the Senate Agriculture Committee
On Perspectives for the 2018 Farm Bill
September 14, 2017**

Dear Chairman Roberts, Ranking Member Stabenow and members of the committee:

Thank you for inviting me here today. My name is Brian Riendeau and I am the Executive Director of Dare to Care Food Bank in Louisville, Kentucky. I am honored to represent Feeding America's network of food banks and agencies that work every day to address hunger across our country. Our mission, and that of the Feeding America network, is to not only provide emergency food assistance to those in need today, but to engage the country in the fight to end hunger, so that we can reduce the number of families that must rely on charitable food assistance tomorrow.

My testimony today is especially timely as my colleagues at food banks in Texas and now Florida work around the clock to address the emergency food assistance needs from Hurricanes Harvey and Irma. Food banks across the country and Feeding America have sent additional food, supplies, and equipment to assist in the recovery, and will be there long after the shelters close to address the food insecurity needs arising in the communities impacted. Our thoughts are with everyone that has been impacted by these storms and are facing a long road to recover from the damage.

Dare to Care Food Bank is one of 200 food banks in Feeding America's network that helps combat hunger and food insecurity across the United States. Together, we serve more than 46 million people in need, including 12 million children, through 58,000 food programs including food pantries, soup kitchens, shelters, afterschool and summer feeding sites for children, and other programs.¹ Dare to Care Food Bank partners with almost 300 non-profit agencies across a service covering 13 counties in North Central Kentucky and Southern Indiana traditionally known as Kentuckiana. Our service area spans nearly 4,000 square miles and includes urban, suburban and rural areas and includes 181,000 food insecure individuals.

I am honored to testify before the committee on the work of our food bank to address hunger, and the impact that nutrition programs authorized by the farm bill have on those facing hunger.

¹ Feeding America, *Hunger in America 2014*, National Report. August 2014.

As shown in Feeding America's annual *Map the Meal Gap* study and as we witness in our daily work, food insecurity exists in every county in the nation but can look different from one community to the next. In Dare to Care's service area, which includes both urban and rural counties, there are 181,000 food insecure individuals, including nearly 50,000 children. Hunger, particularly, child hunger, is pervasive in all of our counties, presenting unique challenges to our operational model. Although many rural areas may experience child hunger at a higher rate, urban areas can be home to larger numbers of hungry children and may face challenges addressing the sheer number of children in need of assistance.² For Dare to Care Food Bank, Jefferson County alone – which includes Louisville, Kentucky – accounts for nearly 60 percent of the food insecure children across our 13 county service area.

Our Impact in Kentuckiana

Last year Dare to Care Food Bank distributed 19,121,000 meals, or over 22 million pounds of food, to 134,000 in need in Kentuckiana. That included 7.2 million pounds of fresh produce and 3.8 million pounds of food from TEFAP. Dare to Care operates numerous programs to achieve our vision of a hunger-free Kentuckiana. Last year, we distributed nearly 300,000 hot nutritious meals through our Community Kitchen's Kids Café program to children in need, expanded our Backpack Buddy program to provide backpacks of nutritious food to 2,715 food insecure children each Friday of the school year, launched a prescription pantry program with six pediatric and health clinics to reach food insecure families through a medical setting, and offered nutritional education through our Cooking Matters program.

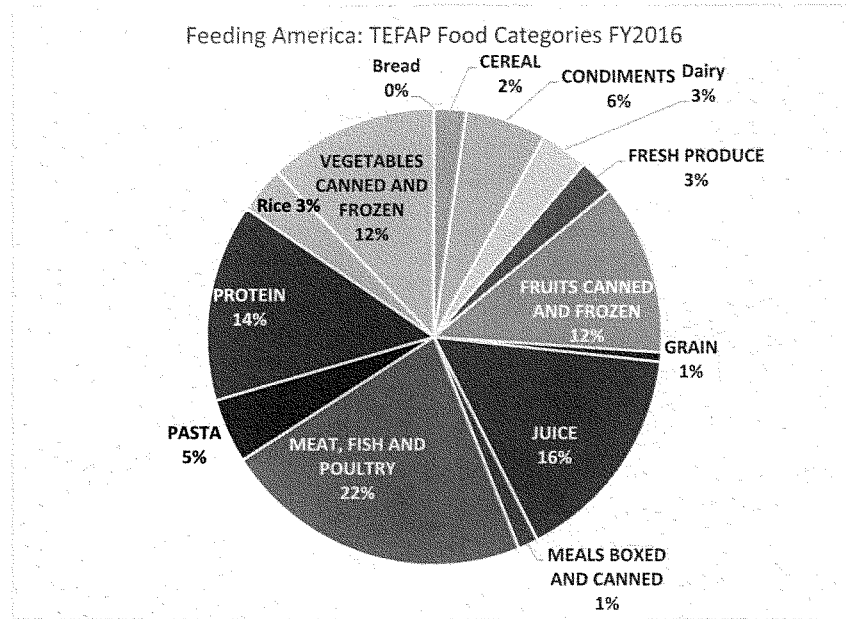
The support provided by the 2014 Farm Bill has been key to helping us do our work. TEFAP provides nutritious food to our food bank and other charitable organizations nationwide while supporting US grown commodities. The program provides critical support, helping us ensure a nutritious balance of food is distributed to families in need by allowing us to combine TEFAP with our other sources of food, including food donated through partnerships with thousands of growers, manufacturers, retailers, and food service companies in our community, as well as food that we purchase.

TEFAP works by directly supplying nutritious food purchased by USDA to charities, such as Feeding America food banks. In addition to food, USDA also provides funding to defray some of the storage and distribution costs of getting the food to communities nationwide. As you can see from the pie chart, the foods provided through TEFAP are highly nutritious and represent household pantry staples, foods that you would find in your kitchen. Our food bank combines TEFAP foods with other donated and purchased food to give food insecure Americans access to a nutritionally well-balanced grocery package.

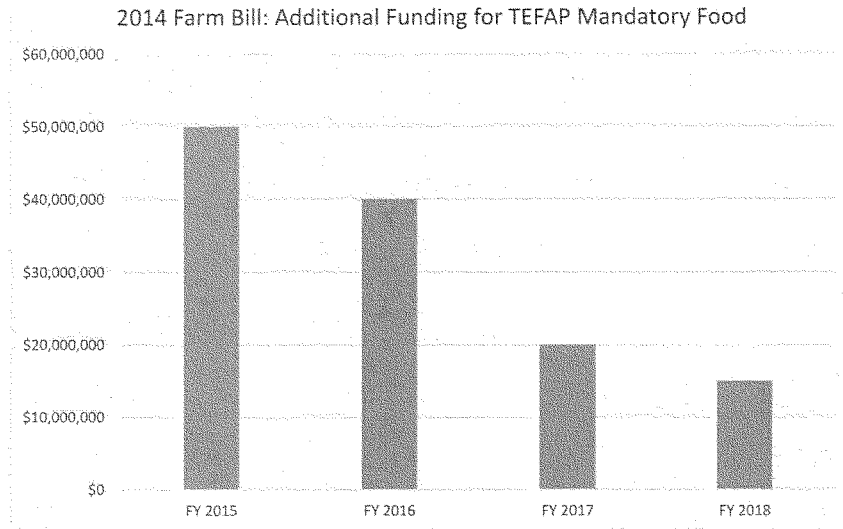
These are meals that go straight into the effort to fight hunger and relieve food insecurity, but should be viewed as part of an integral array of federal nutrition programs. We know the community members we help are also often relying on SNAP, school lunch, WIC, or senior meals to meet their families' needs. Our work would not be possible without the continued strong support of federal nutrition programs. We know from Feeding America's Hunger in

² Ibid.

America 2014 report that although 55% of the people we serve participate at some time in the SNAP program, another 45% do not. In my service area, 49% of our food insecure neighbors are above the SNAP threshold of 130% of poverty. In fact, 32% are above the threshold for all nutrition programs of 185%. For these folks, the food we provide is often all that is available to offset hunger. This is where strong funding for programs like TEFAP and Farm to Food Bank is essential to our ability to fulfill our mission.



The 2014 Farm Bill provided additional funding for TEFAP, and that additional support has been critical to our food bank as we have seen a protracted recovery from the economic downturn. Although unemployment is down, food insecurity has remained high, and has not returned to pre-recession levels yet. For our food bank and the Feeding America network, the increase in TEFAP has provided additional food assistance at a time when we needed it most; but as the amount goes down we worry that once the one time increases cease our food bank will be left with a significant decline in food. I urge the Committee to commit to ensuring food banks do not see a decline in TEFAP from the 2018 Farm Bill and that this highly cost effective source of nutritious food continues to provide assistance to those who need it most.



Kentucky's Farm to Food Bank Program

Dare to Care Food Bank has also benefited from the growth of a successful statewide program in Kentucky called Farm to Food Banks. The program increases access to healthful food among struggling Kentuckians through the distribution of surplus and Number 2-grade fresh produce, which is fresh and edible but not saleable because of minor blemishes or size discrepancies. With grant funds, the Kentucky Association of Food Banks helps cover farmers' costs to pick, package and deliver their unmarketable produce to food banks. The program provides crucial support to farmers who are in the midst of a shift from a stable tobacco cash crop while reducing the amount of wasted food in Kentucky.

Since the statewide launch of the Farms to Food Banks program in 2011, over 15 million pounds of Kentucky-grown produce has been distributed to those at risk of hunger in all 120 counties in Kentucky. That's the equivalent of filling half a plate full of fresh fruits and vegetables for over 25 million meals. The produce came from more than 500 Kentucky farmers who benefitted from increased cash flow for produce that would otherwise likely have been plowed under in the field.

The program is an example of an effective public/private partnership. Financial support has been provided by the Kentucky Department of Agriculture through an appropriation from the Kentucky General Assembly thanks to support from Governor Matt Bevin and Commissioner of Agriculture Ryan Quarles. State income taxpayers can donate a portion of their tax refund to the program because of legislation enacted by the General Assembly in 2012. Other private sources of financial support include Farm Credit Mid-America and the Lift a Life Foundation.

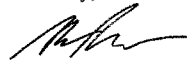
This is a model that I am proud to say other states have implemented as well, including Ohio, Pennsylvania, Michigan, Georgia and Texas. I would urge the committee to look at successful models like the one in Kentucky to identify how this can be scaled nationwide. With 41 million food insecure people, and an astonishing amount of food that is not making it to their plates each year that could, we must ensure we are doing all we can to connect excess nutritious food with struggling families. Although the produce might not always look picture perfect, there is nothing ugly about the price or the impact of this nutritious food – with an average reimbursement of 20 cents per pound, it is hard to imagine a more affordable model. I believe this is a program that can be scaled nationwide in an extremely cost effective way that provides a triple benefit – to food insecure individuals, to the growers, and to our resources and land.

Conclusion

In conclusion, I firmly believe that hunger is a solvable problem in our country. Dare to Care Food Bank and our colleagues and neighbors are dedicated to this fight and will continue to work together – with government and private stakeholders – to support the needs the community in Kentucky and Indiana. We urge Congress to prioritize investments in the next farm bill that increase access to nutritious foods through federal nutrition programs like TEFAP and through innovative models like Farm to Food Bank, and to protect SNAP to ensure our most vulnerable do not lose access to much needed food.

On behalf of the Dare to Care Food Bank, Feeding America, our partner agencies and the people we serve, I thank you for your time and attention. I encourage you to visit your local food bank this September during Hunger Action Month to learn more about the great work they do, and engage in a discussion about how the next farm bill can build upon the work we are doing to reduce hunger. Thank you.

Sincerely,



Brian Riendeau
Executive Director
Dare to Care Food Bank



**U.S. Senate
Committee on Agriculture, Nutrition and Forestry**

**Hearing
Supplemental Nutrition Assistance Program
September 14, 2017**

**Testimony by:
Center for Employment Opportunities
Sam Schaeffer
Chief Executive Officer - Executive Director**

Chairman Roberts, Ranking Member Stabenow, and members of the Committee, thank you for the opportunity to testify today about the important role the Supplemental Nutrition Assistance Program's Employment & Training program (SNAP E&T) plays in the lives of millions of our fellow Americans. I am Sam Schaeffer, the Chief Executive Officer and Executive Director of the Center for Employment Opportunities (CEO), a national nonprofit that this year will provide employment services to more than 5,000 men and women recently released from incarceration. My testimony is informed by my experience administering several SNAP E&T programs; CEO's talented staff; partners including federal, state and local government agencies; and most importantly CEO's participants and their families who benefit from SNAP benefits and our program every day.

Since 2009 SNAP E&T has supported job training and placement for over 1,600 people at CEO. Nearly every one of these individuals enrolled in our program just days or weeks after being released from prison. They were all eager to work. However, with felony convictions, limited work experience, and in some cases long gaps in their resume, finding a job was a daunting challenge. During those first months of transition home, when statistics said they were likely to recidivate, the SNAP E&T program helped address the hunger they faced and put them on a path to employment.

Funding from E&T has helped CEO collaborate with jurisdictions across the country and grow from one location in New York City to 18 sites across 6 states. We work closely with state partners to design programs responsive to local needs. This program's value and future potential cannot be understated. SNAP E&T is essential for the survival of individual people and the health, security, and prosperity of communities. Without it, many other problems we are trying to solve - promoting opportunity, supporting strong families, keeping communities safe - become much harder, if not impossible. I am grateful for the opportunity to share my perspective and recommendations with the committee.

The Background and Importance of SNAP E&T Funding

According to the most recent data from USDA Food and Nutrition Services (FNS) approximately 42 million individuals receive SNAP benefits.¹ These benefits are critical for many individuals facing deep poverty and high barriers to employment. In 2014, 58 percent of SNAP benefits went to 43 percent of SNAP households. These families had gross incomes of 50 percent or less of the federal

¹ USDA Food and Nutrition Service. (August 2017). SNAP Monthly Program Participation and Costs Report. Accessible at <https://fns-prod.azureedge.net/sites/default/files/pd/34SNAPmonthly.pdf>.

poverty guidelines.² SNAP is also used by individuals working full-time who just can't make ends meet. SNAP is a necessity for families in all fifty states, in communities urban, suburban, and rural.

SNAP E&T was created in 1985 to help individuals achieve economic self-sufficiency and reduce their reliance on nutrition assistance benefits. It is one of the few federal programs designed solely to provide targeted employment and training resources to help lower-skilled, lower-income adults find meaningful connections to the labor market. A relatively small percent of individuals receiving SNAP benefits participate in SNAP E&T programs. Children, the elderly, and the disabled (together 64 percent of SNAP beneficiaries) are exempted from work programs, and another 22 percent are already working full-time. The remaining 14 percent work less than 30 hours a week or are unemployed. Due to a variety of exemptions and waivers, in 2015 approximately 4.95 million people (11.7 percent) participated in some type of SNAP E&T program.³

In recent years, Congress has appropriated \$90 million in funding to states to support the administration of what has come to be known as "100 percent" SNAP E&T funds. These 100 percent funds are administered on a formula basis to 53 U.S. states and territories. An additional source of support called "50/50 funding" requires a non-federal match to be accessed and comprises a much greater percentage of overall SNAP E&T funding. In 2015, \$507 million in combined federal and match funding supported the SNAP E&T programs.⁴ Federal 50/50 funds were matched by \$199M from states, philanthropy, and non-profit organizations, representing a significant leveraging of resources.

While funded federally, SNAP E&T programs are administered and designed on the state and local level. The authorizing legislation allows tremendous flexibility, though few performance standards, for how to implement and operate programs. In order to be responsive to local labor markets and geographies, states can develop strategies that meet the needs of job-seekers and local employers.

² Kelsey Farson Gray and Shivani Kochhar, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2014, US Department of Agriculture, December 2015.
<http://www.fns.usda.gov/sites/default/files/ops/Characteristics2014.pdf>

³ U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015, by Kelsey Farson Gray, Sarah Fisher, and Sarah Lauffer. Project Officer, Jenny Genser. Alexandria, VA, 2016.

⁴ Kogan, Deborah, Anne Paprocki, and Hannah Diaz. Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report. Prepared by Social Policy Research Associates for the U.S. Department of Agriculture, Food and Nutrition Service, November 2016. p.II-4.

The 4.95 million SNAP E&T recipients participated in a range of services including job search assistance, job training, workfare, work experience programming, on the job trainings, GED preparation, and self-employment assistance, among other activities. To date, states have been more likely to use lower-cost, less intensive approaches like job search assistance over higher-cost, more intensive programs like on the job training or transitional work (see chart).⁵

E&T Program Component	% of States Offering Service
Independent Job Search	68%
Job Search Training (job clubs, resume workshops)	66%
Workfare/WEP	32%
On the Job Training, Apprenticeships	17%
Basic Education, ESL, GED, Vocational	66%
Self-Employment	9%
Job Retention Services	36%

A 2015 study commissioned by USDA found that stand-alone basic skills instruction and job search assistance programs are less effective helping participants achieve self-sufficiency. In contrast, more intensive services that combine several components simultaneously or sequentially appear more promising in helping achieve the desired improvements in employment and earnings.⁶

Further data about the poverty level and work experience of SNAP recipients suggests that many individuals would benefit from longer, more intensive workforce development activities such as on-the-job training, transitional work, vocational training, and job retention services. Individuals on SNAP who are working are more likely than non-recipients to be in lower-paying positions, while those not working face significant barriers to entering the labor market. A 2014 University of Southern Maine report found that Maine SNAP recipients were significantly more likely to have lower educational attainment than adults that do not receive SNAP benefits. Further, less than 15% of SNAP recipients in the study reported employment in higher-paying Managerial and Professional

⁵ USDA Food and Nutrition Services. Employment and Training Toolkit (USDA 2014) p. 8. Accessible at https://fns-prod.azureedge.net/sites/default/files/ET_Toolkit_2013.pdf.

⁶ Kogan, Deborah, Anne Paprocki, and Hannah Diaz. Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report. Prepared by Social Policy Research Associates for the U.S. Department of Agriculture, Food and Nutrition Service, November 2016. p.10.

Work occupations, compared to almost 1/3 of adults that work but do not receive SNAP.⁷

Over the last thirty years, the E&T program has remained a consistent source of support for states but has evolved in key ways. Notably, in 1996, the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) mandated work registration requirements for work-eligible adults. Additionally, able-bodied adults without dependents (ABAWDs) were limited to receiving benefits in three of any thirty-six months if they did not become employed or participate in an allowable work activity for 20 hours weekly. In 2009, the American Recovery and Reinvestment Act expanded SNAP benefits significantly and saw several states apply for, and receive, waivers to the ABAWD requirement on the basis of high local unemployment.

The 2014 Farm Bill placed renewed emphasis on work, as well as learning and evaluation. The legislation provided \$200M for pilots in 10 states to expand SNAP E&T and test innovative strategies connecting recipients to employment. Pilot sites have developed programs that range in the intensity of services and address local needs. For example, the Fresno Bridge Academy Program is a public-private collaborative providing job training, subsidized employment, and case management to high-need SNAP recipients including high school dropouts and individuals with criminal records, among others. All 10 sites are participating in a rigorous randomized control trial that will provide lessons for the field.

While there is relatively little dedicated research analyzing SNAP E&T outcomes -- the long-term impact on employment, nutrition, or other areas -- these pilots will contribute to an evidence base upon which future efforts can expand, iterate, and continue to meet the needs of individuals. By adopting an ethos of continuous improvement within dedicated SNAP E&T programs, there is a great potential to improve quality and outcomes.

And while these pilots have the potential to greatly advance our knowledge of SNAP, effective public-private partnerships have already been part of the E&T program for years. For example, Washington State's Basic Food Employment & Training (BFET) program leverages partnerships with state, educational, and community agencies to provide services and has helped thousands of

⁷ Victoria Ryan, Characteristics of Working Supplemental Nutrition Assistance Program Recipients in Maine, according to the 2011 American Community Survey. University of Southern Maine. May 2014.
http://digitalcommons.usm.maine.edu/cgi/viewcontent.cgi?article=1067&context=muskie_capstones

individuals obtain and retain employment.⁸ Finally, SNAP E&T program objectives align with core aspects of evidence-based employment programs such as transitional employment, sector based-job training, and job retention. Activities proven to help participants build essential skills that can lead to financial independence and food security have the potential be replicated and scaled within the E&T program.⁹

The opportunity for SNAP E&T to Serve the Formerly Incarcerated

More than 615,000 people leave state prisons annually. Within three years of release, about two-thirds (67.8 percent) of those released are rearrested for a new crime.¹⁰ The U.S. spends \$82 billion annually on incarceration.¹¹ While addressing this challenge may seem daunting, it should be a national imperative to improve these outcomes and reduce taxpayer spending. SNAP E&T can play a key role in redefining how someone comes home from prison and gets a job. Given labor market challenges faced by the formerly incarcerated, along with their struggle in gaining access to healthy food, the SNAP E&T program is particularly well suited to support these individuals in states around the country.

More generally, SNAP E&T has the potential to move some of our country's most at-risk populations out of poverty by addressing the dual challenge of economic and food security. While CEO's expertise is working with people returning from incarceration, there are parallels to the needs of other groups including people experiencing homelessness and the chronically unemployed, among others. Through highlighting the needs of formerly incarcerated individuals, this section illustrates the critical support SNAP E&T can play for a broad range of populations living in poverty and with barriers to employment.

While exact numbers are not clear, a meaningful number of SNAP recipients have criminal records.

⁸ *The Past, Present, Future of SNAP: Evaluating Effectiveness and Outcomes in Nutrition Education before the House Agricultural Committee Subcommittee on Nutrition*. September 13, 2016 (statement of David Stillman, Assistant Secretary of Economic Services Administration, Washington State Department of Social & Health Services).

⁹ Kogan, Deborah, Anne Paprocki, and Hannah Diaz. Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report. Prepared by Social Policy Research Associates for the U.S. Department of Agriculture, Food and Nutrition Service, November 2016. P. III-3 - III-23.

¹⁰ Durose, Matthew R., Alexia D. Cooper, and Howard N. Snyder, *Recidivism of Prisoners Released in 30 States in 2005: Patterns from 2005 to 2010* (pdf, 31 pages), Bureau of Justice Statistics Special Report, April 2014, NCJ 244205

¹¹ Melissa Kearney and Benjamin Harris, "Ten Facts About Crime and Incarceration in the United States" (Washington: The Hamilton Project, 2014), available at www.hamiltonproject.org/papers/ten_economic_facts_about_crime_and_incarceration_in_the_united_states/.

Over the last decade states have lessened or eliminated laws barring people with criminal convictions from receiving SNAP benefits. A 2015 study in Franklin County Ohio showed that over 35.3% of the people in their SNAP Work Experience Program (WEP) had felony convictions; some people had multiple felonies, or a combination of felonies and misdemeanors.¹² Depending on the location between 50 to 100 percent of the people CEO serves qualify for SNAP benefits - all of them have criminal records.

Upon release from incarceration, individuals face many barriers to successful reentry, including securing safe, clean affordable housing; accessing health and mental health services; maintaining sobriety; as well as other challenges. Obtaining income and food security are two significant barriers.

Regardless of motivation, finding full-time employment with a felony conviction can be arduous. Incarcerated men and women have lower post-secondary attainment and skills training than the general US population according to the most recent Program for the International Assessment of Adult Competencies (PIAAC).¹³

<i>Characteristic</i>	<i>Percentage</i>	
	<i>US Prison</i>	<i>US Household</i>
<i>Highest Level of Educational Attainment</i>		
<i>Graduate or Professional Degree</i>	1	11
<i>Bachelor's Degree</i>	1	17
<i>Associate's Degree</i>	4	9
<i>High School Credential</i>	64	50
<i>Below High School</i>	30	14

At CEO, we encounter this skills deficit everyday: half of CEO's participants have never worked

¹² A Comprehensive Assessment of Able Bodied Adults Without Dependents (ABAWDS) and Their Participation in the Work Experience Program in Franklin County, Ohio 2015 - Report 2015. Ohio Association of Food Banks. P. 9 <http://ohiofoodbanks.org/wep/WEP-2013-2015-report.pdf>

¹³ Rampsey, B.D., Keiper, S., Mohadjer, L., Krenzke, T., Li, J., Thornton, N., and Hogan, J. (2016). Highlights from the U.S. PIAAC Survey of Incarcerated Adults: Their Skills, Work Experience, Education, and Training: Program for the International Assessment of Adult Competencies: 2014 (NCES 2016-040). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved [date] from <http://nces.ed.gov/pubsearch>.

before, and all have been removed from the workforce for an extended period.

Research also shows that people in prison are concentrated at the lowest ends of the national income distribution at the time their incarceration begins.¹⁴ Even when individuals returning home secure a job, they remain in poverty and reliant on benefits. Serving time reduces hourly wages for men by approximately 11 percent, annual employment by 9 weeks, and annual earnings by 40 percent.¹⁵

Food insecurity is prevalent in this group. In a 2013 survey of CEO's New York City participants, 41 percent reported that since being released from prison they had run out of food and lacked the resources to secure more. Further, 43 percent reported that running out of food was a "major concern." The concern was amplified amongst those who had served longer sentences: more than 60% of individuals who had been incarcerated 10 or more years reported food insecurity.

Addressing food insecurity and employment through a single government intervention is aligned with what we know about hunger and poverty. People who are hungry are incapable of focusing on the things we ask them to - making a career plan, showing up ready to work, being patient with coworkers and supervisors, and controlling their impulses. Researchers have documented what we see at CEO; even motivated individuals cannot function well when their mind is occupied with not knowing where their next meal will come from.¹⁶ These concerns have real impacts, with economists finding measurable drops in IQ in both real and simulated conditions of scarcity. In short, SNAP E&T is well positioned to addressing this dual challenge of hunger and poverty.

CEO's Employment Reentry Program

The CEO program and our organization's use of E&T funds provides an example of how individuals can move from incarceration to employment. While CEO's program is a proven intervention, it is by no means a one-size-fits-all model for E&T programs. We want to make clear that there are numerous other evidence-based non-profit organizations who could move people -- at scale -- into

¹⁴ The Pew Charitable Trusts, 2010. *Collateral Costs: Incarceration's Effect on Economic Mobility*. Washington, DC: The Pew Charitable Trusts

¹⁵ The Pew Charitable Trusts, 2010. *Collateral Costs: Incarceration's Effect on Economic Mobility*. Washington, DC: The Pew Charitable Trusts

¹⁶ Mullainathan, S and Shafir, E. (2013) *Scarcity: Why Having Too Little Means So Much*. Time Books, Henry Holt & Company LLC, New York, NY.

employment.

CEO's vision is that anyone returning from prison who wants to work has the preparation and support needed to find a job and stay attached to the labor force. This creates safer communities and healthier individuals and families, all at a fraction of the cost of incarceration. CEO's model consists of four phases that participants move through at their own pace, enabling each person to address their own unique barriers to employment. Each phase of our evidence-based program aligns closely with several SNAP E&T components including job search training, work experience, skills training, and job retention.

Phase I: Recruitment and Job Readiness Training

CEO targets the highest risk, hardest to serve individuals. We recruit directly from parole and probation officers, optimally within the first 90 days of release. Everyone who comes to CEO is unemployed. We don't screen for attitude, education, or experience. Our ideal client is someone who needs a job and is likely to fail in their reentry without a targeted intervention. Forty-three (43) percent of our participants are young adults, under 26 years of age. Nearly 1 in 2 is a parent. Half have never worked, and only 10% have any education above high school or its equivalent.

Phase I: Pathways to Employment

CEO's program begins with a brief life skills education course called "*Pathways to Employment*" in the first week, where participants learn best practices for applying to jobs, interviewing, and overcoming the stigma of a conviction. The class functions as an onboarding to CEO. CEO also works with participants to procure all necessary identification documents, removing a frequent barrier that prevents them from legally stepping onto a job site and receiving a paycheck.

Phase II: Transitional Employment

After graduation, participants are immediately eligible to begin working on a CEO transitional job site four days a week. Across the country, our social enterprise has 70+ work crews that provide basic maintenance and custodial services to public and private sector customers. For example, in New York City, crews maintain eight college campuses in the City University system; in Oklahoma, they are helping build homes for tornado victims; in Philadelphia, they are helping maintain city parks; and in Colorado, Ohio, and California the crews perform litter abatement for state departments of transportation. The crews work in groups of 5-7 people and are overseen by a CEO

site supervisor. At the end of every shift they are evaluated on their performance and paid. Participants develop basic workplace skills in a supportive, work-based learning environment. Working for CEO gives participants an opportunity to earn income within one week of enrollment, building income stability during a vulnerable period post-release.

Phase III: Full-time Job Placement

Concurrent with working a transitional job, CEO participants receive a full suite of vocational services. CEO uses the experience gained on transitional work sites to develop participants' competencies and place them in jobs with permanent employers. CEO's Business Account Managers focus on building relationships with local businesses and filling job orders to match participants to employer specifications. Businesses value CEO as a ready source of job-ready labor that can fulfill their hiring needs.

Phase IV: Job Retention

CEO recognizes the tenacity required of participants to remain connected to the workforce. Participants receive retention services from CEO for a full year after job placement. CEO's team of dedicated Retention Specialists provide services include workplace counseling, crisis management, and career planning. An incentive-based program, Rapid Rewards, provides monthly payments to enrolled participants who attain retention milestones.

CEO's Evidence Base of Effectiveness

Outcomes-based non-profits such as CEO provide insight for how SNAP E&T programs can improve results and put federal resources to better use. This is important particularly as SNAP E&T 50/50 partnerships have an increased focus on the rigor and evidence of these programs.

CEO has replicated its model with fidelity in sites across the country because we know it works. In 2004, CEO participated in the U.S. Department of Health and Human Services' Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project. As part of this project, the independent evaluator MDRC conducted a three-year random assignment evaluation of CEO that also included a sophisticated benefit-cost analysis by the Vera Institute of Justice.

The evaluation of CEO was one of the most rigorous tests of an employment program for former prisoners in recent years. The three-year evaluation found that CEO significantly reduced recidivism.

The largest impacts occurred among former prisoners who enrolled shortly after release -- the core group of people targeted by CEO -- as well as those who were at a higher risk for recidivism. CEO substantially increased employment early in the study period, although several of the effects faded over time. A benefit-cost analysis in the study shows that CEO's benefits significantly outweighed its costs.

The study of 977 former prisoners used a random assignment design, comparing outcomes for individuals assigned to the program group, who were given access to CEO's services, with the outcomes of those assigned to the control group, who were offered basic job search assistance at CEO.

The Results: Program Impact

- CEO significantly reduced recidivism with the largest impacts for the group of participants recently released from prison. This group was significantly less likely than control group members to be arrested (49 percent, compared with 59 percent); convicted of a crime (44 percent, compared with 57 percent); or incarcerated (60 percent, compared with 71 percent). These impacts represent a reduction in recidivism of 16 to 22 percent across the three outcomes. Such reductions in recidivism are difficult to achieve and have rarely been seen in rigorous evaluations similar to this one.
- CEO's impacts were stronger for those who were more disadvantaged or at higher risk of recidivism. Among the subgroup with four or more prior convictions at the time of study, CEO reduced convictions for new crimes by 12.8 percentage points. For CEO participants without a high school diploma and for those considered to be at high risk of recidivism, there was a reduction in the number of days spent incarcerated. For those at high risk of recidivism, post-program (years 2-3) average quarterly unsubsidized employment increased by 11 percentage points (27 percent of program group members compared to 16 percent of the control group).
- First year improvements in employment outcomes were substantial (24.5 percentage points) driven by participation in transitional jobs, but the findings were not statistically significant in years 2 and 3 of the study. **At the time of the evaluation, CEO had only just begun its job retention program, a set of services to support participants on the job for one year. Over the last 9 years, CEO has doubled its internal 180- and 365-day job retention outcomes.** For the recently released

subgroup CEO had some positive impacts on other measures of post program employment.

- CEO's financial benefits far outweigh its costs. The total financial benefits of CEO were as high as \$3.85 for every \$1 invested in the program. Put another way, the total financial benefit equaled \$10,300 per person served. Over 80 percent of CEO's cost impacts were taxpayer benefits that came in the form of reduced criminal justice expenditures, primarily due to lower utilization in prison and jail beds. When viewed through the lens of taxpayer benefits only, the financial benefits of CEO were still as high as \$3.30 for every \$1 invested in the program, or \$8,300 in savings for every person served.

Expanding Evidence Based Practices within SNAP E&T

CEO began operating as a SNAP E&T partner in New York in 2009. In that time, we have served more than 1,600 individuals and leveraged nearly \$2 million dollars of 50/50 funding in New York state alone. Without this program CEO could not have provided services to many of these people. Our current FY17 New York SNAP E&T contract requires us to enroll 213 SNAP recipients annually - to date we have enrolled 513 and secured the full 50 percent portion of our match. That CEO has raised the resources to meet the matching requirement underscores the effectiveness of federal resources to leverage new funding to enhance service capacity.

CEO's experience as an E&T partner in New York led us to develop similar partnerships as we replicated CEO's program. Over the last ten years, CEO has expanded its program to Oklahoma, California, Pennsylvania, Ohio, and Colorado. Building upon our experience in New York, we worked with state leaders to build third-party partnerships and begin leveraging 50/50 funds.

CEO's expansion in Pennsylvania and Ohio represent good models for leveraging SNAP E&T dollars. In Pennsylvania, CEO established a strong partnership with the Department of Corrections to provide vocational services to men and women returning home to Philadelphia after their release from prison. The state was interested in replicating CEO's services in Pittsburgh and Harrisburg but could not cover the full costs for CEO. As we began exploring options for launching and sustaining these new sites we began working with Pennsylvania's Department of Human Services (PADHS). They were interested in building a robust third-party partnership network to enhance the effectiveness of their SNAP E&T program. Building upon our experience in New York, CEO worked with PADHS to launch a 50/50 program in Pittsburgh in 2016, with programs coming online in

Harrisburg and Philadelphia later this year. CEO is leveraging earned income generated from our transitional jobs social enterprise and funding from the Pennsylvania Corrections Department to match the federal government's 50 percent funds. In all three locations, almost all CEO participants are eligible for SNAP benefits and will receive tailored employment services that they would not have received otherwise. If not for CEO's intervention, most of these individuals would remain unemployed and could quickly lose SNAP benefits given their inability to meet the work requirements.

CEO's expansion in Ohio offers a similar model. Ohio's Department of Rehabilitation and Corrections (ODRC) was interested in CEO's expansion into Ohio to provide employment services to its returning citizen population. The Ohio Department of Jobs and Family Services (ODJFS) which administers the SNAP program was also interested in developing a statewide initiative targeted towards the formerly incarcerated. ODJFS had not yet implemented a statewide 50/50 funding E&T program but was encouraged based on USDA Food and Nutrition Service's (FNS) outreach to states about establishing E&T programs. In the spring of 2017, ODJFS issued an RFP for a contractor to provide SNAP E&T services in Columbus, Cincinnati, and Cleveland with capacity to expand to additional cities in future years. CEO was awarded a \$1.5 million contract which provided the funding necessary to launch in all three cities and provide employment services to men and women recently released from prison.

Not only did the 50/50 funds enable CEO to bring its evidence-based program to Ohio, but we were also able to combine funding from several departments – ODRC, ODJFS, and the Ohio Department of Transportation (ODOT) -- to provide a top-quality program that addressed two of the state's overarching objectives: reducing recidivism and poverty. Once all three CEO sites have launched we will serve approximately 300 people per year with plans to increase this capacity in future years.

CEO's partnership with SNAP E&T administrators has benefitted our participants greatly. Today, CEO has built the capacity to serve 1,250 participants annually in SNAP E&T programs and leverage \$2 million annually from 50/50 match funding. As importantly, we have developed a considerable amount of expertise about the program and have been able to work alongside our public partners to strengthen their programs. In addition to New York, Ohio, and Pennsylvania CEO began operating as an E&T partner in Oklahoma this year and will begin new contracts in California and Colorado in FY18.

With continued funding for states that operate effective public-private partnership models, other non-profits can scale in a similar fashion and help state governments decrease their SNAP populations.

CEOis not a one-size-fits-all program however, and even as CEO continues to grow we can never meet the employment and training needs of all SNAP recipients. Therefore, we encourage our state partners to build relationships with other evidence-based community partners. By building robust networks of public-philanthropic-private partnerships states can provide specialized services for SNAP recipients.

Recommendations for the Committee

- **Continue to fund SNAP E&T and expand support for evidence based practices:** For more than 30 years the SNAP E&T program has provided critical support to individuals seeking employment and food assistance. These two needs, essential for maintaining economic security and family health, have been met through programs designed at the state level that meet local needs. We urge the Committee to continue funding for this program and add an additional \$100M for a new initiative allowing states to design programs that employ strategies that have been proven effective through rigorous evaluation to increase employment or reduce hunger and offer other positive societal benefits.
- **Maintain flexibility, while prioritizing evidence-based initiatives:** A hallmark and strength of the E&T program is the flexibility that states are given to administer programs responsive to local needs. Since its inception, most of SNAP E&T programs were comprised of job search activities and workfare components. A growing collection of literature shows that effective employment and training programs incorporate multiple, intensive training approaches for extended periods of time. We recommend maintaining the flexibility of 50/50 funds, while encouraging states and counties to innovate and use more intensive, evidence-based practices in the design of their SNAP E&T initiatives.
- **Evaluate, iterate, and improve:** The ten pilots authorized in the 2014 Farm Bill all

include rigorous evaluations. These evaluations will expand our knowledge of what practices work best for different SNAP recipients in different geographies. Given the diversity of SNAP recipients - working and non-working; rural and urban - we recommend continued support for evaluations of all kind (experimental and quasi-experimental) as well as better data collection to build a knowledge base that can improve employment and training services for SNAP recipients. It is also important that evaluations are considered one data point on a path of continuous learning. Evaluations should be used to strengthen and bolster the E&T program. Even when studies don't show dramatic impacts, we can learn from these findings and create stronger programs for the future.

- **Increase capacity for state and local governments:** CEO's experience has demonstrated that a diverse group of states has strong interest in expanding their SNAP E&T 50/50 initiatives. For some, the program design, technical requirements, and procurement have been a hurdle to reach implementation. We recommend that the next Farm Bill dedicates technical and financial support to states looking to expand their 50/50 programs using evidence-based approaches.
- **Recognize unique barriers of SNAP Recipients:** SNAP recipients face a range of barriers to entering the workforce and building economic security. Careful consideration of these barriers should be taken into account when establishing limits on SNAP participation. For example, many CEO participants who qualify as able-bodied adults without dependents (ABAWDs) could lose SNAP benefits if they exceed 3 months of unemployment in a 36-month period. Due to their status on community supervision (probation and parole) many cannot meet this employment threshold because of other obligations -- mandatory parole visits, court-ordered substance abuse counseling -- or limited job options due to lack of public transportation and suspended driver's licenses, among many other barriers. Given these and many other unique barriers we recommend revisiting certain work requirements that may hinder SNAP recipients' transition to financial stability.
- **Align SNAP E&T programs with other Workforce Programs:** SNAP E&T is one of the few employment and training program focused solely on lower skilled individuals. The

program's flexibility allows states to create effective employment and training programs that can help SNAP recipients build basic but essential work habits necessary for job retention. Many other workforce development systems such as WIOA offer critical workforce development services but can be difficult for SNAP recipients to access because of barriers to entry. We recommend that Congress include language in the 2018 Farm Bill that encourages SNAP Administrators to work with state Departments of Labor, State Workforce Boards, and other workforce entities to create a more seamless continuum of training that allows SNAP recipients to access higher-skilled workforce training after they complete E&T programs and are progressing in their careers.

- **Encourage public-private partnerships:** SNAP E&T programs utilizing public-private partnerships have shown positive results. Washington State's BFET program leverages collaborative partnerships with state, educational, and community agencies to provide services has helped thousands of citizens obtain and retain employment. We recommend including language in the 2018 Farm Bill to reward states for developing robust public-private partnership networks for employment services. This is similar to how the 2002 Farm Bill offered bonus grants for states demonstrating high program quality.
- **Create a SNAP E&T Data Warehouse:** As we continue to build our knowledge of what works in SNAP ET through impact evaluations, there is still more we can learn through collecting and disseminating output data and basic information on SNAP and SNAP E&T participants. FNS has done a great job with the content on their SNAP to Skills Portal and should continue to share data and content through these channels. There is still a lot more that states and providers can learn about the demographics and outcomes of SNAP E&T participants that can inform decision making on program design moving forward.

Testimony of
Dr. Diane Whitmore Schanzenbach
Director, Institute for Policy Research
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on the subject of “Nutrition Programs: Perspectives for the 2018 Farm Bill”
before the U.S. Senate Committee on Agriculture, Nutrition and Forestry
September 14, 2017

Chairman Roberts, Ranking Member Stabenow, and Members of the Committee:

Thank you for the opportunity to appear before you today at this hearing on nutrition programs in advance of the 2018 Farm Bill.

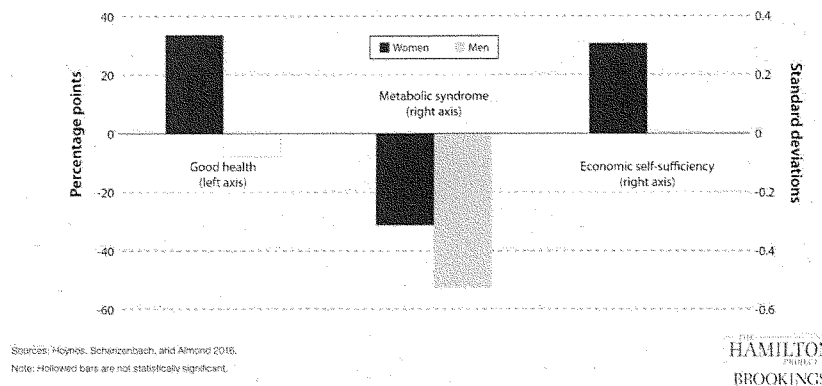
My name is Diane Schanzenbach, I am Director of the Institute for Policy Research at Northwestern University, where I am also the Margaret Walker Alexander Professor of Social Policy and Economics. For the past two decades, I have conducted and published numerous peer-reviewed research studies and book chapters on SNAP. I also study childhood obesity, food consumption, and food insecurity. I recently served as a member of the Institute of Medicine’s Committee on Examination of the Adequacy of Food Resources and SNAP Allotments. My testimony today draws primarily from research that I have conducted or reviewed that considers the role of SNAP and other influences on food consumption, food insecurity, and economic well-being.

SNAP is a highly efficient and effective program, designed to work through the normal channels of trade by supplementing the cash resources that a family has to purchase food, so that between SNAP and their other income they can afford to buy a sufficient diet. Average monthly benefits in 2016 amounted to \$255 per household, or \$126 per person—which come to about \$4.20 per person per day. SNAP kept 8.4 million people out of poverty in 2014 (the most recent data available), including 3.8 million children. It also lifted 2.1 million children out of deep poverty (Sherman & Trisi, 2015). SNAP is efficiently targeted to families who need benefits the most, reduces the likelihood that families have trouble affording food, and serves as an automatic fiscal stabilizer in times of economic downturns. SNAP also offers vital long-term benefits to children. Research has shown that SNAP provides key benefits across people’s lives, boosting health and self-sufficiency outcomes. Recent research that I conducted found that those who had access to SNAP benefits as children were more likely to graduate from high school and grew up to be healthier; women in particular were more likely to become economically self-sufficient due to childhood access to SNAP benefits, as shown in Figure 1.

Figure 1.

Impact of access to food stamps during early life on adult health and economic outcomes

Access to food stamps in early life improves health outcomes in men and women and economic self-sufficiency in women later in life.



A key reason for SNAP's success is that it relies on the private sector to provide efficient access to food through grocery stores and other retail outlets. The program's reliance on the free market system has been a critical feature of SNAP from the beginning.

Characteristics of SNAP participants

SNAP serves a diverse caseload. The overwhelming majority of individuals who participate—nearly 80 percent in 2015—are children, seniors age 60 or older, disabled, or working adults. Overall, about 32 percent of households had earned income in 2015, a rate that has consistently climbed over the past two decades. Among SNAP households without elderly or disabled members, at least one adult is employed in more than 60 percent of households with children, and there is no evidence that SNAP has a sizeable negative impact on employment. Some 22 percent of recipient households report having no cash income.

Impacts of SNAP on the economy

SNAP provides many benefits to both individuals and society. It benefits the wider economy by providing an effective economic stimulus in difficult economic times, and by also ensuring that recipients preserve their ability to buy food. By design, SNAP can very quickly adapt to economic downturns. As more households become eligible for the program—for example, due to job loss—they can be quickly enrolled, with total program outlays automatically increasing along with need. SNAP payments and caseloads increased in the wake of the Great Recession, but have been falling since their peak at the end of 2012, with the Congressional Budget Office predicting further declines in the coming years in response to a strengthening economy (Rosenbaum, 2017).

SNAP has an important stimulus impact on the economy. Its recipients quickly spend the benefits, providing a relatively rapid fiscal stimulus to the local economy including the retail, wholesale, and transportation systems that deliver the food purchased. The USDA estimates that every \$5 in new SNAP benefits generates as much as \$9 of economic activity. This translates into almost 10,000 jobs from \$1 billion dollars in total SNAP spending (Hanson, 2010). Alan Blinder and Mark Zandi (2015) have found that Congress' authorization of a temporary SNAP increase during the Great Recession had a larger fiscal stimulus impact than any other potential spending increase or tax-cut policy.

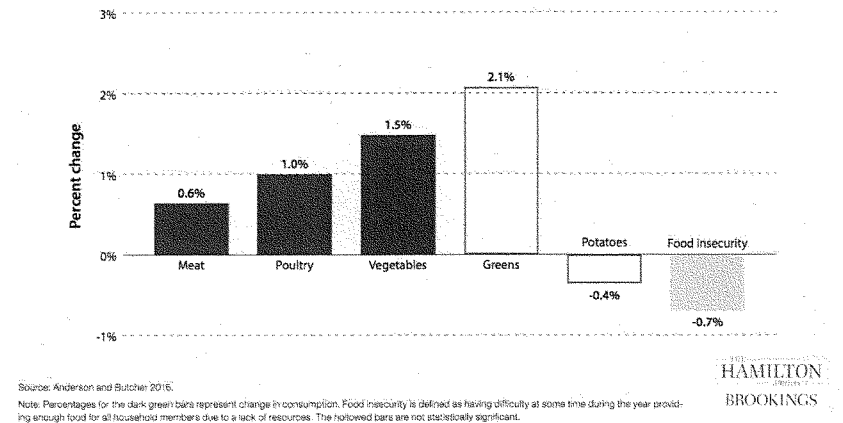
SNAP's entitlement structure, therefore, is one of its greatest strengths. Block granting or otherwise capping the program would fundamentally undermine its stabilizing impact on the macro-economy. If the program does not automatically expand during economic downturns, some families who would normally be eligible during such downturns might not receive benefits. Even though Congress could allocate additional resources in times of economic need, this would necessarily come with delays, reducing our nation's ability to quickly stimulate the economy and help lower-income Americans who are particularly vulnerable at such times.

SNAP Improves Diets

One of SNAP's primary benefits is that it provides consumption insurance for families who experience temporary economic setbacks. By increasing resources available to purchase food, SNAP increases food spending, lifts millions of people out of poverty, reduces food insecurity, and improves both the quantity and the quality of foods purchased. When families receive SNAP, they are able to buy more nutritious foods they otherwise could not afford. A recent study found that a monthly \$30 increase in SNAP benefits would increase participants' consumption of nutritious foods such as vegetables and healthy proteins, while reducing food insecurity and fast-food consumption, as shown in Figure 2 below (Anderson & Butcher, 2016).

Similar impacts were found in a randomized-controlled trial of a Summer Electronic Benefits Transfer (EBT) program that gave families \$60 per month in benefits per eligible child during the summer months to offset the loss of school meals. The study found that those children assigned to receive additional benefits improved their diets, consuming more fruits, vegetables, whole grains, and dairy products, and fewer sugar-sweetened beverages (Gordon et al., 2016).

Figure 2.
Estimated Impact of a \$30 Increase in Monthly Per Capita SNAP Benefits



Long-term benefits from SNAP

Recent research has documented important benefits of SNAP beyond the short-term “in the moment” reductions in poverty and food insecurity. **SNAP is a very good investment that helps prevent lasting negative effects of inadequate childhood resources, demonstrably improving children’s health in the short, medium, and long run, and their economic outcomes in the long run.**

A series of papers that I coauthored with Hilary Hoynes and Douglas Almond studied birth cohorts that had differential access to SNAP—then called the food stamp program—when they were in utero and during their childhoods. Congress phased in the program across different counties over the span of a decade, which provides the opportunity to statistically isolate the program’s impact by comparing children born at different times—and living in different counties in the same states—during the rollout period.

We find that when a pregnant woman had access to the program during her third trimester, her baby not only weighed more at birth, but the newborn was also less likely to weigh below the clinical threshold of low birth weight. (A child that has a weight below this clinical threshold is more likely to encounter health and development problems.) The improvements seen from SNAP were largest among the babies with the lowest birth weight, and in counties with the highest poverty rates (Almond, Hoynes and Schanzenbach, 2011).

Subsequently, we were able to directly investigate the impact of access to the program on a host of adult economic and health outcomes for individuals who had differential access to the Food Stamp Program during their childhoods in the 1960s and 1970s. We found that adult

health—measured as an index comprising obesity, high blood pressure, diabetes, and other measures associated with metabolic syndrome—was markedly improved if the individual had access to the safety net during childhood. **Food stamp access increased the high school graduation rate by 18 percentage points.** Looking at a broader range of economic and education outcomes, among women food stamp access improved an index of adult economic outcomes including higher earnings and educational attainment, and reduced the likelihood that they would become reliant on the safety net during adulthood. In other words, in households with young children, SNAP is not a “welfare trap.” Instead, it is the opposite: By providing critical benefits to children at important stages of their development, it apparently allows them to invest in the skills that, in turn, will enable them to escape poverty when they grow up (Hoynes, Schanzenbach, and Almond, 2016).

Analysis of potential reforms to SNAP eligibility

SNAP is effective, and it would be even more effective if the benefit were better aligned with families’ needs. Today, food preparation is dramatically different from when SNAP was introduced. High-quality prepared and convenience foods—pre-washed bagged salads, cleaned baby carrots, rotisserie chickens, etc.—have helped reduce the time it takes to prepare meals, and has helped drive a shift in time use (especially among women) away from food preparation and towards other productive activities, such as nurturing children and paid employment. SNAP benefits, however, are based on an increasingly outdated formula that assumes that household recipients can allocate a substantial amount of time to prepare meals from scratch (Ziliak, 2016). Evidence suggests that even a modest, \$30-per-month increase in SNAP benefits would improve dietary quality and reduce food insecurity.

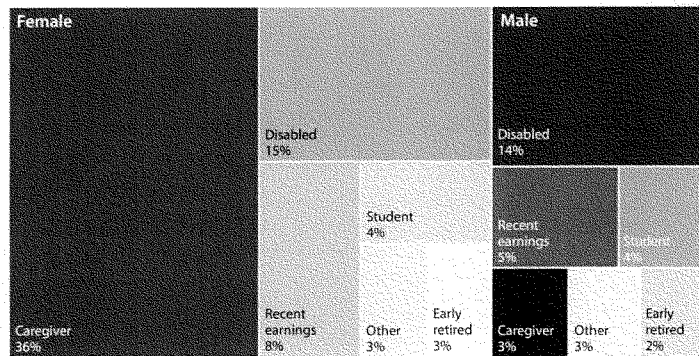
SNAP could use market-based policies to encourage participants to consume a healthier diet. Over the past decade, fresh fruits and vegetables have become relatively more expensive compared with foods considered less healthy. In response, market-based policies can increase the affordability of healthy foods and provide incentives for SNAP participants to purchase them. One approach that merits further consideration is the USDA’s randomized controlled pilot trial of the Healthy Incentives Pilot in Massachusetts. This pilot program gave SNAP recipients an immediate 30-cent rebate for every dollar they spent on a narrowly defined group of fruits and vegetables. **In response to this price rebate, consumption of the targeted healthy foods increased by 25 percent.** In recent years, many other incentive strategies have been funded through the Food Insecurity Nutrition Incentive (FINI) program authorized by the 2014 Farm Bill. For example, some programs have allowed SNAP participants to double their food dollars for purchases of fruits and vegetables at farmers’ markets and grocery stores. To date, these programs have been successful. Exploring ways to replicate or scale these types of programs nationally would provide a constructive and effective path forward toward increasing healthy food consumption by SNAP recipients.

Research has documented the importance of adequate nutrition in early life on later-life health and economic outcomes. However, WIC participation rates are quite low among children; while 84 percent of eligible infants participate in WIC, the share drops to 33 percent by age 4. All pregnant and postpartum women, infants, and toddlers on SNAP are automatically eligible for

WIC. Measuring and establishing performance metrics for cross-enrollment of eligible SNAP participants into WIC, similar to the performance metrics for the National School Lunch Program, would turn needed attention to serving this important and vulnerable group.

With recent declines in our nation's labor force participation rates, I expect that there will be a lot of discussion at this hearing about work and those who are not employed. I want to call your attention to a recent report I did on why prime-age Americans are not participating in the labor force. In 2016, more than 70 percent of labor force nonparticipants reported that caregiving, disability, or early retirement kept them out of the labor force, as shown in Figure 3 below. Another 13 percent were not in these categories but had recent earnings, indicating that they had been employed at some point during the previous year (Schanzenbach, Bauer, Nunn, and Mumford, 2017).

Figure 3.
Classification of Reasons for Prime-Age Nonparticipation, by Gender



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Source: Current Population Survey Annual Social and Economic Supplement, Bureau of Labor Statistics 2016 and authors' calculations.

As an economist, I am deeply concerned about those who quit looking for work and drop out of the labor force, and in particular, about those in this group with low levels of education. However, reforms to SNAP are likely not the means to solve this problem. **Using SNAP as leverage to motivate this group to work would not address their barriers to work and could even be harmful.** While SNAP might be a good venue to identify and connect nonparticipants to job training, placement, and other forms of assistance, this should be done in a way that preserves their access to food benefits.

Some discussion has taken place about further restricting benefit eligibility for so-called “ABAWDs” (Able-Bodied Adults Without Dependents), or those who are not elderly or disabled, and are not living with children. In 2015, approximately 10 percent of individuals receiving SNAP fell into this category. Typically located in one-person households, ABAWDs are eligible for modest benefits, with a maximum benefit amount of just under \$200 per month and average benefits of approximately \$160 per month, or \$5.30 per day. If an individual’s only resources come from SNAP, the maximum benefit level allows them to consume at a level equal to 20 percent of the poverty threshold. **In most of the United States, SNAP is the only safety net program available to ABAWDs** (Rosenbaum, 2013). **Many of those subject to the time limit face substantial barriers to employment, including low levels of education and criminal records** (Bolen & Dean, 2017).

In normal economic times, ABAWDs face strict time-limit requirements—they are allowed only 3 months of eligibility for SNAP unless the recipient is employed for at least 20 hours per week or is engaged in a workfare or training activity (not including job search). States are not required to offer a job or training program to individuals subject to the SNAP time limit, and the law limits the characteristics of training programs that a state can provide. As a result, the requirements are mismatched, not adequately meeting needs of the population to be served. The rule is also administratively complex, and one of SNAP’s most error-prone aspects (Bolen & Dean, 2017).

States are currently permitted to apply for temporary waivers to the time-limit rules in areas where it can be demonstrated that not enough jobs are available. States qualify for a waiver in all or part of their state under the following conditions:

- they have eligibility for extended unemployment insurance benefits;
- they had a recent unemployment rate above 10 percent;
- they had a recent 24-month period during which the average unemployment rate was elevated 20 percent above the national unemployment rate during the same time;
- or the U.S. Department of Labor designates the area as a Labor Surplus Area.

Waivers are typically granted for one year.

The option to pursue temporary waivers to the 3-month time limit in unfavorable economic conditions is an important design feature of SNAP, enabling the program to respond quickly to sharp economic downturns and provide automatic countercyclical government spending. It does not, however, address the problem these individuals can have finding stable employment

in areas of low unemployment. Individuals with limited education, health issues, etc., can struggle to find and maintain consistently 20 hours a week of employment.

A related problem is the limited funding for job training programs and the narrow definition of allowable work; the requirement that job training programs last 20 hours per week under the rule limits states' flexibility on how to engage their caseload in work activities when time limits are not waived. As a result, when waivers are not in place the rules might undermine states' abilities to craft work requirements that are tailored to their needs—including local economic conditions and available education and job training programs. **A more robust investment in the SNAP employment and training program for ABAWDs would support states' efforts to move more participants into the workforce.** Ideally, this would be coupled with an easing of the time limit, such as redefining eligibility to 6 months out of 12—which passed out of this Committee in its 2002 and 2008 Farm Bill proposals. This would give individuals more time to find a job and to experience a month or two of employment with less than 80 hours of work per month without losing access to food benefits. The 2013 Farm Bill authorized 10 employment and training pilots to test new approaches to job training. At least two of these pilots are for individuals subject to the time limit. These pilots will offer meaningful evidence to this Committee, and they should inform your consideration of new options to assist this very poor population.

Make Federal investments in reducing fraud and error

Two recent innovations have been successful at further improving the program's fidelity, and merit expansion.

First, the National Accuracy Clearinghouse (NAC) now monitors for dual SNAP enrollment across multiple states. Dual enrollment might occur, for example, if parents living in different states and sharing custody each claim the same children on their SNAP application, or if a participating family moves across state lines, enrolls in SNAP in the new state but fails to discontinue enrollment from the prior state. The NAC established a shared cross-state database of SNAP eligibility, updated daily, to monitor dual enrollment. The Committee might want to consider the impacts of expanding this initiative.

Second, providing access to the "work number" service, which provides real-time data on employment and wages, can be used for data verification. Currently, states must purchase the service (although since the Federal government matches the state's administrative costs, it already pays for half of the total cost of accessing the service). Not all states currently participate, but Federal support for the service would expand its use. In addition, the Federal government already provides states access to the service for their Medicaid programs. Federal support for purchasing the service through Medicaid could be offered to states for SNAP, reducing total costs to the programs.

Conclusions

Strengthening SNAP and reducing food insecurity in the more than 22 million U.S. households that receive nutritional assistance on a monthly basis is a smart public investment that will improve both public health and economic growth.

Thank you, and I look forward to answering any questions you might have.

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Prepared Testimony and Statement for the Record of

Jimmy Wright, Owner, Wright's Market

Hearing on

"Nutrition Programs: Perspectives for the 2018 Farm Bill"

Before the

United States Senate Committee on Agriculture, Nutrition, & Forestry

September 14, 2017

216 Hart Senate Office Building

Washington, D.C.

Good morning Chairman Roberts, Ranking Member Stabenow, and distinguished Members of the Agriculture Committee. My name is Jimmy Wright, and I am the owner of Wright's Market in Opelika, Alabama. It is an honor and a privilege to be before you this morning.

I have been asked to testify today by the National Grocers Association on behalf of the independent supermarket community. NGA is the national trade association representing the retailers and wholesalers that comprise the independent sector of the supermarket industry, including full service supermarkets such as Wright's Market, and multi-state regional chains. The independent supermarket industry is accountable for close to one percent of the nation's overall economy and responsible for generating \$131 billion in sales, 944,000 jobs, \$30 billion in wages, and \$27 billion in taxes. Defined as privately held, family owned, or an employee-owned business, independent supermarket operators run businesses of all formats and sizes, serving a wide range of customers in their local communities. Having often been in business for generations, independent grocers are dedicated to their customers, associates and communities.

Wright's Market is a family owned business. My store originally opened as a small 2100 sq. ft. convenience store in 1973. I worked there as a student in high school, and purchased the store from my previous employer in 1997. My store has expanded over the years to its current size of 22,000 sq. ft. We are a full-service supermarket and have accepted SNAP as a form of tender essentially since the store opened. Independent grocers like Wright's Market are uniquely positioned to serve their communities, and I am grateful to have the opportunity to give back in many different ways to my hometown.

During my testimony, I will share with you my experience on how retailers are serving low-income populations enrolled in the SNAP program. Primarily, I will detail Wright's Market's involvement with the SNAP Online Purchasing Pilot and share my thoughts on how online home delivery can be an effective solution that will address the problem of limited access to healthy foods in rural food deserts. I will also share some recommendations on how the SNAP program can be improved to most effectively serve low-income Americans while maximizing its value to the taxpayer.

In an effort to better serve our customers, we began a shuttle service three years ago called "Wright 2 U" for our customers who are unable to get to the store due to a lack of transportation. We launched an online ordering and home-delivery shuttle service for our customers in August of 2016. I have been very pleased with our success in the first year of operation. We currently serve the Opelika and Auburn areas of East Alabama. While much of the food industry has focused on pickup at the store, we have focused on home delivery.

Our success has given us a unique opportunity to participate in the SNAP Online Purchasing Pilot program. We are honored that we were selected in April of this year to participate in the program. I would like to thank USDA and FNS for the opportunity to be a part of this important work. I am very confident that we can execute in this model efficiently and effectively once the program goes live given our success with online and home delivery and our experience serving SNAP customers.

Almost 40 percent of the retail sales at Wright's Market are to SNAP customers. My employees and I understand the needs of SNAP beneficiaries extremely well. We meet many SNAP recipients who are struggling financially that are thankful for the safety-net the program offers. In my experience, most SNAP customers are hardworking people striving to get themselves off government assistance. We find that senior citizens often forgo SNAP benefits because of a generational attitude that generally eschews help from the government. No matter what the form of payment may be, we feel that each customer should be treated with the same respect and level of service.

Once the pilot is officially launched, I am excited for the prospect of using our online program to address the issue of food access and food insecurity in the rural areas of East Alabama. When people hear the term "food desert", they typically think of large urban settings such as Chicago or Philadelphia, where there may be areas with thousands of people without access to a full-service supermarket. In urban areas, the population density will support a full-size brick and mortar supermarket. However, in Alabama, we find ourselves facing a very different situation. We have many areas in our state that are true food deserts, with only a few hundred to a thousand residents. Even though these numbers are small compared to the urban areas, the need for access to fresh and healthy foods is the same. The challenge is that small towns in rural areas do not have the population density to support a profitable full-service brick and mortar grocery store. These areas typically feature small convenience stores that are unable to supply a variety of fresh meat and produce due to supply chain issues. My plan is to use online technology to afford rural customers the ability to order online and have full access to our store's entire inventory of over 12,000 items including a full variety of fresh meat and produce.

To make this delivery model a reality, I am working with the Hunger Solutions Institute and the Alabama Cooperative Extension Community Health Coordinator for SNAP Education at Auburn University to develop two delivery routes. One route will serve the Opelika/ Auburn area and the other will serve the surrounding rural areas that I have described. These areas are in a 20-30 mile radius of Wright's Market. We plan to identify central delivery points, such as churches or community centers, where volunteers and employees will later drop off orders to residential locations. Prior to the launch, we plan on having community meetings to offer training on how to use the program and address any issues with access to technology. The Cooperative Extension Service and SNAP Education Coordinator will offer SNAP recipients classes on smart, cost-effective shopping and healthy meal planning.

In addition, we're hopeful that we can add a healthcare component to this model. While access to fresh food in rural communities is a huge issue, access to healthcare can often be worse. With many of the rural hospitals and clinics closing, patients are often left miles away from the nearest healthcare provider. Unfortunately, many of the residents in these areas will forgo preventive checkups and treatments due to lack of available care until they become sick and find themselves in the Emergency Room. Many serious and life-threatening conditions can be prevented through regular checkups with a healthcare professional, so we are working on a partnership with East Alabama Medical Center, our local hospital. We plan to have a Physician Assistant, Nurse Practitioner, or RN accompany our delivery vehicle and provide health screenings and disease treatment at food delivery locations.

My goal with the online pilot program is not only do a good job with getting food to SNAP recipients by being a good steward of the opportunity the USDA and FNS have given me, but also to develop a more holistic model. Along with the food and health care components, I believe we could even expand its mission to include job skill training for the unemployed and programs to strengthen educational offerings for children.

I have always looked at my business two ways. The first is the transactional side. We compete against the biggest and the best and must execute, efficiently and effectively, to be profitable and survive. The second is the relational side. This is where I feel we can succeed the most using this online pilot. I am confident that we can develop a model that is both High Tech and High Touch. We can use technology to be economically sustainable and also have a positive impact on the citizens and communities we serve in ways other than just delivering food.

As soon as we get the signal from USDA, we stand ready to begin implementing the online pilot program. While I understand there are complicated issues at play on the technology side, I am confident that we can resolve these technical problems if we all put our heads together and push forward on our shared goal.

As the Committee continues to explore ways to address food insecurity, I would like to share some other ideas for SNAP program delivery improvement from the independent grocer's perspective. In my opinion, we could be doing more to speed up the approval process for new SNAP authorized retailers, especially in food insecure areas. For example, back in 2012, I formed a relationship with Focused Community Strategies (FCS), an Atlanta based non-profit ministry that is working to revitalize a neighborhood in south Atlanta. In 2015, I worked with them to open the Carver Neighborhood Market in an area that was previously a food desert. FCS wanted to convert an old thrift store into a small grocery store. Prior to the opening of Carver Neighborhood Market, the nearest supermarket was three miles away. This short distance was often a three hour round trip bus ride for many residents of the neighborhood. From the beginning, we knew we would struggle to supply the store. Contracting with a traditional wholesaler wasn't going to be an option available to Carver since the projected sale volume would be fairly low in comparison to a larger store, so I offered to serve as their supplier. I have one truck that travels between Opelika and Atlanta to deliver to Carver Market. With Wright's Market's buying volume, it allows Carver Market to offer products to the residents of the neighborhood at affordable prices. This helps solve the two biggest issues in the food deserts of America -- accessibility and affordability.

Carver Neighborhood Market had a difficult time getting their SNAP license. To me, this represents a problem with how retailer applications are processed. Carver is a store that services an economically depressed area in a food desert, so participation in the program is essential to Carver's success. Representatives from Carver had their SNAP application pending for two months without response from USDA. NGA got involved in the process helped get the application approved after about three additional weeks of processing time.

I understand and appreciate that the USDA should not grant SNAP licenses to all businesses that request them, but I believe that an nearly three month wait time for approval, especially for a store opening in a food desert, is unacceptable. Carver was unable to open prior to receiving their

license since so many members of the community they serve are SNAP recipients. I would encourage the Committee to consider creating an expedited application process for applicants opening stores in a food desert. These business owners are working against many obstacles and taking on a lot of risk to open supermarkets in underserved areas, so I would like to see USDA be a better partner in this regard.

We also believe it is important for the USDA to become more efficient in processing applications for supermarket owners in good standing with the program who are opening additional store locations. It seems inefficient to force retailers in good standing at USDA to go through the same rigorous application process as stores initially entering the program. NGA has worked with stores that have been SNAP retailers for over 30 years without incident and still have to go through the same long application process when opening an additional location. NGA appreciates the work the USDA is currently undertaking to make this process more efficient for those operators with over ten stores, but would ask them to also prioritize streamlining this process for operators in good standing who own less than 10 stores. We would appreciate any improvements USDA can make to ease this process in the future.

As the Committee begins the hard work of reauthorizing nutrition programs in the Farm Bill, I'd like to offer a few more perspectives from the independent food retail community. We understand there's a desire from some Members of Congress to restrict the food choices of SNAP recipients. NGA believes this type of policy may make food insecurity much worse. SNAP choice restrictions would require federal government's identification, evaluation and tracking of the nutritional profile of the thousands of foods that are available in today's grocery stores, resulting in a "food code" as complicated as the tax code and unnecessary expanded bureaucracy in Washington. The dietary habits of SNAP and non-SNAP customers have been shown to be nearly identical by USDA. Good nutrition is important for everyone, but designating the government to prescribe Americans' food choices would likely have no significant impact on our waistlines or health. Currently no clear standard exists in the federal government for defining foods as good or bad, healthy or not healthy. With more than 650,000 food and beverage products on the market today and approximately more than 20,000 more introduced each year, creating those standards would be difficult, if not impossible. Restricting choice will not reduce the cost to taxpayers. Quite the opposite: according to USDA, identifying, evaluating and tracking the nutritional profile of every food available would be a substantial undertaking. This expanded bureaucracy would mean increased, not decreased, administrative costs. Managing a SNAP eligible foods list would be a difficult task that would have to be staffed, maintained and communicated to retailers, customers, and manufacturers on a real-time basis. Defining foods as "in" or "out" means federal bureaucrats picking winners and losers on grocery shelves and in grocery carts, increasing their influence over private enterprise and making decisions about what Americans can buy.

Federal action on SNAP choice could have far-reaching repercussions for independent supermarkets. The added cost to the retailer and inevitable stigma it would create for our SNAP customers would cause many of NGA's members to drop out of the SNAP program entirely. NGA members typically operate on a 1 to 2 percent profit margin, so the added cost of such a policy would be extremely difficult for supermarkets that serve a low-income population.

Similarly, NGA believes that proposals to block grant or to give states the ability to define SNAP benefits are also ill-conceived. If the SNAP program is turned into block grants, retailers will face a patchwork of at least fifty different SNAP programs, each with a different set of rules with different restrictions on eligible foods. Today's SNAP program is interoperable – participants can receive benefits in one state and make SNAP purchases in a neighboring state. This flexibility is crucial when the nearest store is across state lines or in times of disaster when residents are displaced from disasters, like millions of Americans are currently facing in the wake of Hurricane Harvey and Hurricane Irma.

NGA believes that policies designed to promote healthier eating and food choices should focus on providing incentives to low-income populations and expanding access to healthy foods. In addition to the SNAP Online Purchasing Pilot program, the Committee should work to reauthorize and expand programs like the Healthy Food Financing Initiative (HFFI) and the Food Insecurity Nutrition Incentive (FINI) program, which have been effective tools grocers use to combat food insecurity.

HFFI has been successful in getting grocers to invest in both rural and urban food deserts. It's important to remember that HFFI projects are by no means a government handout. To the contrary, a typical HFFI project has a grocer coming to the table with a significant investment of personal capital and through one-time resources such as a loan guarantee, grant or other expertise assistance that help make previously unworkable project turn into a viable investment that can service a low-income community. The Pennsylvania's Fresh Food Financing Initiative is a success story that we believe can be replicated on a larger scale. This program created or retained over 5,000 jobs in Pennsylvania, helped over 88 supermarkets and other fresh food retail, and resulted in projects totaling \$190 million, all with \$30 million in state seed money. This type of public-private partnership yields significant public health and economic benefits from a relatively small amount of public funding. While the 2014 Farm Bill authorized up to \$125 million for HFFI, very little funding for this program has been provided through the appropriations process. NGA urges the Committee to either commit mandatory funding to the program, or to work with the Appropriations Committee to approve additional funding.

The FINI program has also been a tremendous success in incentivizing healthy eating without mandating the purchase of healthy food. Participating NGA members have seen a dramatic increase in fruit and vegetable purchases among SNAP shoppers. In 2015, USDA reported that SNAP families used almost every incentive dollar they earned to buy more nutritious fruits and vegetables. More than 75 percent of shoppers reported they were eating healthier products. Participants reported that they spent almost 50 percent more on produce during the 2015 incentive program than they did over the same period in 2014. In addition to its public health benefits, the FINI program has increased many grocers' connection to local and regional agriculture producers. Many NGA members have developed relationships with local fruit and vegetable distributors that didn't exist in the past. Initially, the program was piloted at local farmers markets. While successful, there was a realization that offering the program at retail grocery stores would reach more SNAP customers and provide an opportunity to better evaluate SNAP recipients' purchasing habits over time because many grocers have the capacity to retain customer purchase data. We encourage the Committee to work with NGA staff to improve the

FINI program in a way that increases participation by grocery stores, and expands the geographic presence of the program so that it reaches more SNAP recipients in food insecure areas.

As I mentioned previously, the supermarket business is an extremely competitive and low margin enterprise. NGA is committed to ensuring the industry remains competitive, so we believe that adequate safeguards are needed to protect confidential commercial or financial information. That is why NGA recently filed an amicus brief with the 8th Circuit Court of Appeals in support of an appeal by the Food Marketing Institute in the *Argus Leader Media vs. USDA* lawsuit. The Argus Leader newspaper in South Dakota had sued USDA for SNAP retailer redemption sales data by store location. NGA has long fought release of this data arguing that retailer sales data is proprietary and confidential and should be exempt from Freedom of Information Act (FOIA) requests. We believe that our members, especially small retailers like Wright's Markets, would be at a competitive disadvantage if this information were to be made public. Without question, sales data, including SNAP redemption data, cuts to the core of the food retail industry and there is little doubt that some retailers will rely on this information to the financial detriment of other retailers. If store-level SNAP redemption data are disclosed, retailers will use that information in combination with existing data tools to reverse engineer total sales at competitor's stores. And gaining access to a competitor's store level data is the holy grail of the retail food industry. The result would be a windfall to big box retailers who would utilize this information to their advantage and crowd out smaller ones in markets where they do not currently have a presence. The release of store-level redemption data is also likely to harm the effectiveness of the SNAP program because many retailers are likely to withdraw from participation, thereby making it more difficult for beneficiaries to redeem their benefits. While we hope this issue will eventually be resolved in the Courts, NGA requests the Committee to consider legislative language clarifying that SNAP sales data is confidential financial information not subject to FOIA requests.

Finally, NGA remains concerned about efforts to undermine the existing prohibition on charging interchange fees on SNAP transactions. At least one State contracted SNAP Electronic Benefit Transfer (EBT) contractor is attempting to charge authorized retailers a fee to process SNAP transaction. In addition, we have learned that MasterCard is attempting to advocate for the removal of the the statutory prohibition on charging interchange fees to replace current EBT card with EMV chip cards. Their pitch rests on a complete lack of understanding of the SNAP program and offers solutions to problems that do not exist. First, EMV chips are designed to protect against bad actors counterfeiting credit and debit cards. We are unaware of a single incident in which an EBT card has been counterfeited, and there is no evidence to suggest this proposal would have any impact on efficiency and security of the program. Secondly, MasterCard says it will offer "data insights" and the ability to "add rewards for healthy eating," but reporting data that retailers provide the government is simply sales data that does not include information on what each customer bought. Therefore, there is no additional data to be obtained by the government. Finally, adding an interchange fee on SNAP transactions will have an inflammatory effect on the cost of goods, thereby reducing the buying power of a population that is most vulnerable to price fluctuations. NGA encourage the Committee to strengthen the statutory prohibition on the charging of interchange fees as it begins drafting the next Farm Bill.

The SNAP program, in my opinion, is one of the most important and efficient programs our nation offers. In our business, it creates jobs. In our community, it helps those who are in need. I appreciate your oversight of the program and your service and leadership of our nation.

Thank you for your time and I look forward to your questions.

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QUESTIONS AND ANSWERS

SEPTEMBER 14, 2017

Senate Committee on Agriculture, Nutrition, & Forestry
Nutrition Programs: Perspectives for the 2018 Farm Bill
Thursday, September 14, 2017
Questions for the Record
Mr. Gil Harden

Ranking Member Stabenow

- 1) During the hearing you mentioned that there are more than 40 types of errors that are typically found during the quality control process. Please list the types of errors you discovered. How many of these errors were the result of improper guidance from FNS as opposed to the States not following the guidance? What percentage of the QC errors would you say were unintentional, such as data entry errors or calculations based errors?

OIG Response:

In response to a question at the hearing, my intention was to comment on the 48 elements, not errors, checked during the QC process. Our audit found 48 elements are checked to identify and calculate payment errors. These elements pertain to the SNAP recipient's income, expenses, assets, and other qualifying information. If requested, we can provide the Committee with a list of the 48 elements that are checked during the QC process for errors.

Based on what we found, we did not structure our work to determine how many errors were the result of improper guidance from FNS as opposed to the States not following the guidance. We found instances where FNS' guidance to the States for verifying qualifying information was contrary to regulations. For example, FNS Handbook 310, which is the relevant FNS guidance used by the States, allows 24 (50%) of the 48 elements to be self-declared by the recipient. In addition, 43 (90%) of the 48 elements could be determined through a conclusion drawn by the QC reviewer that the information was likely to be true. Both of these situations allow the QC reviewer to accept the information in the eligibility file without verifying the information through third-party independent validation, which is contrary to SNAP regulations.

OIG could not quantify the errors that occurred as unintentional or intentional because State QC reviewers did not obtain from SNAP recipients the necessary documentation to verify the accuracy of their statements or information.

Senator Klobuchar

- 1) The SNAP error rate serves as an important measurement for awarding state bonuses for high payment accuracy. In Fiscal Year 2015 Minnesota was one of 11 states that had its error rate validated by USDA and, as a result, received a bonus payment. During USDA's audit and investigation into the national error rate in issuing benefits, was an effort made to determine what set those 11 states apart? Are there best practices to be gleaned from states like Minnesota?

OIG Response:

The eight States that were included in OIG's audit were California, Connecticut, Florida, Maryland, Nebraska, Texas, Vermont, and Wisconsin. We did not review Minnesota or the other 10 States where FNS was able to validate their error rates in Fiscal Year 2015. To our knowledge, unlike the States OIG reviewed, none of the 11 States whose error rates FNS validated used an outside consultant. Based on its administration of SNAP and its work on validating States' error rates, FNS should be better able to comment on potential best practices by States on this issue.

Senate Committee on Agriculture, Nutrition, & Forestry
 Nutrition Programs: Perspectives for the 2018 Farm Bill
 Thursday, September 14, 2017
 Questions for the Record
Mr. Brandon Lipps

Ranking Member Stabenow

- 1) The Food and Nutrition Service has made a number of efforts since the 2015 OIG audit regarding the potential unreliability of the SNAP payment error rate, including developing a new management evaluation guide to strengthen QC oversight, and providing training to both Federal and State staff. During the upcoming months as FNS works to craft the most accurate FY17 national payment error rate, what steps does FNS anticipate taking if any States still are continuing to operate outside of FNS guidance?

Mr. Lipps: FNS is monitoring States to be certain that corrective actions were properly implemented. If a State does not meet these corrective actions to FNS' satisfaction, the State may be subject to suspension or disallowance of the Federal share of funding for State administrative expenses. Suspension or disallowance of State administrative funds is at FNS' discretion for instances where States are non-compliant with Federal rules or performance standards. This option is exercised sparingly and with caution, as it can impact the State's ability to provide food to those most in need. Recent data has shown that States are improving the quality and reliability of their QC systems. FNS is continuing to provide technical assistance and working with States to ensure that SNAP error rates are based on a robust and consistent QC review process.

- 2) The application process for SNAP can be quite complicated. In some states, certain types of applicants such as senior citizens are able to complete simplified applications that are both in compliance with all of the requirements and regulations, as well as simpler for the applicant and SNAP eligibility worker. Would it help prevent payment errors if more States offered simplified applications for specific populations?

Mr. Lipps: Errors can occur when either State agencies or applicants make mistakes during the application process. While there are benefits to the simplified application process, there are also important policy implications to consider, including ensuring that clients are provided enough information to answer application questions accurately and provide States with sufficient detail to determine SNAP eligibility and benefit amounts.

- 3) Can you provide examples of the types of mistakes that could be made during the eligibility determination that could result in an error?

Mr. Lipps: Often errors are due to a failure to properly act on information or calculate household income and deductions. Errors can also be the result of data entry mistakes or lapses

in documenting changes to household information. Examples include failing to apply an earned income deduction to recipients who work, counting a household's tax refund as income when it should be excluded, and failing to report income. Most errors stem from unintentional mistakes on the part of the State agency or the household, not intentional actions to violate program rules.

- 4) There is a different process for monitoring how frequently states incorrectly deny, suspend or terminate benefits called "case and procedural error rates" or CAPERs, but I understand this process, historically, has been much less rigorous and states faced no penalties for these errors. Can you give us an update on what steps USDA is taking to address high CAPERs?

Mr. Lipps: Over the past several years, FNS has worked to provide more guidance to States on CAPER and how to improve these measures of customer service. This includes a new management evaluation that helps States identify the causes of CAPER errors and assists in the development and implementation of corrective actions to address those root causes. Since notices to clients are particularly error prone, FNS has issued specific guidance on how to create notices that are easily understandable to clients. Also, any State with a CAPER over the national average is required to submit a corrective action plan. FNS provides technical assistance to States as needed.

- 5) Do FNS reviewers receive training on how to conduct QC audits? Does FNS require ongoing training or continuing education for reviewers to ensure that they have a thorough understanding of the most recent FNS guidance and protocols for reviews?

Mr. Lipps: FNS staff conduct independent and thorough reviews of State submitted case information to ensure that the State is accurately identifying errors. FNS also conducts regular reviews of State processes to ensure they follow regulations and guidance. FNS reviewers are not auditors.

Following a 2016 update to the FNS Handbook 310, which is the guideline for conducting quality control reviews, all Federal reviewers received training which included refreshers of existing policy, as well as workshops on the changes to the handbook. Each regional office then conducted a similar training for their State agencies to ensure that changes were well understood nationwide. In 2016, FNS also released a comprehensive standalone training curriculum to all Federal reviewers. This training program was completed by all FNS reviewers during FY 2017.

- 6) In some states, FNS did not have complete access to all eligibility and reporting information within a state's Quality Control system. Did this have an impact on FNS' ability to appropriately review the states' QC performance?

Mr. Lipps: Yes. One of the challenges of the Federal review process is that Federal reviewers rely on State assistance to access case file information and other program data in order to conduct reviews. Access to State systems allows Federal reviewers more independence to conduct reviews without that reliance on the State agency.

- 7) How big is the problem of bias? How much do you expect the error rate to change when you issue the FY17 national rate?

Mr. Lipps: FNS uncovered bias in 42 of 53 State agencies. FNS has no way of determining with any precision, the impact of the bias on the error rate or of anticipating the amount of the error rate increase. The efforts undertaken by both FNS and State agencies to improve the integrity, reduce bias and strengthen oversight of the QC system will ensure that FNS can release an FY 2017 error rate in June 2018.

- 8) Of the bias that occurred in the QC system, what percentage would you estimate can be attributed to third party consultants? Error review committees? Other activities?

Mr. Lipps: Through FNS' reviews, we know that States were using a variety of activities to under report errors. As noted in OIG's audit report, FNS knows that some of the bias in State QC systems can be attributed to consultants who encouraged State agencies to take actions that are against Federal rules, including using error review committees to mitigate errors before reporting them to FNS. However, we cannot determine what percentage of actions are directly related to consultants. Ultimately, States are responsible for their QC actions, regardless of the advice received from consultants. Some actions may be attributable to misunderstandings of policy or from States sharing their techniques with one another.

Senator Patrick Leahy

- 1) We have heard frustration from both dairy farmers and food banks alike this year when dairy cooperatives and companies were faced with an oversupply of milk and a lack of processing capacity, that we saw millions of tons of milk simply dumped. There were some reports that U.S. farmers dumped over 40 million gallons of milk in 2016. It is unfathomable that at a time when we have so many people in this country going hungry, that after using so many resources, time, and energy to produce this milk that it would simply be dumped and go to waste rather than getting to those in need.
- a. What are some of the challenges facing USDA to help urge donations of that milk or a purchase at a reduced price in order to see it get to those in need, either as fluid milk or to have it processed into another product?

Mr. Lipps: Currently the U.S. dairy industry is experiencing steady increases in milk production while processing capacity is not expanding at a rate to accommodate the processing of all the milk produced. In most cases, the raw milk being dumped is not able to be processed into a consumer-ready product because manufacturing plants do not have available capacity. USDA maintains data on all milk losses, both raw and processed, that occur. The data includes raw milk not processed, processed milk returned from retailers, milk lost in processing accidents, and milk used for animal feed or in non-human dairy products. The data indicates the volume of the milk lost is less than 0.3 percent of approximately 60 percent of U.S. milk marketed under the Federal milk marketing order system on an annual basis. Typically, dairy farmers do not experience a full financial loss in their milk check from this "dumped" milk as cooperatives and processing

plants have contracts with producers determining the value to be paid for this milk. Federal milk marketing order provisions also ensure a value for this “dumped” milk.

There are potentially many challenges facing USDA on this issue. Three issues to highlight are: 1) Federal milk marketing orders require processed milk moving into the distribution system—even if through a Food Bank or low-income food program—to be priced according to how it is used (Class I value for fluid products, Class II value for soft dairy products, and Class III and IV values for manufactured products). If product is donated or sold at a lower value, the processor is still required to pay the full classified value of the product to be shared by dairy farmers; 2) Dairy products can be purchased for donations to feeding programs through the Section 32 commodity purchase program, but this requires the processing of raw milk which has been a challenge in some areas. However, if the dairy products are available, the monies available through Section 32 are not sufficient to purchase significant quantities of dumped milk and would have a negative impact on other agricultural sectors requesting USDA Section 32 purchases; and 3) USDA does not manufacture raw milk or have programs focused on increasing processing capacity for the excess supply of raw milk.

- b. What authorizations are needed to help USDA to facilitate those donations to food banks so our dairy cooperatives and processors are incentivized to make donations of fluid milk or other products rather than dumping that milk?

Mr. Lipps: The practice of making product for donations is not prohibited, there simply is not an exception in Federal milk marketing order provisions to exclude such milk from minimum payment obligations. Hence, USDA would need Congressional authorization to exempt handlers and cooperatives from pricing obligations on milk processed and donated to charitable organizations. One implication of such an exemption is lower returns to producers since producers currently receive a minimum value for the milk “dumped” while no payments would be required for the volume of milk donated if a pricing exemption were granted for donated milk. In addition, processors may experience greater manufacturing costs with no opportunity to recoup these costs, if the donated volumes exceed what might have normally been donated and these additional donations have a negative impact on overall dairy product sales.

- c. Do you have any existing programs or authorizations that could help to cover the costs dairy cooperatives and processors would have with packaging and distribution in order to make these donations a reality?

Mr. Lipps: USDA has no programs to help cover such costs.

- 2) FNS has continued to issue bonuses for timeliness and was also able to issue accuracy bonuses to 10 or the 11 states that produced verifiable accuracy results in FY15. Does FNS have any concerns about the reliability of data used to determine timeliness rates for states that received bonuses? Does FNS plan to issue bonuses this year?

Mr. Lipps: FNS is currently holding the timeliness bonuses for FY16 pending further review. Timeliness data is also generated using the QC process. Given the issues with the State reported

data used to calculate the SNAP payment error rates, FNS is reviewing the process used to calculate timeliness rates to ensure there are no concerns.

- 2) You indicated that FNS has contracted a study on the implications of moving from a two tier system to a single tier. When do you expect this review to be completed?

Mr. Lipps: FNS is conducting a study on the Feasibility of Revising the SNAP Quality Control Review Process. FNS expects to release the results of this study in June 2019. This study will identify the components and processes required by a one-tier process where one central organization within FNS conducts the QC reviews for all 53 State agencies. It also will assess the costs, staffing and organization changes, system requirements, data-sharing agreements, and access to State or other databases that are needed to convert the current QC review process to a one-tier review process conducted by Federal reviewers.

Senator John Hoeven

Following the committee's review of the Supplemental Nutrition Assistance Program (SNAP) last week, it is clear that the U.S. Department of Agriculture's Food and Nutrition Service is taking a renewed interest in reviewing the integrity and composition of USDA's nutrition programs. I applaud the agencies efforts and believe that broader improvements can be made beyond the SNAP program. In particular, the Fresh Fruit & Vegetable (FFV) Snack program is one that may benefit from further review so that more people can have access to fruits and vegetables.

Do you believe that USDA should explore if there are ways to ensure that nutrition programs, such as the FFV Snack program, can be more cost efficient, nutritious, and fulfill the purpose of the program to offer more fruits and vegetables to kids?

Mr. Lipps: Ensuring access to fruits and vegetables is an integral part of USDA's child nutrition program administration. That said, USDA is committed to continually reviewing all of our programs, including the Fresh Fruit and Vegetable Program, to ensure they are both meeting their statutory purposes and at the same time are cost effective.

Senator Michael F. Bennet

- 1) SNAP plays an important role addressing food insecure rural communities across the country by providing households with an opportunity to afford healthy and nutritious meals. In 2016, SNAP assisted nearly 70,000 Coloradans in rural counties. Through programs like the Double Up Food Bucks, local growers and producers also benefit. Across Colorado in places like Delta and Cortez, we heard about how these programs were important to the local agricultural community.
 - a. How would you build on these types of initiatives?

Mr. Lipps: Programs of this kind are supported robustly by the Food Insecurity Nutrition Incentive program, authorized by the 2014 Farm Bill and implemented by USDA. We recently released \$16.8 million in new grant awards for this program, which helps low-income Americans bring home healthier food while supporting family farmers and growing local economies. FINI includes an evaluation study that, once complete, will provide insights that can help direct future efforts in this area.

b. What is the USDA's strategy to increase access to healthy foods in rural areas?

Mr. Lipps: The major nutrition assistance programs are intended to be available in every community across the nation so that every consumer can get the food they need. FNS is committed to working in partnership with State and local organizations to ensure all intended recipients have access to the programs. We look forward to working with Congress to ensure these programs are effectively serving all Americans in need, including those who live in rural areas.

c) What opportunities do you see to increase the delivery of healthy, local agricultural products in the next farm bill?

Mr. Lipps: The United States has the world's most abundant supply of affordable and nutritious food, and it is central to USDA's responsibilities to promote agriculture production that better nourishes Americans. I look forward to working with you to explore opportunities to improve on existing programs that connect producers with local consumers.

Senate Committee on Agriculture, Nutrition, & Forestry
 Nutrition Programs: Perspectives for the 2018 Farm Bill
 Thursday, September 14, 2017
 Questions for the Record
Mr. Brian Riendeau

Ranking Member Stabenow

- (1) Kentucky's Farm to Food Bank program distributes surplus and number 2-grade fresh produce (that which is fresh and edible, but not saleable perhaps due to size or shape). Dare to Care Food Bank is thus able to both provide additional nourishing food to its customers, and local farms are able to minimize the loss of food which otherwise would likely have been placed in a landfill. Currently, farmers and other businesses that donate fit and wholesome food to nonprofit organizations are able to deduct the cost of producing that food, as well as half of the lost profits if that food had been sold. Some states are now also offering tax credits to eligible food donors as a means to mitigate food waste. Can you share how this Farm to Food Bank program has helped your clients, and ways in which you think it could be improved or expanded?

Senator Stabenow, thank you for your question. Since the launch of the Farms to Food Banks program in 2011, over 15 million pounds of Kentucky-grown produce has been distributed to those at risk of hunger in all 120 counties in Kentucky. That's the equivalent of filling half a plate full of fresh fruits and vegetables for over 25 million meals. The produce came from more than 500 Kentucky farmers who benefitted from increased cash flow for produce that would otherwise likely have been plowed under in the field.

The program is an example of an effective public/private partnership. Financial support has been provided by the Kentucky Department of Agriculture through an appropriation from the Kentucky General Assembly thanks to support from Governor Matt Bevin and Commissioner of Agriculture Ryan Quarles. This helps offset some of the cost to get the produce to our food bank. State and federal tax incentives also play a role in encouraging donations of wholesome food that do not have a market. I believe a stable source of federal funding would allow programs like this to expand in significant ways, so that financial barriers are no longer the reason nutritious food is not harvested in our communities.

- (2) TEFAP foods constitute nearly 20% of the food you distribute out of your food bank. Per the 2014 Farm Bill, additional funds for TEFAP mandatory food are slowly declining. How have you been able to make up for this reduction in TEFAP food, assuming that you have, or if you have not where have you had to sacrifice service to your clients due to having less food on hand?

Senator Stabenow, our food banks has needed to use privately raised funds to make up for the TEFAP shortfall; this in turn puts pressure on the other services we provide to families in need of assistance. We urge the committee to make sure that additional resources for TEFAP foods are provided in the next farm bill. Although unemployment is down, food insecurity has remained high, and has not returned to pre-recession levels yet. For our food bank and the Feeding America network, the increase in TEFAP has provided additional food assistance at a time when we needed it most; but as the amount goes down we worry that once the one time increases cease our food bank will be left with a significant decline in food. I urge the Committee to commit to ensuring food banks do not continue to see a decline in TEFAP from the 2018 Farm Bill.

Senator Patrick Leahy

- 1) In Vermont, I've seen the powerful impact that USDA bonus commodity purchases can have on our food bank and the benefits those purchases have on Vermonters who struggle with hunger. For Vermont producers that may be experiencing an oversupply, such as dairy producers, this can be a powerful way to provide support for producers and processors as well as people in need.
 - a. Can you talk more about the redistribution process when USDA buys surplus commodity crops from farmers? How does that process work?
 - b. Can you explain from your perspective how TEFAP helps both the farmer and individuals in need?

Senator Leahy, thank you for the question. I agree that USDA provides vital support to US producers through market support, by purchasing US commodities when they need price support and redistributing through TEFAP to communities in need. USDA generally can distribute bonus commodities to the school system, through TEFAP to food banks or to US prisons when a bonus commodity purchase is made. Most of the time, these purchases are most appropriate for household distribution and go to food banks through TEFAP. USDA uses the same formula that they use for TEFAP entitlement distribution of the population that is unemployed or above or below the federal poverty level. State agencies are informed of bonus commodity opportunities and then communicate that to the food banks and other nonprofits that distribute TEFAP. The one caveat is that bonus purchases do not come with funds to offset the cost to store and distribute the food, which adds an additional burden on food banks.

I can't think of a program more appropriate for USDA to support than connecting surplus nutritious food with communities in need; by ensuring that growers and producers are compensated and the food is given to nonprofits, then we

- 2) I have heard concerns from both dairy producers and food banks in Vermont that it is difficult to form partnerships due to the excess costs of bottling, pasteurizing, and

storing the product. We see the dairy industry dumping million tons of milk a year because of the lack of plant capacity to process it. I hope that we are able to examine some of the challenges in the next farm bill so that we can make sure that food without a commercial market can get to those in need.

- a. From the food bank perspective, could you explain the benefits of fluid milk and cheese in your community? Are these products hard for food banks and agencies to have donated?
- b. What could we do in this coming Farm Bill to help our dairy cooperatives and processors to make donations of fluid milk and other dairy products, to help cover any costs they would have with packaging and distribution?

Senator Leahy, fluid milk and cheese are often quite difficult for our food bank to have donated and yet highly desired by those that we serve. Nationally, Feeding America only receives enough fluid milk for each client to receive one gallon per year. I encourage Senators to look at how ag policy can help encourage additional dairy donations so that the cost to process and donate fluid milk can be reduced. It should not cost producers and processors more to dump excess milk than it does to donate it.

Sherrod Brown

- 1) Thank you for all the work you do at your food bank. As you know, hunger does not exist in a vacuum. From unemployment to jobs that don't pay enough to the opioid crisis, there are many compounding issues that impact individuals and families living in poverty. What role do nutrition programs, including SNAP, play in this context? How have you seen the opioid crisis affect the lives of those your food bank serves?

Senator Brown, while there are many programs that can help provide support to those facing food insecurity, in terms of scope and scale SNAP is an unparalleled success, doing more to lift millions out of poverty than any other federal nutrition program. Our food bank could not meet demand if SNAP were cut. As we see more grandparents and extended family members take care of children that do not have custodial parents due to the opioid crisis, it is clear that additional resources are needed to stabilize struggling communities. Without access to food, it is hard to see how those struggling to cope with addiction can get the help they or their families need.

- 2) There are many individuals who do not qualify for SNAP, yet still rely on their local food banks to make ends meet. Or, if they are a SNAP recipient, they may also rely on food banks to cover the so-called "meal gap." If, as the Administration has proposed, we make further cuts to SNAP, how would this impact the demands on food banks like yours?

Senator Brown, it is clear to me that any reduction in assistance, whether it is to SNAP, Meals on Wheels, charitable giving tax incentives, or to TEFAP, will have a direct impact on our ability to serve those facing food insecurity. We will see demand for food assistance

skyrocket, and the gains we have seen in reducing food insecurity in the last few years will be erased.

- 3) The Ohio Food Program and Agricultural Clearance Program provide state funding for Ohio food banks to partner with local farmers to source and distribute nutritious surplus food to the community. Farm to Food Bank programs are a great resource for the agricultural community and food banks, but require funding to ensure that the packing, processing, or transportation necessary to connect the food with people in need can happen. How can we strengthen programs like this in the next farm bill?

Senator Brown, I believe the next farm bill can do much to move farm to food bank programs forward by providing a stable source of funding so states and food banks can partner with growers and producers to identify and distribute excess food as it is available. In Ohio last year, over 50 million pounds of food from the Ohio Food Program and Agricultural Clearance Program was connected through food banks with community members. The promise of what a nationwide program could be is astounding, providing nutritious food with an average cost of 20-30 cents per pound.



Senate Committee on Agriculture, Nutrition, & Forestry

Nutrition Programs: Perspectives for the 2018 Farm Bill

Thursday, September 14, 2017

Questions for the Record

Mr. Sam Schaeffer

Ranking Member Stabenow

(1) CEO's efforts seem to represent a very successful example of a public-private partnership. The success that CEO has seen with individuals who volunteered to take part in the program is encouraging. Do you have any ideas on how we can continue to foster public-private partnerships such as yours, and how we could incentivize their success?

CEO's success working with state and local SNAP ET administrators is emblematic of our much broader approach in working with government partners at the local, state and federal levels across the justice, labor and infrastructure domains. Our partnerships have focused on a diverse group of states including, New York, California, Ohio, Oklahoma, Colorado and Pennsylvania. It is these partnerships that allow CEO to serve thousands of men and women that come through our doors each day.

Congress can play a vital role to encourage more of these public private partnerships in two ways. First, authorize and appropriate funding specifically designated for creating third party partnerships. These public private partnerships can provide the necessary resources that enable community based organizations to deliver the array of specialized employment services necessary to address the multiple unique barriers of hard to employ people. Funding, along with technical assistance, should be provided to states to help design and implement third party partnerships. Second, Congress should encourage state governments to conduct

landscape analyses of services providers in their jurisdictions to ascertain what community based organizations could deliver services to specific constituencies more effectively. Once these landscape analyses have been conducted, Congress can provide direction for how states could use funding to enter into partnerships with these third party partners if they meet certain evidence based standards, and then allow states to use federal funding to cover the costs of service delivery.

(2) Many SNAP recipients have unique potential barriers to work that could hinder their ability to find or maintain a steady stream of income. Your example of parolees is one such population, but there are many others. In order to maintain integrity as good stewards of public dollars, what sorts of steps do you propose are taken in order to better support these populations in their efforts to find and maintain work?

Many SNAP recipients experience employment barriers that range in severity and prohibit opportunities to achieve self-sufficiency. These barriers may include skill and educational deficits; individual barriers including drug and alcohol dependency, histories of mental illness, and the experience of trauma and violence; and also structural barriers such as transportation, child care and criminal history, among many, many others. Addressing these challenges requires a workforce development system that is responsive to these unique needs and can deliver the right services to the right person at the right time. The SNAP E&T program is well positioned to support states in designing programs that address SNAP recipient's individual needs, while giving them the adequate time to move into the labor market without threatening their food security.

We recommend that the Farm Bill encourages states to target high-impact population(s) and/or specific structural employment barriers in their E&T plans. Establishing a specific focus, or multiple focuses, that are responsive to local needs will help states design more responsive and impactful programming. To maintain integrity as good stewards of taxpayer resources, Congress should incentivize states to (1) deliver services based upon evidence-based practices and (2) assess the unique needs of individuals and deliver the appropriate supports for those needs. The third party partnerships already emerging within the SNAP E&T program offer a good example of how states can leverage existing expertise to provide effective services.

Congress can ensure that states work with the network of community based organizations who understand local priorities and needs and can provide many of these services that can effectively lift Americans out of poverty. Additionally, in identifying high-need populations and other barriers, states should be allowed to apply for waivers from requirements that mandate able-bodied adults without dependents (ABAWDS) can only receive SNAP benefits for any 3 out of 36 months if they are not working.

Congress should also encourage states to evaluate the effectiveness of their specialized approaches. There is still a lot we need to learn about SNAP E&T to make it stronger. Since the SNAP E&T program was created in 1985 only one rigorous net-impact study has been completed to assess the effectiveness of the program. While the evaluation showed minimal impact, the programs administered were inconsistent with current best-practices in workforce development.¹ Most of the programming centered around light-touch, job-search assistance activities in which individuals were simply mandated to go look for employment. Changes implemented to the SNAP E&T program since that evaluation have allowed for the integration of more tailored, intensive employment services for individuals with a range of backgrounds and barriers to employment. These changes included utilizing third party partnerships to deliver more specialized services; focusing on individualized career pathway plans that address individual needs; and delivering more intensive services over a longer period of time. All of these changes recognize the unique needs of SNAP recipients or other people with significant barriers to employment and then creating and following a treatment plan that address these needs. Finally, pilots authorized in the last farm bill will greatly increase our knowledge of what works in this space.

CEO's program offers an example of using an evidence based approach to deliver services for a specific population. CEO exclusively serves men and women recently released from prison that have been assessed with a higher risk of recidivism. Our program delivers an intensive set of services designed to address the more significant criminogenic needs of our clients. While proven to be effective at reducing recidivism among individuals with higher risks, we also know that our program is less effective with individuals that have fewer needs and who require a different level of support. Equipped with this knowledge from years of evaluation of CEO's program, we work closely with corrections departments across the country to serve a specific subset of men and women returning from incarceration. We recognize that CEO play one part in a network of reentry and workforce services providers that collectively can provide a robust network of support services to lift a larger number of people out of poverty.

This same specialized approach can be applied to the nation's broad set of workforce development and skills training programs tasked with helping many people decrease reliance on programs like SNAP . The collection of workforce development evaluations over the past two decades shows strong evidence that programs can help people move into the labor market and out of poverty. Effective programs also must be longer in duration given the more significant barriers to employment associated with SNAP recipients and other people with multiple barriers to employment. Evaluations of single-dimensional programs -- like job search

¹ Puma, Michael J., and Nancy R. Burstein. "The National Evaluation of the Food Stamp Employment and Training Program." *Journal of Policy Analysis and Management* 13, no. 2 (1994): 311–30. <http://onlinelibrary.wiley.com/doi/10.2307/3325016/abstract>.

assistance -- have not been shown to produce results.

For example, the QUEST program in San Antonio, Texas gives support and resources that help individuals complete occupational training programs and obtain jobs in specific industries such as the healthcare field. QUEST's services cover a range of areas including remedial instruction in math and reading to pass placement exams, counseling to address personal and academic concerns, weekly meetings that focus on life skills such as time management, study skills and conflict resolution and job placement assistance including writing resumes and interviewing.²

In 2005 Quest underwent a random control trial evaluation of its program. The evaluation's findings showed that QUEST had a significant impact on the lives of the treatment group. Participants were typically living below the poverty line-- though many were working . Program graduates who obtained a certification in one of QUEST's targeted fields were earning more than \$38,000 per year, more than \$10,000 than the control group (San Antonio is less costly than many cities. Equivalent salaries to achieve the same standard of living would be approximately \$51,000 in Chicago, \$61,000 in Los Angeles, and \$64,000 in Washington, D.C.). The evaluation made clear that QUEST was reaching into the community to engage people who were unlikely to navigate their way through the local labor market to a good job on their own.³

In conclusion, the Farm Bill should recognize the range of barriers to employment that are threatening individuals economic and food security. By encouraging states to develop plans responsive to their local population's needs, and incentivizing them to use evidence based practices and third party partnerships, congress can expect a better return on its investment . Finally, in recognition that specific populations may take longer to find employment, state specific plans should allow them to apply for waivers that give more latitude on work requirement for ABAWDS (e.g. allowing 6 or 9 months of benefits out 36 if they are not working).

² Elliott, Mark and Anne Roder. "Escalating Gains: Project QUEST's Sectoral Strategy Pays Off Economic Mobility Corporation. April 2017.

³ Elliott, Mark and Anne Roder. "Escalating Gains: Project QUEST's Sectoral Strategy Pays Off Economic Mobility Corporation. April 2017. P.19.

Senate Committee on Agriculture, Nutrition, & Forestry
 Nutrition Programs: Perspectives for the 2018 Farm Bill
 Thursday, September 14, 2017
 Questions for the Record
Dr. Diane Schanzenbach

Senator Pat Roberts

- 1) Your testimony mentions the importance of grocers and other retailers in providing access to SNAP participants. What are your thoughts on additional burdens on retailers, such as SNAP restrictions, that may cause them to decide not to participate in the program? Do you feel that SNAP restrictions would have additional negative effects?

A key reason for SNAP's success is that it relies on the private sector to provide efficient access to food, through grocery stores and other retail outlets. The reliance of the program on the free market system has been a feature of SNAP since the beginning.

I have concerns that additional burdens on retailers, for example through restrictions on items that can be purchased with SNAP, would increase the administrative burden on private businesses, and particularly on small establishments.

Such restrictions would be difficult to implement in practice because of the complexities involved in determining which items would fall under the ban. The complexities arise in part because of the sheer number of products that would need to be classified. Consumers have vast differences in their tastes and preferences, and the market responds by providing variety. There are more than 650,000 food and beverage products on the market today, and 20,000 more are introduced annually. The complexity is multiplied because there is no clear standard for defining foods as "healthy" or "unhealthy," or as luxury goods. Creating such standards would be extremely difficult, and would entail substantial administrative costs to categorize and track the nutritional profile of each good to produce a SNAP-eligible foods list. The list would have to be maintained continuously and communicated to retailers and consumers in real time.

It is reasonable to predict that some retailers would decide to opt out of the program under these conditions, which would reduce customers' access to retail outlets. This would be particularly problematic in rural areas.

Ranking Member Stabenow

- (1) I always say SNAP is disaster assistance for families, but I often hear people talk about this idea that people that receive assistance will never stop receiving assistance. I was intrigued by your research on how children from SNAP households are less likely to

need government assistance in the future. Could you talk a little bit more about what you learned in studying SNAP's impacts on child success?

A series of papers that I coauthored with Hilary Hoynes (professor at the University of California—Berkeley) and Douglas Almond (professor at Columbia University) studied birth cohorts that had differential access to SNAP—then called the food stamp program—when they were in utero and during their childhoods. Congress phased in the program across different counties over the span of a decade, which provides the opportunity to statistically isolate the program's impact by comparing children born at different times—and living in different counties in the same states—during the rollout period.

We find that when a pregnant woman had access to the program during her third trimester, her baby not only weighed more at birth, but the newborn was also less likely to weigh below the clinical threshold of low birth weight. (A child that has a weight below this clinical threshold is more likely to encounter health and development problems.) The improvements seen from SNAP were largest among the babies with the lowest birth weight, and in counties with the highest poverty rates.

Subsequently, we were able to directly investigate the impact of access to the program on a host of adult economic and health outcomes for individuals who had differential access to the Food Stamp Program during their childhoods in the 1960s and 1970s. We found that adult health—measured as an index comprising obesity, high blood pressure, diabetes, and other measures associated with metabolic syndrome—was markedly improved if the individual had access to the safety net during childhood. Food stamp access increased the high school graduation rate by 18 percentage points. Looking at a broader range of economic and education outcomes, among women food stamp access improved an index of adult economic outcomes including higher earnings and educational attainment, and reduced the likelihood that they would become reliant on the safety net during adulthood.

In other words, in households with young children, SNAP is not a “welfare trap.” Instead, it is the opposite: By providing critical benefits to children at important stages of their development, it apparently allows them to invest in the skills that, in turn, will enable them to escape poverty when they grow up. These results suggest that SNAP is a very good investment that helps prevent lasting negative effects of inadequate childhood resources.

- (2) You mentioned during your remarks that children who had access to SNAP benefits during childhood were 18% more likely to graduate from high school and that they grew up to be healthier. Based on your research, what do you think has led to that outcome? Are there areas where SNAP could strengthen in order to help our nation's children even more?

Our research does not allow us to isolate the precise mechanism through which childhood access to SNAP impacts later life outcomes. We see some of the strongest positive effects from access to SNAP during early life, which is consistent with the hypothesis that SNAP promotes healthy brain development among young children.

I think that SNAP would be even more effective if the benefit were better aligned with families' needs. Today, food preparation is dramatically different from when SNAP was introduced. High-quality prepared and convenience foods—pre-washed bagged salads, cleaned baby carrots, rotisserie chickens, etc.—have helped reduce the time it takes to prepare meals, and has helped drive a shift in time use (especially among women) away from food preparation and towards other productive activities, such as nurturing children and paid employment. SNAP benefits, however, are based on an increasingly outdated formula that assumes that household recipients can allocate a substantial amount of time to prepare meals from scratch. Evidence suggests that even a modest, \$30-per-month increase in SNAP benefits would improve dietary quality and reduce food insecurity.

Another way that SNAP could better serve children is to measure and establish performance metrics for cross-enrollment of eligible SNAP participants onto WIC. WIC participation rates are quite low among children; while 84 percent of eligible infants participate in WIC, the share drops to 33 percent by age 4. All pregnant and postpartum women, infants, and toddlers on SNAP are automatically eligible for WIC. Cross-enrollment metrics for WIC, similar to the performance metrics for the National School Lunch Program, would turn needed attention to serving this important and vulnerable group.

- (3) Based on your research, what types of health outcomes might we see if we were to expand nutrition incentive programs in SNAP?

SNAP could expand market-based policies to encourage participants to consume a healthier diet. Over the past decade, fresh fruits and vegetables have become relatively more expensive compared with foods considered less healthy. Policies that increase the affordability of healthy foods and provide incentives for SNAP participants to purchase them can help increase consumption of healthy foods. One approach that merits further consideration is the USDA's randomized controlled pilot trial of the Healthy Incentives Pilot in Massachusetts. This pilot program gave SNAP recipients an immediate 30-cent rebate for every dollar they spent on a narrowly defined group of fruits and vegetables. In response to this price rebate, consumption of the targeted healthy foods increased by 25 percent. In recent years, many other incentive strategies have been funded through the Food Insecurity Nutrition Incentive (FINI) program authorized by the 2014 Farm Bill. For example, some programs have allowed SNAP participants to double their food dollars for purchases of fruits and vegetables at farmers' markets and grocery stores. To date, these programs have been successful. Exploring ways to replicate or scale these types of programs nationally would provide a constructive and effective path forward toward increasing healthy food consumption by SNAP recipients.

Senator Patrick Leahy

- 1) We have seen proposals to limit food choices available to SNAP participants, ostensibly in order to improve health outcomes of participants. What we have seen in Vermont, however, is participants want to choose healthy options, but too often cost is a barrier.

Through the Food Insecurity Nutrition Incentive Program, Vermont has been able to connect Vermont SNAP recipients to healthy, local food at farmer's markets. Not only

are these programs essential to help our state reach food insecure individuals, but they allow participants to contribute to their communities and local farmers too.

- a. Do you think that making incentive programs easier to access by removing coupon based systems and expand these programs to grocery stores will help incentivize local, fresh food purchases?

Policies that increase the affordability of healthy foods and provide incentives for SNAP participants to purchase them can help increase consumption of healthy foods, and can be good for local farmers. The Food Insecurity Nutrition Incentive (FINI) program authorized by the 2014 Farm Bill has allowed SNAP participants to double their food dollars for purchases of fruits and vegetables at farmers' markets and grocery stores. A similar approach was taken in grocery stores in the Healthy Incentives Pilot in Massachusetts, which gave SNAP recipients an immediate 30-cent rebate for every dollar they spent on a narrowly defined group of fruits and vegetables. In response to this price rebate, consumption of the targeted healthy foods increased by 25 percent. Exploring ways to replicate or scale these types of programs at a variety of retailers, including farmers' markets and grocery stores, would provide a constructive and effective path forward toward increasing healthy food consumption by SNAP recipients.

Senator Sherrod Brown

- 2) Studies have demonstrated that SNAP can dramatically improve educational outcomes for low-income children. A recent study—published by researchers at the University of South Carolina—even showed that students perform worse on tests the further away the test date is from the date his or her family received their SNAP benefits. What long-term educational impact might there be if we expanded SNAP benefits? Do you believe we would see a rise in educational outcomes? Should the Committee examine the frequency of the distribution of SNAP benefits?

The study you reference is consistent with several other recent studies that provide evidence that SNAP benefits are inadequate for many families. For some families, resources for food do not last the whole month, and families end up experiencing food insecurity or hunger. Alleviating this problem would be expected to improve students' educational outcomes.

Unless benefit levels are raised, there is little reason to expect that paying out benefits twice monthly instead of once per month would improve these outcomes. One larger lump-sum monthly benefit may enable families to shop more economically—for example, by purchasing larger containers of goods that cost less per serving. On the other hand, two smaller benefits per month may increase the costs of shopping for some families, requiring them to travel to food stores more frequently. Any potential move toward changing the frequency of distribution of SNAP benefits should only be done on a pilot basis with a rigorous evaluation.

Senator Michael F. Bennet

- 1) Colorado was able to launch its statewide Double Up Food Bucks program, with a grant from the Food Insecurity Nutrition Incentive program. The grant provided \$500,000 of federal funding and 26 partners matched this initial investment with nearly \$900,000. This is popular not just among SNAP recipients, but also among local producers. In Farm Bill listening sessions across the state, producers told us how they were benefitting from SNAP dollars that were spent at local markets on healthy, locally-grown food.
 - a. Could you expand on what you have learned about the benefits of programs like Double Up Food Bucks to local producers and small communities?

Programs like Double Up Food Bucks are a great way to use market incentives to encourage healthy eating among SNAP recipients. By increasing a family's purchasing power at farmers' markets and other retail outlets, it also increases demand for these goods. This has positive benefits for local producers, as well as those in the retail and transportation sectors.

- 2) In the 2014 Farm Bill, we worked to authorize the Healthy Food Financing Initiative (HFFI), an innovative program that increases access to healthy foods in underserved communities – both urban and rural. Supported by HFFI grants, the Colorado Fresh Food Financing Fund (CO4F) and Colorado Enterprise fund are working to improve access to healthy food in underserved Colorado communities by financing small and innovative fresh food concepts. This includes the Jumpin Good Goat Dairy, a small farm and cheese producer in Buena Vista and the Fort Market, a grocery store in Costilla County.
 - a. Could you describe how HFFI and other USDA initiatives complement one another to improve access to healthy food for SNAP recipients across the country?

Access to healthy foods is a necessary first step toward making sure that all Americans can choose a healthy diet. For access to be sustainable, though, customers must continue to demand healthy foods. This requires adequate resources to purchase healthy foods. The HFFI works well in conjunction with SNAP to ensure that families can afford to purchase healthy foods. Additional policies that work in the market-based system would further strengthen the relationship between USDA initiatives and HFFI, including policies that reduce the cost of healthy foods through Double Up Food Bucks or a rebate on the purchase of healthy foods. Recent research has also shown that increasing the benefit level is expected to increase SNAP families' purchases of vegetables and other healthy foods.

Senator Robert P. Casey, Jr.

- 3) There is a growing field of research that indicates older Americans are at increased risk of hunger and malnutrition. In my home state of Pennsylvania, it is estimated that 13% of seniors in Pennsylvania faced the threat of hunger in 2014. SNAP is the largest domestic

nutrition assistance program administered by the U.S. Department of Agriculture's Food and Nutrition Service yet older adults are less likely to participate in SNAP than other groups, with only 42% of eligible older Americans receiving SNAP benefits. Several states, including my own, have elected to simplify the SNAP application process for seniors 60 and up and people with disabilities who have only unearned income. This simplified application process makes it easier for older Pennsylvanians and people with disabilities to access nutritious foods and eases administrative burden on states.

- a. What barriers do seniors face to enrolling in SNAP and what barriers do they face at recertification once they are enrolled in SNAP?

Many elderly Americans face barriers to enrolling in SNAP, including transportation to the SNAP office, problems with mobility, lack of access to computers, and lack of knowledge about the program. There is also evidence that the elderly are more sensitive to stigma that some people feel when signing up and participating in the program. Many of these same issues arrive at the time of recertification. The application process can be complicated and burdensome, and this may be keeping some elderly Americans from participating.

- b. In your experience, how would older Americans and states benefit from implementing the SNAP elderly simplified application?

While the application for SNAP can be quite complicated, often times elderly Americans have stable incomes (e.g. stable monthly Social Security benefits), that can be verified in a straightforward manner using data matches. We could simplify the application process for elderly Americans by leveraging data matches, waiving re-certification interviews, and allowing the elderly to be certified for a longer period of time between re-certifications. Extending the simplified application process for the elderly would likely increase participation in SNAP among this group, and in turn reduce their rates of food insecurity.

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Questions for the Record
Mr. Jimmy Wright

Ranking Member Stabenow

- 1) Retailers are uniquely situated in the food landscape as being responsible for creating the food landscape in their local communities. Wright's Market has made it a priority to include a variety of healthy foods for all consumers to choose from. What types of resources or support might help other retailers to make similar decisions and diversify their offerings to include nutritious, appealing options for their patrons to choose from?

The independent supermarket industry has experienced success with incentive and education programs in the Farm Bill, such as the Food Insecurity Nutrition Incentive (FINI) program and the SNAP Education program. FINI has been a great tool for participating retailers to offer a greater selection of healthy fruits and vegetables to SNAP customers who get double the benefits for qualified purchases. This program has helped open door for many retailers to new supply lines of local and regional agriculture producers, and facilitated new relationships between farmers and supermarket operators. Retailers participating in FINI experience significant increases in fruit and vegetable sales during and even following the project duration. The SNAP Ed program has a long track record of success in helping educate SNAP recipients on the importance of healthy eating, and providing our customers with ideas on how to prepare healthy meals at home. NGA believes that incentives plus education on the value of eating healthy is the best policy to help retailers increase and diversify their offering of nutritious and healthful foods.

- 2) Wright's Market is one of only a handful of local, community supermarkets that offers home delivery of food. This is a creative solution to serving individuals in rural food deserts who may be homebound. Wright's Market's plan to begin having registered nurses available in the van when deliveries are made is a great example of taking care of our rural communities who may otherwise be hard to reach with social and health programs. Are there other ways in which the Market is considering providing holistic services to its customers, either on your own or in partnership with community based organizations or local governments?

Rural homebound citizens are often difficult to reach directly. Wright's Market is collaborating with community organizations and churches to be a central point of delivery for our grocery products so we can reach those in difficult locations, and those

who lack internet connectivity and access to broadband. It requires a great deal of effort by local communities to work together and solve problems for their citizens, especially when there are large logistical challenges to overcome. However, there's a great deal of interest in the model we developed, and an opportunity to provide services beyond just food delivery. We are working with community partners and our educational institutions to provide other much-needed assistance to disadvantaged rural residents. In addition to incorporating healthcare into our delivery model, we're exploring the idea of allowing social workers, pharmacists, and dieticians to join on our delivery routes to consult with those who need their help. We also believe that our model opens the door to help provide job skill training to the unemployed. We think that by first helping to provide food and medicine, we can quickly earn a level of trust among these rural residents that will give us an opportunity to offer many other critical services.

Senator Patrick Leahy

- 1) I am interested in learning more about the success you have had with home delivery services through your business and how you plan on replicating the service for SNAP beneficiaries. While Vermont and Alabama might not have a lot in common, both our states have very rural areas, which sometimes make transporting groceries home difficult. For example, I have heard from seniors in our state, who have the ability to cook, still have trouble getting groceries because of transportation or mobility issues. Ordering groceries online using SNAP benefits and having groceries delivered could help solve those issues.
- a. Even though your pilot project is just getting underway I'm interested in what you think the likelihood that such a model could be replicated to other stores—large and small—nationwide.

Other grocery stores could replicate our model, but it requires real effort with community organizations and non-profits to pitch in their resources to make it work. Independent supermarkets are best served to provide these services because we're very in tune with the needs of rural communities. We operate in remote areas and markets that aren't as attractive to big box stores and internet retailers. We know the needs of the citizens in our communities better than anyone because we are located in the communities that we serve -- not in distant corporate headquarters. I would encourage you to work with the independent supermarket industry's trade association, NGA, if you're interested in pursuing a similar model that can work throughout all of rural America.

- b. Other than technology, what other barriers to you anticipate in making this program run well for beneficiaries?

Before technology can be useful, rural residents need access to broadband and high speed internet. It's important that the government make investments in rural infrastructure so that residents can avail themselves of this important technology in the first place. In the meantime, I think we can fill a lot of these gaps by enlisting churches and community centers to be the central point of ordering delivery for rural residents that may not have access to technology at home.

Senator Sherrod Brown

- 1) I have heard from Ohio grocers that small businesses like yours typically operate on relatively small profit margins. If there were significant cuts to the SNAP program, what impact would this have on grocers and others SNAP retailers?

If SNAP benefits were significantly cut, it would make it much harder for us to serve the low-income residents of the communities in which we are located. I can tell you from my experience in Opelika, Alabama, that many of my SNAP customers are already struggling to make ends meet. Significant cuts to SNAP would seriously impact my ability to adequately address the nutritional needs of my customers who need it the most.

