

EXAMINING THE POLICIES AND  
PRIORITIES OF THE U.S.  
DEPARTMENT OF AGRICULTURE'S  
FOOD AND NUTRITION SERVICE

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON CIVIL RIGHTS AND HUMAN  
SERVICES

COMMITTEE ON EDUCATION  
AND LABOR  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS  
FIRST SESSION

HEARING HELD IN WASHINGTON, DC, JUNE 4, 2019

**Serial No. 116-26**

Printed for the use of the Committee on Education and Labor



Available via the World Wide Web: [www.govinfo.gov](http://www.govinfo.gov)  
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Committee address: <https://edlabor.house.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

36-905 PDF

WASHINGTON : 2020

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**EXAMINING THE POLICIES AND PRIORITIES  
OF THE U.S. DEPARTMENT OF  
AGRICULTURE'S FOOD AND  
NUTRITION SERVICE**

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**Tuesday, June 4, 2019  
House of Representatives  
Committee on Education and Labor,  
Subcommittee on Civil Rights and Human Services  
Washington, DC.**

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The subcommittee met, pursuant to notice, at 10:15 a.m., in room 2175, Rayburn House Office Building. Hon. Suzanne Bonamici [chairwoman of the subcommittee] presiding.

Present: Representatives Bonamici, Schrier, Hayes, Trone, Lee, Comer, Thompson, Stefanik, and Johnson.

Also present: Representatives Scott, Sablan, Wild, Grothman and Foxx.

Staff present: Tylease Alli, Chief Clerk; Nekea Brown, Deputy Clerk; Emma Eatman, Press Aide; Christian Haines, General Counsel Education; Alison Hard, Professional Staff; Carrie Hughes, Director of Health and Human Services; Stephanie Lalle, Deputy Communications Director; Andre Lindsay, Staff Assistant; Max Moore, Office Aide; Veronique Pluviose, Staff Director; Banyon Vasar, Deputy Director of Information Technology; Joshua Weisz, Communications Director; Rachel West, Senior Economic Policy Advisor; Cathy Yu, Director of Labor Oversight; Courtney Butcher, Minority Director of Coalitions and Member Services; Amy Raaf Jones, Minority Director of Education and Human Resources Policy; Hannah Matesic, Minority Director of Operations; Kelley McNabb, Minority Communications Director; Jake Middlebrooks, Minority Professional Staff Member; Mandy Schaumburg, Minority Chief Counsel and Deputy Director of Education Policy; Meredith Schellin, Minority Deputy Press Secretary and Digital Advisor; and Heather Wadyka, Minority Staff Assistant.

Chairwoman BONAMICI. The Subcommittee on Civil Rights and Human Services will come to order. Welcome, everyone. I note that a quorum is present.

Before we begin, I want to note that several of us have shadows today with a foster youth program. I have with me today Phoenix Ramirez from Southern Oregon University and Ashland, Oregon. And I want to ask the members who do have foster youth shad-

owing them today to please introduce your foster youth, and we won't take it out of your time.

I ask unanimous consent that Representative Wild of Pennsylvania and Representative Sablan of the Commonwealth of the Northern Mariana Islands and Mr. Grothman of Wisconsin be permitted to participate in today's hearing with the understanding that their questions will come only after all members of the Subcommittee on Civil Rights and Human Services on both sides of the aisle who are present have had an opportunity to question the witness.

Without objection, so ordered.

The subcommittee is meeting today in a budget and oversight hearing to hear testimony on examining the policies and priorities of the U.S. Department of Agriculture's Food and Nutrition Service.

Pursuant to committee rule 7c, opening statements are limited to the chair and ranking member. This allows us to hear from our witnesses sooner and provides all members with adequate time to ask questions. I recognize myself now for the purpose of making an opening statement.

Mr. Lipps, thank you for appearing before the committee today on behalf of the U.S. Department of Agriculture's Food and Nutrition Service, or FNS. Welcome back to the Capitol.

Before I begin I want to recognize and thank the Department for working with staff during the government shutdown earlier this year. Members were justifiably concerned with the effects of the shutdown on families across the country and we appreciate your efforts to minimize the disruption.

According to its mission statement, the main objective of FNS is to end hunger and obesity and strengthen access to healthy food through nutrition assistance programs. Today's hearing is an opportunity to assess the commitment of FNS to that mission.

Congress has long recognized the Federal Government's important role in addressing food insecurity, which affects roughly 15 million U.S. households, including a staggering 1 in 5 children in my home State of Oregon.

Over the course of more than 70 years, Federal child nutrition programs have proven to be an effective approach to providing children with the healthy food they need to succeed. Research shows that expanding access to nutritious food through child nutrition programs not only improves children's educational growth and outcomes, but also improves their health through adulthood. Because of these benefits, Congress has historically supported and strengthened child nutrition programs on a bipartisan basis. In fact, today child nutrition programs operated by FNS serve more than 30 million children throughout the year in nearly every corner of the country. In Oregon, nearly 300,000 students participated in the National School Lunch Program, and nearly 150,000 students participated in the school breakfast program last year.

We should all be uniting in support of these valuable evidence-based programs, yet under this administration FNS has repeatedly rolled back nutrition standards, which are an important part of addressing childhood obesity and diabetes, and undermined programs that help struggling families put food on the table. The administra-

tion's annual budget proposal for the USDA outlines a set of priorities that reflect this disturbing diversion from the mission of FNS.

For example, the proposed budget sought to make it harder for schools in low income areas to provide free meals to all students by excluding 3,000 schools from the widely popular community eligibility provision. As a result, up to 1.3 million children could be left without school meals and those schools will have to spend more time with administrative paperwork.

Additionally, through rulemaking and other actions, the administration is actively taking steps to undermine food security. For example, USDA recently moved to prevent children who rely on non-custodial adults, including children whose families are struggling with the opioid epidemic, from accessing free school meals through their families' participation in Supplemental Nutrition Assistance Program, or SNAP. Worse still, the administration is exploring ways to redefine poverty itself by upending how the Federal poverty line is adjusted for inflation. If successful, thousands of children whose families still struggle to make ends meet would be cut-off from vital nutrition assistance.

All of these actions together reveal a Department of Agriculture that is not adhering to its commitment to provide basic nutrition assistance for the children and families who need it most.

Each member here knows that providing children with healthy and nutritious food is vital to fostering the success of our Nation's future. When children are hungry they can't learn. Restricting access to nutrition assistance programs will prevent children from reaching their full potential and ultimately it will cost more in the long run.

We can and must do better.

Mr. Lipps, thank you again for being here. I look forward to the opportunity to discuss these important issues under the purview of the Food and Nutrition Service, and I do hope that we can all work together on behalf of our Nation's children and families.

And now I will yield to the ranking member for the purpose of an opening statement. I recognize the distinguished ranking member, Mr. Comber, for the purpose of making an opening statement.

[The statement of Chairwoman Bonamici follows:]

**Prepared Statement of Hon. Suzanne Bonamici, Chairwoman,  
Subcommittee on Civil Rights and Human Services**

Mr. Lipps, thank you for appearing before the Committee today on behalf of the U.S. Department of Agriculture's Food and Nutrition Service, or FNS.

Before I begin, I would like to recognize and thank the Department for working with staff during the government shutdown earlier this year. Members were justifiably concerned with the effect of the shutdown on families across the country and we appreciate your efforts to minimize the disruption.

According to its mission statement, the main objective of FNS is to end hunger and obesity and strengthen access to healthy food through nutrition assistance programs.

Today's hearing is an opportunity to assess the commitment of FNS to that mission.

Congress has long-recognized the Federal Government's important role in addressing food insecurity, which affects roughly 15 million U.S. households including a staggering 1 in 5 children in my home State of Oregon.

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We should all be uniting in support of these valuable evidence-based programs. Yet, under this Administration, FNS has repeatedly rolled back nutrition standards, which are an important part of addressing childhood obesity and diabetes, and undermined programs that help struggling families put food on the table.

The Administration's annual budget proposal for the USDA outlines a set of priorities that reflects this disturbing diversion from the mission of FNS.

For example, the proposed budget sought to make it harder for schools in low-income areas to provide free meals to all students by excluding 3,000 schools from the widely popular Community Eligibility Provision. As a result, up to 1.3 million children could be left without free school meals, and those schools will have to spend more time with administrative paperwork.

Additionally, through rulemaking and other actions, the Administration is actively taking steps to undermine food security. For example, USDA recently moved to prevent children who rely on non-custodial adults including children whose families are struggling with the opioid epidemic from accessing free school meals through their families' participation in the Supplemental Nutrition Assistance Program, or SNAP.

Worse still, the Administration is exploring ways to redefine poverty itself by upending how the Federal poverty line is adjusted for inflation. If successful, thousands of children whose families struggle to make ends meet would be cutoff from vital nutrition assistance. All of these actions taken together reveal a Department of Agriculture that is not adhering to its commitment to provide basic nutrition assistance for the children and families who need it most.

Each Member here knows that providing children with healthy and nutritious food is vital to fostering the success of our Nation's future. When children are hungry, they can't learn. Restricting access to nutrition assistance programs will prevent children from reaching their full potential, and ultimately will cost more in the long run. We can and must do better.

Mr. Lipps, thank you again for being here. I look forward to this opportunity to discuss the important issues under the purview of the Food and Nutrition Service and I do hope that we can all work together on behalf of our Nation's children and families.

Now, I will yield to the Ranking Member for the purpose of an opening statement.

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Mr. COMER. Thank you, Madam Chair, for yielding.

We are here today to help understand the USDA and child nutrition programs that it helps support. Severe and critical role in ensuring that America's youth have access to nutritious and healthy food.

I believe wholeheartedly that no kid should go hungry. The wellbeing of every American child is important and proper nutrition is part of helping children succeed in life. Students cannot learn if they are hungry. The school meal program provides valuable assistance to schools to help meet the needs of their students through the breakfast, lunch, and snack programs. USDA must do all it can to make the administration of these school meal programs as easy as possible while continuously improving program efficiency and integrity. Systems run best when they are operated from the ground up, so less paperwork and administrative burden would aid in focusing these programs back to their original intent, serving our students.

Another important program FNS oversees is the Summer Food Service Program. As we know, this program helps provide meals to kids in need during the summer months and I look forward to



working with the Administration to help reach more children, especially in rural communities like the one I represent.

WIC is another program that I hope we discuss with our witness today. This program helps provide young children access to better nutrition. There are many positive aspects of this program and we must ensure benefits are reaching their intended recipients by making any needed reforms to prevent waste and abuse. I am hopeful the switch to electronic benefits will help and I again look forward to working with the USDA to see how we can best help States to support some of our most vulnerable constituents.

In general, rather than focusing on increased Federal dollars or regulations that limit local providers' ability to provide nutritious meals, USDA should work with their local partners to help kids with the greatest need get nutritious meals. As someone who has worked on these programs as Commissioner of Agriculture in Kentucky, I can attest to the importance of the national government providing these programs the freedom, resources, and accountability they need to find and tackle childhood hunger.

The people sharing neighborhoods and towns with hungry youth are more capable of addressing the needs they face than legislators in Washington. Recognizing this fact is the best way to address the individual needs of children and promises the greatest results in getting food into the stomachs of America's hungriest children.

I look forward to learning more about the Department's efforts to address these pressing needs, and I am eager to work with my colleagues to defeat childhood hunger.

With that, I yield back.

Chairwoman BONAMICI. Thank you very much, Mr. Comer.

And I will now introduce our witness. Brandon Lipps is Administrator of USDA's Food and Nutrition Service where he leads the agency in administering the Nation's Federal nutrition assistance programs, including the Supplemental Nutrition Assistance program, or SNAP, school meals, the Child and Adult Care Feeding Program, the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC. He is also currently serving as Acting Deputy Under Secretary for Food, Nutrition, and Consumer Services, reporting to Agriculture Secretary Sonny Perdue.

We appreciate our witness for being here today and look forward to your testimony.

Let me remind the witness that we have read your written statement and it will appear in full in the hearing record. Pursuant to committee rule 7d and committee practice, you are asked to limit your oral presentation to a 5 minute summary of your written statement.

Let me remind the witness that pursuant to Title 18 of the U.S. Code Section 1001, it is illegal to knowingly and willfully falsify any statement, representation, writing, document, or material fact presented to Congress, or otherwise conceal or cover up material fact.

Before you begin your testimony please remember to press the button on the microphone in front of you so you will turn it on and members can hear you. And as you speak, the light will in front of you will turn green. After 4 minutes the light will turn yellow

to signal that you have 1 minute remaining. When the light turns red your 5 minutes have expired.

We will let the witness make his presentation before we move to member questions. When answering a question please remember once again to turn your microphone on.

I now recognize Mr. Lipps for your testimony.

**Prepared Statement of Hon. James Comer, Ranking Member,  
Subcommittee on Civil Rights and Human Services**

Thank you for yielding.

We're here today because we understand that USDA and the child nutrition programs it helps support, serve a critical role in ensuring that America's youth have access to nutritious and healthy food. I believe wholeheartedly that no kid should go hungry. The wellbeing of every American child is important, and proper nutrition is part of helping children succeed in life.

Students cannot learn if they are hungry. The school meal program provides valuable assistance to schools to help meet the needs of their students through the breakfast, lunch, and snack programs.

USDA must do all it can to make the administration of these school meal programs as easy as possible, while continuously improving program efficiency and integrity. Systems run best when they're operated from the ground up, so less paper-work and administrative burden would aid in refocusing these programs back to their original intent serving our students.

Another important program FNS oversees is the Summer Food Service Program. As we know this program helps provide meals to kids in need during the summer months and I look forward to working with the administration to help reach more children, especially in rural communities. WIC is another program that I hope we discuss with our witness today. This program helps provide young children access to better nutrition. There are many positive aspects of this program, and we must ensure benefits are reaching their intended recipients by making any needed reforms to prevent waste and abuse. I am hopeful the switch to electronic benefits will help and

I again look forward to working with USDA to see how we can best help States to support some of our most vulnerable constituents.

In general, rather than focusing on increased Federal dollars or regulations that limit local providers' ability to provide nutritious meals, USDA should work with their local partners to help kids with the greatest need get nutritious meals. As someone who has worked on these programs as the Commissioner of Agriculture in Kentucky, I can attest to the importance of the national government providing these programs the freedom, resources, and accountability they need to find and tackle childhood hunger.

The people sharing neighborhoods and towns with hungry youth are more capable of addressing the needs they face than legislators in Washington. Recognizing this fact is the best way to address the individual needs of children and promises the greatest results in getting food into the stomachs of America's hungriest children.

I look forward to learning more about the Department's efforts to address these pressing needs, and I'm eager to work with my colleagues to defeat childhood hunger.

Thank you, and I yield back.

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**STATEMENT OF BRANDON LIPPS, ADMINISTRATOR, FOOD AND  
NUTRITION SERVICE & ACTING DEPUTY UNDER SEC-  
RETARY, FOOD, NUTRITION, AND CONSUMER SERVICES, U.S.  
DEPARTMENT OF AGRICULTURE**

Mr. LIPPS. Thank you, Chairwoman Bonamici, Ranking Member Comer, and distinguished members of the committee for the opportunity to testify before you today. As the Chairwoman said, I am Brandon Lipps; I am the Acting Deputy Under Secretary for the Food, Nutrition, and Consumer Services mission area at USDA and the Administrator of the Food and Nutrition Service.

Before I get into my testimony, let me congratulate the young men and women that are here shadowing some of you today and extend an open invitation. We love to encourage public service in the mission of FNS, and if any of you would like to join us up there, we would be happy to work with you on giving you an opportunity to come see the important work that we do at the Food and Nutrition Service every day.

The FNS budget, which is nearly \$100 billion a year across 15 programs is roughly two-thirds of USDA's entire budget. This committee is keenly aware of the critical importance of these programs, which include school meals, the Child and Adult Care Food Program, which we commonly refer to as CACFP, the Summer Food Service Program, and the WIC Program. We know that families across the Nation rely on these programs every day.

On an average school day, almost 30 million children receive a school lunch and almost 15 million children receive a school breakfast. Over 4.5 million receive meals and snacks in childcare settings through CACFP. Last summer almost 146 million meals were served to almost 3 million children through the Summer Food Service Program, and WIC served a monthly average of 6.9 million women, infants, and children in Fiscal Year 2018. These programs ensure access to nutritious foods so that children can grow, develop, and learn, and are central to Secretary Perdue's pledge to do right and feed everyone.

FNS is working to implement the Secretary's pledge by continuing our longstanding commitment to ensuring all Federal nutrition assistance programs serve eligible populations effectively and make optimal use of Federal resources. We look to accomplish this by focusing on three principles, to improve customer service for our partners and participants, to protect and enhance integrity, and to ensure that FNS programs are helping participants move toward self-sufficiency and independence.

We all know that if infants don't start off with adequate nutrition they have a difficult time moving into a school environment where they can learn. If they don't have full stomachs while they are in school they again have a difficult time learning, and we want them to develop into productive adults in society.

Secretary Perdue has placed a robust focus on customer service across USDA. Given the number and diversity of FNS customers, those who participate and those who partner with us on our programs are at the center of that effort. Great customer service starts with listening to and engaging with our customers.

We heard first and foremost from our customers, the school nutrition professionals want students back in the cafeteria as lunch participation has continued to decline since the standards were implemented in 2012, particularly in the paid meal and reduced-price categories. To create school meals that were both nutritious and appealing to the students being served, schools needed targeted adjustments to the existing meal standards. That is why one of Secretary Perdue's first actions was to extend school meal flexibilities related to milk, whole grains, and sodium. Keeping with the goals of the underlying statute, USDA made these flexibilities permanent and provided the certainty that schools needed as they continue to implement the nutrition standards.

We also heard that education and training standards for nutrition professionals that USDA implemented under the last reauthorization put strain on small and rural school districts. Knowing this, we revised those rules to allow these districts more flexibility in the hiring of the individuals who run their school nutrition programs.

Let me turn to the President's budget request for Fiscal Year 2020, which fully funds the child nutrition programs, including school meals, the Child and Adult Care Food Program, the Summer Food Service Program, and the Special Milk Program, so that every child has access to nutritious meals in schools, childcare centers, daycare homes, and other facilities throughout the school year, and when school is not in session.

The request also fully funds WIC to ensure that all women, infants, and children who are eligible and wish to participate may do so. As you may be aware, birth rates are declining, particularly among women under the age of 30. This has contributed in declines in the WIC population for a number of years, but we estimate that participation will average about 6.6 million women and infants and children for Fiscal Year 2020, about the same number as participated last year.

The President's budget request also makes targeted proposals to improve program integrity and customer service in the school meals programs. Let me highlight a few. We propose stronger income eligibility verification to focus on those applications that are more prone for risk for error. Our research-based approach supports operators and strategies to achieve greater accuracy in serving school meals to eligible children. We heard from States that they wanted to ensure the integrity of their program was strong, so the budget requests a \$20 million increase, for a total of \$25 million, in grants to States to modernize systems and improve program operations oversight and overall program integrity. General State administrative grants are capped and with competing demands for staff and activities related to administrative reviews, States are often not able to prioritize technology upgrades.

In regards to reauthorization, I know you have a large and important task ahead of you. Because of their scope and significance to families and communities across America, Congress has a long history of constructive bipartisan action to strengthen them. I am pleased to join you in that spirit today when we work together to move these programs forward.

Let me close by saying that I know the painstaking effort required to develop legislation of this size and complexity, and we at the Food and Nutrition Service stand ready to provide any support and technical assistance that you may need as you deliberate these important matters.

I am happy to answer any questions that you may have.

[The statement of Mr. Lipps follows:]

**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 House Committee on Education and Labor,**  
**Subcommittee on Civil Rights and Human Services**

June 4, 2019

Thank you Chairwoman Bonamici, Ranking Member Comer, and Members of the Committee for the opportunity to discuss the Fiscal Year (FY) 2020 President's Budget for the U.S. Department of Agriculture's (USDA's) Food, Nutrition and Consumer Services (FNCS) and the reauthorization of the Child Nutrition and WIC Programs. I am Brandon Lipps, the Acting Deputy Under Secretary for FNCS, as well as the Administrator for the Food and Nutrition Service (FNS), at USDA. FNCS has long been committed to ensuring all Federal nutrition assistance programs serve eligible populations effectively and make optimum use of Federal resources. These programs are central to Agriculture Secretary Sonny Perdue's pledge to "Do Right and Feed Everyone."

Let me turn first to the President's budget request for FY 2020, which fully funds the Child Nutrition programs – including school meals, the Child and Adult Care Food Program (CACFP), the Summer Food Service Program (SFSP), and the Special Milk Program (SMP) – so that every eligible child has access to nutritious meals in schools, child care centers, day care homes, and other facilities throughout the school year and when school is not in session. The request also fully funds WIC to ensure that all women, infants, and children who are eligible and wish to participate may do so. Together, these programs served about 38 million people on an

average day in FY 2018. They ensure that infants have the best possible start in life and that children have access to nutritious food when they are away from home to support their development and learning. I will share additional details about key budget proposals for these programs as I discuss the Administration's priorities in a few moments.

Turning to reauthorization, we know that these programs were last reauthorized over eight years ago. Because of their scope and significance to families and local communities across America, Congress has a long history of constructive bipartisan action to support and strengthen them. I am pleased to join you in that spirit to contribute to a reauthorization process that builds on the programs' history of success, while also advancing the Administration's nutrition assistance priorities – to improve customer service for our partners and participants, to protect and enhance integrity, and to ensure that FNS programs are helping participants move toward self-sufficiency and independence.

It has been my privilege over the last two years to lead our efforts to move these priorities forward. In my view, all three are fundamental to the ongoing effectiveness of nutrition assistance. Good customer service is essential to efficient operations that achieve the programs' missions. Strong integrity safeguards for taxpayer investments in nutrition are fundamental to earning and keeping the public confidence that make these programs possible. And every program should support a self-sufficient future for those who participate, because long-term reliance on government assistance has never been a part of the American Dream. I'd like to share some of our activities and proposals related to the Child Nutrition and WIC programs, particularly in the areas of customer service and integrity.

**Customer Service**

Secretary Perdue has placed a robust focus on customer service across USDA. Given the number and diversity of FNS customers – those who participate, and those who partner with us to operate the programs – we are at the center of that effort. Great customer service starts with listening to customers, to understand their requirements, their challenges, and the choices available to address them within the existing program authorities.

USDA puts this philosophy into action by holding roundtables with program operators to understand their views and needs. We heard first and foremost that school nutrition professionals want students back in the cafeteria, as lunch participation has continued to decline since the standards were implemented in 2012, particularly in the paid meal and reduced-price categories. To create school meals that were both nutritious and appealing to the students being served, school nutrition professionals needed targeted adjustments to existing meal standards. That's why one of Secretary Perdue's first actions was to extend school meal flexibilities related to flavored milk, whole grains, and sodium. Making these flexibilities permanent provided the certainty that schools and food manufacturers needed as they continued to implement these standards.

We also heard that the education and training standards for nutrition professionals that USDA implemented under the last reauthorization put strain on small and rural school districts. Knowing this, we revised the rules, in accordance with the law, to allow these districts more flexibility in the hiring of new school nutrition program directors. We sought comments on the crediting system for child nutrition programs in an effort to make crediting more simple, fair, and transparent. We learned that we needed to add food items which were not previously counted toward meal pattern requirements.

States also told us they need help with additional funding for developing, improving, and maintaining their automated systems used to operate and manage all the Child Nutrition Programs. Grants for state administrative expenses are capped, States are often not able to prioritize technology upgrades. The President's Budget requests a \$20 million increase – a total of \$25 million – for formula-based grants to States to help them modernize systems to improve program operations, oversight, and overall program integrity.

In addition, we have heard from the farm to school community that they need additional flexibilities with Farm to School Grant limits, which are currently capped by statute at \$100,000 per recipient. This grant program serves a wide variety of stakeholders, including nonprofit organizations, tribes, schools, producers, and local and State agencies. USDA has received feedback from States and other stakeholders that \$100,000 is often not adequate to launch or expand farm to school programming, hire and retain staff to oversee and sustain the work, or to cover administrative expenses. At the same time, USDA wants to better support States in making farm to school efforts a more durable part of school feeding. The President's Budget includes raising the cap on grants to \$500,000, which would allow States and other grantees to conduct higher impact work that is more likely to last beyond the end of the grant term. We feel this is a better approach to maximize the impact of these investments.

While I am proud of these successes, we are still listening, and there is more to be done. We will continue to meet and work with State agencies, school nutrition professionals, industry, and other stakeholders on a forward-thinking strategy that ensures school nutrition standards are both healthful and practical, while avoiding unnecessary burden and red tape. We do this because local nutrition operators know their students and their communities best and must be empowered to meet program standards with reasonable flexibility and common sense.



I have also held roundtables with the WIC community, including state administrators, clinic staff, business partners, and participants, to better understand the challenges of operating this complex program. In these discussions, we've explored ways to enhance the food package as well as improve the WIC shopping experience – with implementation of electronic benefit transfer a critical improvement strategy – and questions about access, and the potential role of technology to simplify the client application and participation experience. Beyond these discussions, I have visited WIC clinics to see firsthand the benefit this program provides to infants and children, and of course their mothers. The President's Budget fully funds WIC to ensure that all women, infants, and children who are eligible and wish to participate have the opportunity. As you may be aware, birth rates have continued to decline – particularly for women under the age of 30. This has contributed to declines in WIC participation for several years. We estimate that participation will average about 6.6 million women, infants and children in FY 2020 – about the same number as are participating this year.

#### **Program Integrity**

Just as important as good customer service is ensuring strong program integrity, and we have taken many steps in this area. We heard that school meal program operators needed better tools to improve integrity and efficiency in easy-to-use ways. We have responded with new resources, such as:

- A web-based school meal application based on USDA's open-source, integrity-focused application prototype. We provided information on how states, school districts, and even software designers can reduce household reporting mistakes and certification errors by adopting the use of our online application. The application guides users through the most

error-prone parts of the application process to minimize errors. This is very similar to what you may see when using commercial tax software.

- Additional information and flexibilities in the Administrative Review cycle have been provided to States to ensure that these programs are operated correctly while reducing the burden on operators.
- We have switched to a risk-based approach, but we also offer flexibilities if state agencies are having difficulty with staffing and resources.

We recognize that more can be done. That is why we proposed in the FY 2020 Budget to strengthen the income eligibility verification process to focus more on applications that are at a higher risk for error. This common-sense proposal strengthens program integrity by streamlining the process, especially for districts with strong integrity performance, but also allows districts with challenges to do more to reduce error and fraud. It implements research-backed revisions to current school meal verification requirements while supporting operators with resources and strategies to achieve greater accuracy in serving meals to eligible children. We estimate these changes would save \$482 million over a 10 year period through improved application integrity.

Integrity is also an important focus of WIC. FNS verifies State compliance with WIC requirements through management evaluations, which includes on-site reviews of State and local agency operations and documentation. In recent years, we have put in place a number of important changes, including a team dedicated to creating oversight tools for States and providing technical assistance before integrity problems emerge. We continue to work closely with WIC State agencies in the area of vendor management and integrity to identify best practices and encourage innovation; provide guidance and technical assistance; address allegations of fraud, waste, and abuse; and improve data collection and reporting methods.

In the last reauthorization, Congress set the expectation that all WIC State agencies implement electronic benefit transfer (EBT) by October 1, 2020, or seek an exemption. As of May 2019, 49 WIC State, Territory, and Tribal agencies have successfully implemented EBT statewide and the remaining 42 are in the planning or implementation stage. Thank you for supporting our efforts in this area.

We also work very closely with the Government Accountability Office (GAO) and USDA's Office of the Inspector General (OIG) to identify and address integrity challenges. As you all are aware, OIG recently provided recommendations to FNS on ways in which we can strengthen integrity within the Summer Food Service Program (SFSP). We appreciate our partnership with OIG and are actively working with them to improve SFSP, recognizing its vital importance to children, especially those in rural areas of the country. Our efforts include making changes to oversight and management protocols so that we can better evaluate State agencies during reviews. We will continue our push to improve accountability, transparency, and program operations.

In closing, I want to thank the Committee for your engagement with the FY 2020 President's Budget request and for your support for the reauthorization of these important programs. I know the painstaking effort required to develop legislation of this size and complexity, and we at the Department stand ready to provide any support and technical assistance that you need in completing your deliberations. I am happy to answer any questions you may have.

Chairwoman BONAMICI. Thank you for your testimony.

Before we begin questions, I want to remind members who wish to insert a written statement into the record, they may do so by submitting them to the committee clerk electronically in Microsoft Word format by 5 p.m. on June 18, 2019.

Under committee rule 8a, we will now question the witness under the 5 minute rule. As chair, I will go first. We will then alternate between the parties.

I now recognize myself for 5 minutes.

Mr. Lipps, as I mentioned in my opening statement, I am concerned about the Department's Fiscal Year 2020 budget proposal concerning a change to the community eligibility provision that would prevent schools from using an area average to determine their identified student percentage, or ISP. This is important to the schools in the district I represent. In fact, I just had lunch with some students last week and spoke with the people administering the program. This is an important issue for them. If enacted, each individual school would need to meet the 40 percent ISP threshold, resulting in thousands of schools losing the ability to use CEP and more than a million children losing access to free meals through this provision.

What is the Department's rationale for requesting this policy change?

Mr. LIPPS. Chairwoman, first let me be clear that no students are eligible for paid or free would lose eligibility under that provision. They would have to enter through a different application process, but they would not lose eligibility.

The President's budget put forward a proposal that offers an opportunity for the savings from that plan to be invested in other areas. We know there are a lot of competing priorities in child nutrition as you consider those, and so we put that forward for consideration, ensuring that all of those unpaid and free are still eligible. Schools that are above that 40 percent threshold can continue to operate, it is just not on a district level.

Chairwoman BONAMICI. I understand, however, when I speak with schools at home, this program reduces stigma and the paperwork burden for schools. And districts tell us that it is working well. It seems that is in line with the customer service priority you recognized. I think we should give the districts options to streamline enrollment in school meal programs and CEP is a key part of that.

I wanted to move on to Summer EBT. In 2012 the FNS published evaluations of Summer EBT demonstrations, which were designed to test alternative methods of providing nutrition to low income students during the summer. And in Oregon the program showed a 5.2 percentage reduction in very low food insecurity, which is the most severe form of food insecurity among children. Yet, in reviewing applications for the round of Summer EBT projects beginning this year, the Department chose to discontinue funding for the program in Oregon. In fact, the Department is only funding four State or tribal projects over the next 3 years, compared to 10 funded last summer.

So your Department found that the Oregon Summer EBT project reduced very low food insecurity among children. Do you agree with that finding your Department made?

Mr. LIPPS. Yes, ma'am, that is correct.

Chairwoman BONAMICI. Well, it is interesting, if we all agree that the Oregon Summer EBT Program reduced very low food insecurity, why did the Department decide to end funding to Oregon, therefore putting those children once again at risk for food insecurity?

Mr. LIPPS. Chairwoman, that is an important question and the Secretary and I agree with you on that very point. The money provided for these projects is demonstration money that was originally provided in the Appropriations Act of 2010. The Department has found in a number of areas that very low food insecurity in children has been reduced due to the Summer EBT Programs. We think it is an important program that has worked well. We have obtained that data and reported it to Congress. Our interest is moving on to researching areas of new information as that demonstration money is given to us to report back to Congress on things that can work well, while you continue to consider how to move forward in feeding children in the summer.

We recognize that is a difficult question. We want to work with you on that as we move forward. The process was competitive this year in applications that were submitted for what projects would be funded that can provide us new information on how to better serve children in the summer. And I think our interests are aligned on that front for sure.

Chairwoman BONAMICI. Well, and I appreciate that and I look forward to continuing the conversation. It feels unacceptable for the Department to have evidence from its own evaluations that a program reduces severe child hunger and then nevertheless the program is cut. So I would like to work with you and my colleagues on both sides of the aisle to address that. If there are other priorities that are considered a head of that, I think we need to have that conversation.

And just briefly back to community eligibility, we have had many conversations in this committee about community eligibility, and I understand that you said that there are other ways for the students to access community—or the districts to access community eligibility. However, there are significant barriers to families and filling out applications. Some people are unaware of it. And I am sure that there are children who are eligible who aren't filling out the paperwork. Also, the stigma that is attached disappears with community eligibility. And once again, when I speak with the districts and the school nutrition providers in Oregon, they are very, very supportive of expanding access to community eligibility because it does streamline the paperwork and make it easier for the school, but also reduces that stigma. So I hope we can work together on that as well.

I now recognize the ranking member, Mr. Comer, from Kentucky, for 5 minutes for your questions.

Mr. COMER. Thank you for yielding.

Mr. Under Secretary, it is great to have you here today. I know that school food personnel want to serve healthy, tasty meals to

kids. And I have spoken with several school nutrition administrators all across the first congressional district of Kentucky that tell me they have a challenging time wading through the regulations to try to come up with meals that kids like that meet the regulations on the Federal level.

So my question—my first question—how are the new regulations on grains, sodium, and milk going to help my constituents serve meals to those kids?

Mr. LIPPS. Congressman Comer, the flexibility given on those three items are flexibilities that were requested directly from the school meals professionals that serve our kids every day. We heard that and traveled throughout the country, the Secretary did, I did. We certainly heard it in comments. I agree with you, school nutrition professionals don't want to serve kids meals that aren't nutritious. That is their goal when they show up at work every day. And they are looking those kids in the eyes and wanting to help them make better health decisions throughout their life. And I think they are all committed to that. They requested some minimal flexibilities to the standards that would allow kids to eat those meals, to reduce the waste, and ensure that kids are getting the nutrition that they need so that we are not sending kids home, some to an empty cupboard who aren't eating the meals at school. And we believe those minimal flexibilities help accomplish that.

Mr. COMER. Great. My congressional district borders four States and retailers who operate in more than one State often struggle with the excessive red tape and lack of uniformity amongst each State's WIC licensing process. In order to help streamline this process, can FNS direct States to start with the retailers existing SNAP licenses and only ask for additional information beyond what a retailer has already provided on their SNAP licenses? And if not, is there anything Congress can do to make that happen?

Mr. LIPPS. That is a great question, Congressman. FNS retailers are authorized at the Federal level by FNS. WIC retailers are authorized on the State level by the WIC State agencies. I believe that there are some statutory impediments to us changing how that process works, so I think off line we can engage with you on opportunities to move that forward. We certainly hear those challenges from retailers as well. And the important thing is we have as many retailers as possible in the system so that the customers have access to that.

Mr. COMER. Absolutely. And we want to work with you on that because unfortunately in this environment many of our rural communities are having less food retailers now, grocery retailers, and we are living in an environment where we have more food deserts, not just in the urban areas but in the rural areas as well. So anything we can do to help with that, to make that process easier, we want to do that on this committee. So we look forward to working with you on that.

My next question, in the past there have been issues with certain items that are part of a WIC prescription not being available during times of disaster due to production or logistical challenges. While some States are quick to provide substitutions, some may be slower to act, causing WIC participants to be unable to access items on their prescription. Does USDA have the authority it needs

to provide States with flexibility to authorize item substitution at authorized merchants during times of disaster?

Mr. LIPPS. Congressman, I believe that we do. We will take a deeper look at that. As you noted, we have given that flexibility to a number of States in the recent disasters that we have had just since I have been at the Food and Nutrition Service. It sounds like we may need to do some work with some of the States to ensure that their processes are in place to get that communication more quickly accomplished. We do our best to turn those around very quickly at FNS.

Mr. COMER. Great.

Let me get one more question in here. When the idea of reauthorization of child nutrition laws comes up I hear a lot about streamlining applications, especially for the summer. Can you tell me why streamlining is necessary and if there is anything the agency can do to help improve this effort and what must be legislated?

Mr. LIPPS. Yes, sir. We have taken a number of actions at FNS in recent years to start streamlining applications. There are a lot of programs that operate to feed kids throughout the year, we have 15 programs at FNS, and a lot of those are for summer. And we hear from operators on the ground very often about the difficulty from moving, for example, from a CACFP At Risk operator to a Summer Food Service Program operator. And so the agency has taken actions to streamline some of those operations. I think there is some more that can be done that would require legislative action, and we would be happy to engage with you on those.

Mr. COMER. Great.

Thank you, Mr. Under Secretary.

Madam Chair, I yield back.

Mr. LIPPS. Thank you.

Chairwoman BONAMICI. Thank you. I now recognize Representative Fudge from Ohio for 5 minutes for your questions.

Ms. FUDGE. Thank you very much, Madam Chair, and thank you, Mr. Lipps, for being here.

Madam chair, I do have a shadow with me today who is a part of the National Foster Youth Institute's shadow day, Nadia Goful.

Thank you for being here today.

Ms. BONAMICI. Welcome.

Ms. FUDGE. Mr. Lipps, hunger is very, very real in the State of Ohio, as it is in the rest of this Nation. Ohio has been ranked ninth worst for low food security from 2015 to 2017. You oversee the administration of SNAP, is that correct?

Mr. LIPPS. Yes, ma'am.

Ms. FUDGE. This also includes how you deal with ABAWDs, is that correct?

Mr. LIPPS. That is correct.

Ms. FUDGE. Okay. It is my understanding that there is a recent proposal for a rule that would limit access to SNAP benefits by ABAWDs, which may affect more than 700,000 persons. Now, let me just say—and I have said it before—it is absolutely dishonest and immoral for anyone to suggest that poor people do not want to work. I assure you, people want a hand up, they don't want a hand out. And it is insulting to suggest otherwise. And so clearly

I have a real problem with how we have handled this particular population.

Now, you have given us a lot of data today, and I have asked repeatedly to your Department to give me data on who ABAWDs are. We have no idea who they are because you don't collect the data. You have the authority to do it, why do you not do it?

Mr. LIPPS. Congresswoman, the only data that FNS has is that is collected through the quality control process, which is data collected at enrollment and certification for those recipients. Congress has over time discouraged us from requiring recipients to report more information for the—

Ms. FUDGE. That is not my question, sir. You have the authority to do it. Why do you not?

Mr. LIPPS. Congress has discouraged us over time from collecting more information.

Ms. FUDGE. We have not said you cannot.

Mr. LIPPS. Over time Congress has discouraged that. We don't collect that at the Federal level. What we do know about ABAWDs is the definition of ABAWDs that Congress put in statute for that statutory requirement on them is that they are between the ages of 18 and 49, they don't have dependents in the household, they are meant to—

Ms. FUDGE. It doesn't tell us if they are veterans, it doesn't tell us if they are mentally ill, it doesn't tell if they are homeless, if they are sick. And even your secretary, Secretary Perdue, indicated that ABAWD definition needed some fine tuning. Are you at least trying to fine tune it?

Mr. LIPPS. I think the definition is clear, Congresswoman. I would be happy to talk you through what we know about that.

Ms. FUDGE. I know what you know about it. So my position then, since you choose not to collect the data, is that you want to operate in the dark purposely, operate in the dark and punish people and you don't even know who they are.

I think it is really a shame that we would treat people who we don't even know, make them believe that we think that they are lazy, make them believe that we think that they are not worthy or deserving of the benefits that this government should be able to give them.

Let me move on. I want to talk a little bit about categorical eligibility in SNAP. Now, you talked about flexibility and I know that Republicans in particular are very, very big on States' rights and the flexibility of States. So why would you take away the flexibility of States as it relates to categorical eligibility?

Mr. LIPPS. Congresswoman, let me comment on your previous statement. It is the State's job to know these recipients and they are in fact required to get to know—

Ms. FUDGE. Please answer my question. I have a limited time.

Mr. LIPPS [continuing]. those recipients and to assess them. And the agency has done a lot of work to make that happen.

Ms. FUDGE. But you don't have the information and you are making the decision. So could you just answer the second question?

Mr. LIPPS. The State is required to do those things. We have regulations that required in a memo—



Ms. FUDGE. You don't have—they are not making the decisions, sir. Could you just answer my question?

Mr. LIPPS. They are making a decision on who that requirement applies to. And I would be happy to share with you the information on that.

Ms. FUDGE. Could you just answer my question.

Mr. LIPPS. Yes, ma'am. Remind me of your question on categorical eligibility.

Ms. FUDGE. Why do you want to take away the flexibility from the States by the rule that you are proposing to change cat el?

Mr. LIPPS. Congresswoman, balancing how an individual enters a program and the integrity required with that and ensuring that the program benefits go to the right people is always a difficult call. And we want to make sure that the program has the utmost integrity on that front. Some people are currently being qualified for the SNAP program by receiving a brochure from another program. I don't think any of us think that is the integrity that this program needs to have. And the rule that is in our regulatory agenda on broad based categorical eligibility, we do believe will be intended to address that problem.

Ms. FUDGE. So in some instances you trust the States, and in others you don't?

Mr. LIPPS. It is our job to set guidelines to ensure that integrity is carried throughout the program and that recipients across the States are treated fairly.

Ms. FUDGE. But the fact is you trust them in some things and you don't in others. You don't trust them in feeding hungry children.

Mr. LIPPS. It is—

Ms. FUDGE. You don't trust them in feeding sick or elderly.

Mr. LIPPS. That is not—

Ms. FUDGE. That is a place you don't trust—

Mr. LIPPS. That is not accurate, Congresswoman.

Ms. FUDGE. That is the choice you have just made.

Mr. LIPPS. It is our job to ensure the integrity throughout the program.

Ms. FUDGE. I yield back.

Sir, my time is done and I yield back, madam chair.

Thank you.

Chairwoman BONAMICI. I now recognize Representative Stefanik from New York for 5 minutes for your questions.

Ms. STEFANIK. Thank you, Chairwoman, and thank you, Mr. Lipps, for being here today.

I represent New York's 21st district, a very rural part of the Northeast, and frankly the East Coast. And in my district, as we have heard many other members and you testify, it is important to recognize that children are not just in need during the school year, but also during the summer months. And that is a vital component of child nutrition services. We know that the program has a participation rate of below 20 percent and the number of meals served during the summer has been decreasing in recent years.

What can we do to strengthen this program and help children gain access to food during the summer months?

I would specifically also like to hear your thoughts on rural regions, because there are transportation challenges in a district like mine, that I have heard first hand from families. You talked a bit about streamlining operations, but I would love to hear more ideas about how we can strengthen the program during the summer months.

Mr. LIPPS. Sure. Thanks for that question, Congresswoman.

I think everybody in this room agrees that is a very important question and a difficult one that we need to work together to solve.

FNS has been testing methods to feed children in the summer for a number of years. The authority was given in 2010 that I talked to one of your colleagues about earlier. We have learned a lot from that about how we can help children be fed in the summer through summer EBT. The Summer Food Service Program is great, but is generally provided at congregate feeding sites. That is often a situation both in urban and rural areas, but certainly I understand from a rural area the transportation issues involved in that. So streamlining is part of that, but that doesn't get children to the meal site, that doesn't get food to the children.

We have tested a number of methods that we do know work. We continue to test additional methods. And we would be happy to talk through all of those with you off line, certainly as you all potentially consider child nutrition reauthorization. We think this is one of the most important questions.

Ms. STEFANIK. What are some of those methods that you have found to be effective based upon the tests?

Mr. LIPPS. Sure. We have tested varying levels of benefits in the Summer EBT Program, which is where additional dollars are provided, particularly on the SNAP cards, for families to have additional money to buy food in the summertime. We have shown a \$30.00 per month level that very low food insecurity in children has decreased. And that is the measure of the worst hunger for children in this country. So we think that is a very important measurement. We have shown in some instances that children who were provided allocations of actual food has improved their eating habits in the summer because they are given nutritious food to eat. Certainly anyone who shows up to a summer feeding site is having access to food in the summer. So all of those are working.

How we expand that on a level that works for all the children across this country continues to be a difficult question, but one I think we can move forward in addressing together.

Ms. STEFANIK. And on the rural piece in particular, again, this is not a one size fits all when you are dealing with differences in, you know, just rural versus suburban and urban communities in New York State. Again, my district, I have 194 towns and villages. It is very rural. I have the largest counties in the State. So the transportation piece is critical.

What other innovative concepts have you tested specifically for providing support during the summer months in rural communities?

Mr. LIPPS. Most of the testing in rural communities has been through summer EBT. We are working on some new opportunities now that we can brief you on, but we don't have data on that at this time.

Ms. STEFANIK. Okay. I would love to work with the Department to identify what those innovative solutions are for rural communities. My district is a great example of a district that is in need and that is quite rural. So let us work together on that.

And with that, I yield back.

Mr. LIPPS. Thank you.

Chairwoman BONAMICI. Thank you.

I now recognize Representative Dr. Schrier from Washington for 5 minutes for your questions.

Dr. SCHRIER. Thank you, Madam Chair.

Mr. Lipps, thank you for being here today.

Mr. LIPPS. Good morning.

Dr. SCHRIER. I am Dr. Schrier, I am a pediatrician, and so I do have this focus on children's nutrition and not just feeding—

Mr. LIPPS. Sure.

Dr. SCHRIER [continuing]. but really making sure that what they get gives them good nutrition. So I am concerned about the rolling back of a lot of the targets, for example, the sodium reduction target. And I recognize, of course, that most children do not have high blood pressure and this may not have an immediate impact, but over time what we are doing really is establishing what their palates are. And so if we give kids like a salt tooth or a sweet tooth, that lasts forever and will affect their ultimate outcomes. So the sodium standard reduction, the standards for whole grains and relaxing those standards, and also the equivalency of sugar sweetened milk with other milk that I would argue is also not good for children's health in the long run.

And so there are reporting standards as well so that we know what schools are doing and who is complying. And it seems that we are not getting that information anymore. That the 2010 Healthy Hunger Free Kids Act provided an additional \$.06 per meal in reimbursement for schools that were meeting updated standards. And that is a good way for us to track how many schools are meeting it. In 2016 about 90 percent were.

And I was wondering, is the USDA still collecting this data?

Mr. LIPPS. Dr. Schrier, we are not collecting that specific information. Let me tell you a few facts that we do know. We have a school nutrition and meal cost study that we conduct on a regular basis, probably not as often as any of us would like. What that does show is that students are wasting a quarter of their calories and nutrients in that program. That at the time of that study 30 percent of schools were not meeting sodium target 1, and even with that we were having that level of waste, 83 percent of schools were not meeting the whole grain standard, and milk consumption had reduced by almost 10 percent.

And on each of those three issues, I do want to be clear, people talk about rolling back and it makes the headlines a lot, Congress had provided flexibility on all three of these issues for a number of years in the annual appropriations process. Schools said to us, we need permanency so we can order their large quantities of food years out and plan their meals a year out. And this rule simply provided them permanency on those issues, which I do think around the edges on this is, as we talked about earlier with Mr. Comer, the school nutrition professionals, I think you would agree,

really want to provide these kids nutritious meals, but they want to make sure that they are eating the food that they have.

Dr. SCHRIER. I love that you brought that up, because we have heard in this committee wildly different statistics on this, and we even had a whole discussion—we had dietitians in here who specialize in crafting good tasting meals for kids that meet all of the requirements before they were rolled back, and they do not report these kinds of levels of waste. They report that the kids are eating the food and enjoying the food. And so we may want to have a further discussion down the line about how to make sure that dietitians are creating these meals and not just food service organizations that just drop off food and put it in the microwave.

Mr. LIPPS. I agree, Dr. Schrier. It is not an easy question.

I will say anecdotally I have gone to schools who have chefs on board who create wonderful meals that I enjoy and I sit down at the table with those kids and the kids who brought their lunch from home. And in one particular instance it was peanut butter and crackers and some—those fruit chewies—I cannot remember what they are called—and they are trading football cards for the food that he brought in his lunch when there is wonderful food on the table. So it is a lot deeper question than just these school meal standards.

I do think we want to give some deference to the folks who are serving them and looking them in the eye every day.

Dr. SCHRIER. And I am going to just respond to that because I completely understand what you are saying there, but I might take that in a little bit different direction because I have a 10-year-old, so I know what we put in his lunch. I also see what his friends' parents put in their lunches, and they do sound a lot like that, a peanut butter sandwich without the crust and cookies and chips.

Mr. LIPPS. I have that discussion with my 9-year-old every morning.

Dr. SCHRIER. We don't discuss, we just give.

Mr. LIPPS. It is important to talk them through why they are eating what they are eating.

Dr. SCHRIER. That has been well established. But I wanted to talk with you—maybe in the future we could talk about whether we could provide good tasting chef/dietitian inspired meals that meet these requirements for all students, because they are all going to have future lives and I would love to create that palate in all of our kids. And, frankly, when it comes to a contrast between what school nutrition provides and needs, let us open that up for further discussion.

Mr. LIPPS. Yes, we would be happy to engage with you. Thank you.

Dr. SCHRIER. Thank you.

Chairwoman BONAMICI. Thank you.

I now recognize the ranking member of the full committee, Dr. Foxx from North Carolina for 5 minutes for your questions.

Mrs. FOXX. Thank you, Madam Chairwoman. And, Dr. Schrier, your child probably appreciates the fact that you prepare the lunch and don't put the child in the school food service.

Mr. Lipps, thank you for joining us today. In your testimony you discussed some efforts your office has made to improve integrity in

the programs you operate. I appreciate hearing your efforts on this important issue. However, GAO has just completed a new report that notes the high rate of improper payments can suggest programs are inherently vulnerable to fraud. The report goes on to note that USDA has not established a process to assess risk and that existing efforts to assess the risk do not comprehensively consider fraud risks.

It seems from the write up of the agency's oral comments on the report the agency believes it does not have risk assessments in place. Your testimony notes that you have switched to a risk based approach.

So can you tell us what specifically the agency is doing in this capacity. And when you say "more can be done", can you discuss how that addresses what the GAO raised?

Mr. LIPPS. Chairwoman Foxx, thanks for that question. And as you know, that report is relatively new and we haven't had an opportunity to put out our full response on that yet.

I do want to clarify one point. The agency believes that it does have a risk assessment in place. It does not have the comprehensive risk assessment in place that GAO recommends for all Federal agencies, and we agreed with them that can be beneficial. There is no objection to increasing integrity in any of our programs at FNS, and we work on that every day. So we believe that we have good measures in place, but we are always happy to improve those, and we will be doing that moving forward.

We think the verification proposal that we have in the budget on school meals is an important part of that. We put out an online school meals application that helps improve integrity in school meals and a verification toolkit that we provide the State agencies and schools to better administer that program as we move forward.

Mrs. FOXX. Thank you, Mr. Lipps.

Representative Bonamici asked you about the proposal to require each individual school to certify that they are eligible to participate in the community eligibility provision or CEP. Can you discuss how the budget is developed to maximize helping hungry students throughout the year and across programs? Further, can you State again whether that change will result in children eligible for reduced price or free lunch losing access to the program?

Mr. LIPPS. Sure. Chairwoman Foxx, the eligibility criteria for this program are set in statute and this program does not change that. So children who are eligible under the guidelines provided in statute for this program will continue to be eligible. They will not be eligible through CEP, but through the general application process.

And I will, as you request, repeat that proposal is put forward as an opportunity to target free and reduced priced meals to those kids in need of free and reduced price meals. And those of us who can afford to pay for our child's own meals, the taxpayer dollars that were previously going for that, you all can choose to enter into these other programs, such as important things we have been talking about on the summer program.

Mrs. FOXX. Thank you.

Madam Chairwoman, I would like to submit this GAO report titled "USDA Has Reported Taking Some Steps to Reduce Improper

Payments, But Should Comprehensively Assess Fraud Risk” for the record.

Chairwoman BONAMICI. Without objection.

Mrs. FOXX. Thank you, Madam Chairwoman.

I want to say that I eat lunch in every cafeteria I can eat in when I have the opportunity to do so and I always go into the cafeterias and thank the school food service for the work that they do in helping to prepare good meals for the students. These are generally people who don’t make a lot of money, are very devoted to what they do, are very devoted to serving the students, and work hard at complying with the myriad of rules and regulations that we give to them. And I want to pat them on the back every time I am in a school and always do my utmost to try to eat a lunch there to show my support.

So thank you for what USDA is doing.

We must do better in terms of fraud and abuse so that the truly needy students get the food that they need.

Thank you very much, Madam Chairwoman.

Mr. LIPPS. Thank you.

Chairwoman BONAMICI. I now recognize Representative Hayes from Connecticut for 5 minutes for your questions.

Ms. HAYES. Thank you, Madam Chair, and thank you, Mr. Lipps, for being here today.

I am scribbling so many things on this paper because, as usual, I hear many racist, wrong, and uninformed comments about what this looks like on the ground. Children don’t choose to be recipients of school lunch programs—free school lunch programs.

Some other things that I have heard that I want to address really quickly, community eligibility, talking about wading through regulations, all this conversation surrounding meals that kids like or don’t like, the administrative costs, the paperwork, school nutrition professionals don’t want to serve kids meals they don’t like, they have to look into the faces of kids as they are giving them meals that they don’t like. I can tell you what school personnel don’t like—over here—I can tell you what school personnel don’t like having been a teacher for 15 years, it is hungry children. Hungry kids don’t learn.

Mr. LIPPS. We all agree with that.

Ms. HAYES. So it is not about—this isn’t this idea of the regulation, the paperwork, or what kids choose or like, kids come to school hungry. They like to eat, they like to be fed. So I want you to just consider that as you move forward. It is not just—

Mr. LIPPS. Congresswoman, I will say that I have been to schools—

Ms. HAYES. That wasn’t a question. That wasn’t a question.

Mr. LIPPS [continuing]. and sit down with those kids and—

Ms. HAYES. That wasn’t a question.

Mr. LIPPS [continuing]. watch them not eat those meals.

Ms. HAYES. I am reclaiming my time, madam chair.

Mr. LIPPS. And that deeply bothers me.

Ms. HAYES. That wasn’t a question. I have 5 minutes and I have several questions I want to get through.

Mr. LIPPS. Thank you.

Ms. HAYES. I was just making a statement.

So when we talk about the economic impact, last week your Department's own Economic Research Service published a comprehensive study including that when families redeem nutrition assistance or SNAP benefits local retailers are supported and job growth is boosted. The study found that for every \$10,000 of additional SNAP spending employment in non metro areas increased by nearly half a percent.

This research gives confirmation from your Department of what multiple independent high quality studies show, that SNAP benefits support and create jobs in our economy. Therefore, how can you justify the administration's attempt to cut SNAP when these proposals would not only take away food but also reduce employment?

Mr. LIPPS. Congresswoman, I do want to address your previous accusations.

Ms. HAYES. I don't have time. I'm so sorry, but I don't have time for you to—

Mr. LIPPS. I will tell you that I do not like sitting down at a table with kids who are hungry and watching them not—

Ms. HAYES. With all due respect, Deputy Secretary Lipps, I don't have time. I only have 5 minutes and I would like this—these are the questions that I would like an answer to.

Mr. LIPPS. Well, I just wanted to clarify the point that I don't like to watch hungry kids not eat their meals.

With regard to your question, there is no doubt that when tax dollars are infused into a local economy that it helps local businesses. The question in these programs is are we feeding people, are we helping hungry people eat. And that is the measure that we have. There are a lot of ways to infuse money in local economies, and you all make those decisions every day in your policymaking. My job is to focus on helping ensure that hungry people have access to food and if that helps benefit a local economy, we are glad to have that as a side benefit.

Ms. HAYES. Thank you.

Mr. Lipps, do you know how many families will be affected by this proposed \$1.7 billion cut to the SNAP program?

Mr. LIPPS. Which cut are you talking about, Congresswoman?

Ms. HAYES. That was in the President's Fiscal Year 2020 budget. The cuts to the SNAP program.

Mr. LIPPS. Are you talking about the ABAWD proposal?

Ms. HAYES. Cuts to nutrition programs overall.

Mr. LIPPS. Cuts to nutrition programs in general? There are different numbers on different proposals. I am not sure which ones specifically you are addressing.

Ms. HAYES. Do you—all of them.

Mr. LIPPS. Well, we have some proposals that don't reduce program participation at all. If they provide benefits in different ways—

Ms. HAYES. 800,000.

Mr. LIPPS. That is with—

Ms. HAYES. 800,000 people will be affected—

Mr. LIPPS. I think that is a number referring—

Ms. HAYES [continuing]. by the cuts to these programs.

Mr. LIPPS [continuing]. just to the ABAWD rule for people who do not—

Ms. HAYES. 800,000.

Mr. LIPPS [continuing]. participate in an education activity.

Ms. HAYES. In your opening you said great customer service starts with listening to customers, to understanding their requirements, their challenges, and the choices available to address them within the existing program authorities. Can I ask you, were any of your—I am moving to a different topic—were any of your WIC staff consulted at FNS headquarters when you had the decision to realign the regions?

Mr. LIPPS. Absolutely.

Ms. HAYES. They were? Because this committee learned that—in a recent call with the committee staff, staff acknowledged that one of the problems this proposal has presented is around WIC funding that flows through FNS regions. On the call your staff indicated that no action would be taken on the realignment before the WIC funding issue had been addressed. However, at the time of the call, the USDA had already announced the realignment with the impacted States and tribes.

So is there communication between your staff and the policies that are coming out of your administration?

Mr. LIPPS. Congresswoman, I would be happy to talk to you about that at length. The facts that you have are not accurate. We are in a phase of meeting with all of our customers at this time because customer service is at the top of the list. My regional administrator colleagues are currently out meeting with all of our operators who run this program. And after the two regional administrators who were exchanging meet, their staff at lower levels are meetings to ensure that everyone's concerns are offered.

And I want to be clear that this was not a proposal that I brought forward, it is a proposal that staff worked out to ensure—we have regions with nine State agencies and 39 tribal organizations and regions with five State agencies and 20 ITOs. They cannot equally serve their constituents in that way. So our regional staff brought this proposal to me and said let us balance this workload so we can better serve our customers.

It is a great idea. There are some issues that need to be worked out, and we will get them all worked out before we move forward. That is how we operate at FNS.

Ms. HAYES. I look forward to that. Madam Chair, I yield back.

Mr. LIPPS. Thank you.

Chairwoman BONAMICI. Thank you.

I now recognize Representative Thompson from Pennsylvania for 5 minutes for your questions.

Mr. THOMPSON. Thank you, Madam Chair.

Secretary Lipps—

Mr. LIPPS. Good morning.

Mr. THOMPSON [continuing]. thank you for your service, thank you for your work in this area, thank you for your work of doing our best to provide poor hungry families with ultimate food security, and ultimate food security comes through a job. And there are more than 7 million jobs that are open and available throughout this great country today. And we do have a skills gap. We know that. We have addressed—we have worked hard on this committee to address that skills gap. And, quite frankly, within the Supple-



mental Nutritional Assistance Program, I appreciate your work and the work of Secretary Perdue to help those folks who are able-bodied with—which is a definition that comes with broad exemptions for small kids and different things, age ranges, very definitive exclusions, but people who are able-bodied to be able to get access to get that training that leads to food security.

The SNAP program—to defend SNAP, I mean it provides—to someone who chaired the nutrition committee and the agriculture committee for 2 years, we know what that provides is very important, but it is very limited. And if you want ultimate food security, that really comes through the effort and the work that you all are doing.

I don't appreciate when my colleagues extract certain statistics and try to demonize, you know, what is the right thing to do to help people and to do things for—we are not doing things—you are not doing things to people, but you are doing things for people.

My question though is not on the SNAP program, it is the—I want to thank you for the Department's work on last year's rule-making to reinstate the 1 percent flavored milk as an option in our schools that certainly will be a helpful move to increase milk consumption in our schools. I have seen it already as I have visited schools and been able to enjoy a school lunch with a table full of kids. I don't know if they enjoyed me there as much as I enjoyed being there, and to enjoy having 1 percent chocolate milk actually. I know the kids appreciate that. And then with the goal of not losing another generation of milk drinkers, I am hopeful we will be able to move further. The next step is to allow our schools the option to serve whole milk. We are talking about the difference between 1 percent milk fat and 3.5 percent milk fat. And on all the science and the data—and we do have someone—unfortunately, some associations have not kept up with—I don't think with science, but the difference there in the nutritional value, the health values, are just significant. We know so much more than the bad decision was made in 2010 to demonize milk fat. So the next step really is to allow schools the option to serve up the option—you know, I hope we are not dictating—to serve whole milk, as my legislation H.R. 832 does.

Would you be in favor of giving schools the flexibility to offer these varieties as well?

Mr. LIPPS. Congressman, first let me thank you for your previous comments. I think you know that our intentions are good with regard to our SNAP policies, and I appreciate your comments on that front.

With regard to your question on whole milk, we would like to engage with you on that front. I understand that most Americans are buying whole or 2 percent milk at the grocery store. And as I stated earlier, what we do know from our school nutrition and meal cost study is that milk consumption has decreased 10 percent over those years.

And when you talk about the nutrients that are provided in that milk as part of this meal pattern, if kids aren't drinking that, that is a problem, right, there is a problem on both ends and we have to recognize that.

So we want the meal pattern to be based on science and the dietary guidelines advisory committee is looking at some of these questions now. And we think they are important questions that you raise and we would love to engage with you on that.

Mr. THOMPSON. Have the studies identified what the alternative beverages are? I was in a dairy roundtable yesterday in my State Capitol in Harrisburg, Pennsylvania, and there was a school dietician there and she reported to me—you know, she gave me a specific brand, I won't name that, but it was a high sugar, high caffeine is her observation of what is being consumed by these kids. That is what they are opting to do. They haven't had a great milk experience for the most part since 2010 when we—when there was legislation—when the last time school nutrition standards were passed. It was a bill I voted against, by the way. And so I don't know if we are finding—identifying what are the alternative beverages that are being utilized with—you know, you said at least a 10 percent decrease in milk consumption. They are drinking something.

Mr. LIPPS. Well, I can assure you, Congressman, that they are not purchasing those high sugar, high caffeine beverages in schools, per our regulations, but there is no doubt that kids are bringing those from home.

Mr. THOMPSON. Not even out of vending machines?

Mr. LIPPS. They are buying them outside. No, sir. They are not allowed as part of the competitive foods. But, you know, the unfortunate situation is that all of these children don't have the benefit of having parents with the ability to train them at a young age, like Dr. Schrier. And so we have to work together to do the best we can for all of America's children.

Mr. THOMPSON. All right. Thanks, Secretary.

Chairwoman BONAMICI. Thank you.

I now recognize Representative Lee from Nevada for 5 minutes for your questions.

Ms. LEE. Thank you, Madam Chair, and thank you, Secretary Lipps.

Mr. LIPPS. Good morning.

Ms. LEE. Before coming to Congress I had the opportunity to work with children in Nevada's K-12 system through many non-profit organizations, including many students whose primary meal actually came from school.

I represent Clark County, Nevada, the fifth largest school district in the country where almost two out of three children qualify for free and reduced lunch. So I certainly appreciate how important it is that the calories our children consume pack as much nutritional punch as possible.

And one of my primary concerns is the threshold or amount of certain ingredients being served in school breakfast and lunches. For instance, added sugars contribute no essential nutrients, are often hidden in juices, breads, snacks that schools serve to students. Many children rely on these meals as their primary source of nutrition and it is our responsibility that they are getting the nutrition they need during their most vulnerable years to set them up for a healthy and successful life.

Sugar consumption is a major cause of obesity and many chronic diseases, such as diabetes. Current research demonstrates that childhood obesity has reached epidemic proportions in the last 2 decades, the proportion of overweight teens has tripled. We have also classified obesity as a national epidemic. And schools were identified as one of the key settings for public health strategy to address this concern.

So I understand the need for providers to want to feed kids the food they prefer, but when we are faced with the national epidemic, it is incumbent upon us to set standards that actually address that epidemic.

And in December of 2018, FNS issued a final rule rolling back the previously established nutrition standards for school meals on whole grains, sodium, and milk. And as part of rolling back these standards, FNS is now allowing schools to serve milk with unlimited added sugar and calories, which does not align with Dietary Guidelines for Americans' recommendation to limit added sugars to 10 percent of daily calories.

Mr. Lipps, as you know, provisions of the rule around whole grains and sodium are now the subject of a lawsuit against the Department because they are not in compliance with the law's requirement that school nutrition standards align with the current edition of the Dietary Guidelines for Americans. Why did FNS issue a final rule that violates this law?

Mr. LIPPS. Congresswoman, I can't comment on active litigation, but I would be happy to respond to your question.

First of all, with regard to the comment that you will read a lot about us rolling back standards, Congress has provided annual changes on this front with regard to sodium, whole grains, and dairy in the annual appropriations process for a number of years. One of the requests for schools early on was for us to provide them stability on the front that Congress had been providing and that is what this rule did.

The School Nutrition and Meal Cost Study showed that a quarter of the nutrients provided in school meals are wasted every day. When you look at things like milk, that is a problem if kids are not having those nutrients.

So I wouldn't say, as you stated, that we wanted meals kids prefer. Certainly we do, we want them to have nutritious meals that they will eat to ensure that they are getting that nutrition, particularly for kids who may be going home to an empty cupboard. I understand some may choose not to eat their school lunch because they don't like it and they will go home and eat whatever they want. Not all of the kids have that option.

Thirty percent of schools were not meeting the sodium target and 83 percent were not meeting the whole grain target. Milk consumption is reduced by 10 percent. And this is still with a quarter of the nutrients in the program being wasted. So these flexibilities that were provided, which Congress had provided through annual appropriations act, give stabilities to the school on that front with regard to minimal flexibilities to help produce meals that their kids will eat.

Ms. LEE. I understand that. You know, I think obviously there is a clear balance.

Mr. LIPPS. Right. We agree.

Ms. LEE. I mean reducing, you know. But I believe that as regulators that establishing standards that set children up for a lifetime of health is incredibly important.

I would like you to answer this next question with a yes or no answer. Is the Department currently considering any other proposed regulatory changes to nutrition standards for school meals?

Mr. LIPPS. Congresswoman, we have a regulation with regard to school meals in our recently released regulatory agenda. What is going to be included in that, we don't know at this time. And I can't comment on that until the proposed rule comes out.

Ms. LEE. Okay.

Well, I just hope that whatever FNS is considering at this time will be in compliance with law and evidence-based so it is in the best interest of our school children.

I want to close by stating in 2018 my home State of Nevada, approximately 136,000 students participated in school breakfast, and 227,000 in the school lunch program. So when we think about food insecurity at large and hungry students who depend on these critical programs, we need to think about how they align with nutrition standards. Just giving kids food that they like to eat is—you know, we need to also be thinking—

Chairwoman BONAMICI. Representative—I am sorry. Representative, your time has expired.

Ms. LEE [continuing]. about setting them up. Thank you.

Mr. LIPPS. We agree.

Chairwoman BONAMICI. I now recognize Representative Johnson from South Dakota for 5 minutes for your questions.

Mr. JOHNSON. Thank you, Madam Chair.

Mr. Lipps, you know, I think an unfortunate trend in this country in recent decades is we are just getting further and further away from the farm and the ranch. So we have less of an understanding, maybe more of a tenuous understanding of how food goes from the farm to the table. That is why I have always liked the farm to school program. I think it teaches children—that uses of course locally sources fruits and vegetables and other foods to help students understand the local economy, the local culture. It won't surprise you that I think South Dakota—I know South Dakota is a beef and bison powerhouse and I think South Dakota students could benefit from a deeper understanding of the value of that beef and bison.

And so I think my first question is do you agree that this farm to school program could better prioritize locally sourced beef and bison?

Mr. LIPPS. Congressman, we do think it is important. Let me comment on the farm to school program in general. I have seen out on the ground the effect that program has on children with regard to making healthy decisions. When kids are connected to their food they do make healthy decisions. I think it is one of the best programs that is moving kids' nutrition standards forward as we look at that.

Certainly, I agree with your contention on beef in that program. We want kids to have local connection to all of their food.

Mr. JOHNSON. Well, I am glad we are on the same page today. I am introducing the Farm and Ranch to School bill, which would allow for a greater portion of that budget to be used on locally sourced beef, bison, and other meats. I think that would be really good moving forward.

What I want to do is shift now though to a conversation about SNAP and ABAWDS, and I am going to lay out three things that I believe and I want you to listen and see where maybe you might disagree with me.

First off, we should be clear that it is the law of the land in my understanding since the 1996 Welfare Act that able-bodied SNAP recipients should work. That is the law of the land. My understanding is that your proposed ABAWD rule doesn't change that, but rather attempts to close a loophole to better align USDA rules with congressional intent. That is my first understanding.

My second understanding is just that I know I am not lazy. I know I grew up as a poor boy in South Dakota, I know my life is better because I was held accountable by parents, by teachers, by the laws and regulations and rules of a society. And I don't think that holding people accountable is punishment. I think it is a hallmark of a responsible society. That is my second understanding.

My third understanding flows from the fact that it has been alleged today at this hearing that you USDA is working to punish people, these able-bodied SNAP recipients, because you want able-bodied people to work. And so I would just say this, I do not think that holding people accountable is punishment. And I do not think that work is punishment. I think that work is opportunity. And I think holding people accountable through the value of work is one way that we can improve people's lives in a fundamentally critical way.

Those are the three things that I understand to be true, Mr. Lipps. In what ways am I in error?

Mr. LIPPS. Congressman, I agree with you on each of those points. I will talk about each of them specifically.

Congress put the work requirement in the law in 1996—you are correct. And it says—if you look at the statute it says work requirement across the top. It is not unclear about what it is when Congress put it in. This agency is trying to ensure that those individuals who are defined in the statute who Congress said should be subject to work requirement are engaged. The law—our regulations provide that those individuals to whom this applies have an opportunity to engage in education towards a job through skills training. We are working to ensure that happens. The States are obligated to know who these people are. I can show you in our regulations and in our memorandums how States are to bring these people in, assess their needs, their skills, their skill gaps, and help them to work on those.

I visited with a young lady on one of my trips who was subject to one of these work requirements. She got a letter in the mail and said, you know what, I decided maybe I could change my life because I could get some new skills to get a job, and now she is employed.

The things that you are saying are true. I believe that I have succeeded in my career to date because my parents set expectations

for me and I met them. I understand that I didn't have all the difficulties that some of the individuals that are subject to this work requirement have, and we are working to help them have the skills that they need to deal with those each and every day.

Mr. JOHNSON. Well, Mr. Lipps, I want to thank Secretary Perdue for the proposed rule, because I think work is opportunity and I appreciate USDA's interest in moving your rules closer to congressional intent.

Thank you, Madam Chair, and I yield back.

Mr. LIPPS. Thank you.

Chairwoman BONAMICI. Thank you, Representative.

I now recognize Representative Trone from Maryland for 5 minutes for your questions.

Mr. TRONE. Thank you, Madam Chairwoman, thank you, Secretary Lipps. I would also like to recognize for shadow day here, another youth participant over to my left, Michael Moores. Hello. Thank you, Michael.

Mr. Lipps, I spent 15 years growing up on a farm; I understand rural America and my district is very rural. There is actually deeper struggles with hunger in rural areas. But across the country only one in seven children—one in seven—that had a free or reduced meal during the school year is taking advantage of that during the summer nutrition program. So I don't doubt your intentions at all, what I doubt is your execution ability to fill that gap, because these kids are hungry. School year, summer, they are still hungry. And our job is to feed these kids.

So what are the top two things, quickly, that your agency is doing to fix this gap and execute better? One in seven.

Mr. LIPPS. Congressman, the top two things are continuing to ensure that people have the resources necessary to expand their Summer Food Service Program and continuing to find new and effective ways to expand the summer EBT demonstration projects so we can ensure that you have the information you need to provide us the resources to feed more children in the summer.

Mr. TRONE. But that has been basically the process for the entire time we have had this focus and we are not making any progress. So there is an old rule, if you keep doing the same thing, you get the same answer. I mean we need to do some marketing to communicate and execute better to help these kids. They are hungry.

Mr. LIPPS. Congressman, having grown up in a rural area, I agree with your earlier comments on that. The Summer Food Service Program through a congregate feeding requirement is not going to serve all of those children. The money provided to this agency through the annual appropriations process for summer EBT is very limited. We have had great success on some of those fronts. We are looking at new opportunities to expand that to provide you more information, but the reality is that we need to work together on opportunities in child nutrition reauthorization to give the agency more resources to help States and local sponsors feed more children.

Mr. TRONE. Okay. We have got to move past the good intentions.

September 2018, Department of Homeland Security published a proposed rule expanding the definition of public charge. The rule makes it possible for folks to be disqualified from obtaining a green card or entering the country simply because they sought health care or they sought food assistance for their family.

Food and Nutrition Service's stated goal is to end hunger following the guidelines. DHS obviously does not share that goal. What is your agency doing to push back against rules like this from DHS?

Mr. LIPPS. Congressman, I believe that that rule is still open as a proposed and so I am not going to comment on that specifically.

I will say that our agency provides comments on those type of rules to inform the process going forward. We have met with a number of stakeholders on that front and encouraged them to meet with our colleagues over at DHS to talk about that front.

Another important thing is I think we all need to be clear when we talk about what this rule does, that we don't talk about what it does not do with regard to its affect on a number of our programs who are not touched in the proposed rule. And we want to ensure that there is clear information to the recipients of our programs, who you have provided in statute, can access these programs despite that rule, have access to—

Mr. TRONE. I think that is nice, but irrelevant. You know, what guidance did you provide DHS about this rule in the interagency review process that it is clearly not feeding kids that need to be fed?

Mr. LIPPS. Congressman, again, this rule does not affect our child nutrition programs. I will say that with regard to the rule, we did provide comment, but again that rule is still in the open proposed phase.

Mr. TRONE. It affects their ability to get a green card or get food assistance.

Mr. LIPPS. It does not with regard to child nutrition programs, for which the statute provides—

Mr. TRONE. I just want to reiterate your agency's mission is to work to end this hunger—

Mr. LIPPS. We agree with that.

Mr. TRONE [continuing]. through your programs. And I don't know how you can justify not pushing back against rules from other agencies that would choke your ability to pursue the agency's mission. The rule is shameful and if you are not pushing back that is doubly shameful. It is an abdication of your duties. So we need your help. Kids need your help. They are hungry and they are not getting fed.

Thank you.

Mr. LIPPS. I understand, Congressman, and again, I want to say that rule does not affect our child nutrition programs as proposed.

Mr. TRONE. I yield back.

Chairwoman BONAMICI. Thank you.

I now recognize the chairman of the full committee, Chairman Scott from Virginia, for 5 minutes for your questions.

Mr. SCOTT. Thank you, Madam Chair.

First I want to recognize one of the persons following us today, Jessica Reese from Mississippi.

Thank you.

Mr. Lipps, the chair of the subcommittee asked you about the community eligibility, and did I understand that you mentioned that there would be savings with the change that you are making?

Mr. LIPPS. Yes, sir.

Mr. SCOTT. And are those savings generated by fewer children having access to free school meals?

Mr. LIPPS. It is generated by children who do not qualify for free and reduced priced meals not getting free meals at school.

Mr. SCOTT. Does it also include those who are eligible that can't get through the paperwork for one reason or another?

Mr. LIPPS. Those children can still qualify to get through the normal application process.

Mr. SCOTT. If they don't—one of the things about this community eligibility is everybody is eligible. You don't have to fill out the paperwork.

Mr. LIPPS. Right.

Mr. SCOTT. Many eligible students do not get access because they don't fill out the paperwork for one reason or another.

In terms of the—I understand the Administration is changing the way you calculate the poverty rate.

Mr. LIPPS. I think there is a proposal out on that front, sir.

Mr. SCOTT. And I understand that since 2000 the chain CPI has increased the poverty—would have increased the poverty rate by 39.7 percent, but the regular CPI would be 45.7, an increase of 6 percentage points. Does that sound about right?

Mr. LIPPS. I will leave the statisticians to that, Congressman.

Mr. SCOTT. But there is a difference?

Mr. LIPPS. There is a difference, yes, sir.

Mr. SCOTT. Okay. The Able-Bodied Adults Without Dependents, when they are disqualified does that affect children?

Mr. LIPPS. No, sir.

Mr. SCOTT. Say again.

Mr. LIPPS. It does not affect children. By statutory definition it does not apply to an individual that has a child in the home.

Mr. SCOTT. If a non-custodial parent loses food stamps and is less able to pay child support, does that affect the children?

Mr. LIPPS. They will continue to qualify for food stamp benefits if they did before.

Mr. SCOTT. The non-custodial parent would be less able to pay food stamps.

In terms of WIC, do you agree with the studies that show participation in the WIC program is associated with reduced rates of infant mortality and improved nutritional status for pregnant women and post-partum women?

Mr. LIPPS. Yes, sir, we have very positive studies on that front in WIC.

Mr. SCOTT. And maternal mortality is more than double and the infant mortality rate is one of the worst amongst international nations, is that right?

Mr. LIPPS. Yes, sir, I have heard that statistic.

Mr. SCOTT. And so what does WIC do to improve that situation?

Mr. LIPPS. I think the studies show that being a part of WIC itself helps with those situations. WIC doesn't specifically provide



services on that front, but we certainly provide a round of service through the WIC program to ensure that people have access to everything, that pregnant women, mothers, and children have access to all the services that they made need through referrals.

Mr. SCOTT. Now, what does WIC provide other than food?

Mr. LIPPS. WIC provides a number of services through breastfeeding peer counseling, they provide referrals for support, there is some testing that is done. We want to make sure that mothers and children have everything they need to exceed nutritionally in life at that point.

Mr. SCOTT. And you have studies that show that makes a difference?

Mr. LIPPS. Yes, sir, we do.

Mr. SCOTT. In September 2018 the Department of Homeland Security published a rule expanding the definition of public charge. It makes it possible for people to be disqualified for many services. Your stated goal for the Food and Nutrition Service is to work to end hunger through administration of Federal nutrition assistance programs for vulnerable populations. The Homeland Security's own analysis of their rule said that the rule, if implemented, could lead to worse health outcomes, including increased prevalence of obesity, malnutrition, especially for pregnant or breastfeeding women, infants, or children, increased use of emergency rooms, increases in uncompensated care, and reduced productivity, and educational attainment.

Do you agree with that assessment? And what did your agency respond when asked to comment on this proposed rule?

Mr. LIPPS. Chairman, as I stated to your colleague earlier, that rule is still being assessed in proposed form, so I won't comment on that specifically.

But we did provide comments on the affect on our programs of that proposed rule.

Mr. SCOTT. Do you have evidence to show that your changes in sodium in the school lunch program is evidence-based?

Mr. LIPPS. Yes, sir. The School Nutrition and Meal Cost Study shows that 30 percent of the schools weren't meeting that sodium standard, 83 percent weren't meeting the whole grains standard, and even with that, one quarter of the nutrients provided to that program were being wasted for failure of kids to consume.

Mr. SCOTT. Is that because the food was not tasty or because of the standards? We have had evidence in other hearings that if you provide tasty food, it is not wasted. If you provide un-tasty food, it will be wasted.

Mr. LIPPS. We agree with that. And the school nutrition professionals tell us that these flexibilities will help them to provide food that won't be wasted.

Mr. SCOTT. Thank you, Madam Chair.

Chairwoman BONAMICI. Thank you. I now recognize Representative Sablan from the Northern Mariana Islands for 5 minutes for your questions.

Mr. SABLON. Thank you very much, Madam Chair, for holding today's hearing and for allowing me to sit on the dais. Good morning—

Mr. LIPPS. Good morning.

Mr. SABLAN [continuing]. and welcome, Secretary Lipps.

I don't have—5 minutes—I have a lot of questions, but let me ask some and ask for you to respond.

I want to know about the continued omission of the Northern Marianas from the Department's research on school meals, meal cost. We face unique challenges in implementing child nutrition programs as our providers face very high food costs. As the Northern Marianas are not included in research, like the School Nutrition and Meal Cost Study, how does the Department ensure that we are receiving fair and sufficient Federal reimbursements to operate the programs?

Mr. LIPPS. Congressman Sablan, I believe that CNMI is on a block grant with regard to school nutrition programs, which makes that operation a little bit different. I would be happy to engage with you on any questions that you have on that front to help better the operation of that program.

Mr. SABLAN. Right. But if you don't have the research, the data to show, then I don't know how you come to arrive at how much that block grant will be. So—

Mr. LIPPS. I believe Congress provides that formula to us, but again, we would be happy to discuss that with you further.

Mr. SABLAN. Oh, Okay. I want to ask about the school meal reimbursement rates for the noncontiguous pacific areas. I will ask Hawaii, American Samoa, Guam, and the Northern Marianas, what is the basis used to establish those rates? Does the Department think that the historical basis remains valid today? And how frequently are the rates recomputed to keep up with changing prices and market conditions?

Mr. LIPPS. Congressman, I apologize, I don't know off hand how often we recalculate those and what studies they are based off of, but we will be happy to get that back to you quickly.

Mr. SABLAN. I appreciate that.

And I want to know the status of an information request regarding whether data collected in the upcoming School Nutrition and Meal Cost Study part II will be used to determine reimbursement rates for all outlying areas, including the Northern Marianas, even though it will not be one of the data collections sites.

On April 18 the committee staff asked your office for this information but have not yet received an answer. Are you able to answer that question for me today?

Mr. LIPPS. I do not have an answer to that. If you have not received an answer from our office yet you will have that tomorrow.

Mr. SABLAN. Tomorrow?

Mr. LIPPS. Tomorrow.

Mr. SABLAN. I appreciate—

Mr. LIPPS. We will get you an answer tomorrow. I am not aware that we received that, but you should have received an answer by now and we will assure that you will get one soon.

Mr. SABLAN. Thank you. I appreciate that.

In my remaining time, you know, I was able—it was a teacher actually who made me understand the connection between student school lunch and food at home under SNAP. So I want to ask the administration's plan for the Nutrition Assistance Program in the Mariana Islands. We are not involved in SNAP as you know. We

get a \$12 million block grant that has not changed since 2009. I did put an extra \$30 million into the 2014 farm bill for the Marianas program. That money raised benefits to be comparable to Guam, which has similar food costs. We have also included more households using income eligibilities that are closer to SNAP. But this progress can slip away.

In fact, the Marianas program is planning to start cutting benefits and taking families out of the system beginning October 1. Now, I just did get another \$25 million in this disaster supplemental yesterday, and we are hoping to get some update from the Marianas and from your western regional office about how the current economic downturn will change demands on the system.

But what I want to know is whether the administration thinks we should continue this way with a system that always needs special attention, a kind of Rube Goldberg contraption. Would it not be smarter and more administratively efficient to just put the Marianas into SNAP?

Mr. LIPPS. Congressman, we would be happy to continue to engage with you on that matter. I know that FNS has—over time there are a lot of requirements that come with being SNAP operators—

Mr. SABLON. We have met those requirements, Mr. Secretary. We are done with eligibility system requirement. EBT is coming on line. The Governor has said it can meet half the administrative cost of—you have the statutory authority to do it, you do not have to wait for Congress, so why not just incorporate the Northern Marianas into SNAP? Would that not be easier all around?

Mr. LIPPS. Congressman, I don't know if it would be easier. I am not sure that you or I would agree that is the right question. But I do think both of us can continue to work together to make sure that we are serving the people of CNMI in the best way that we can.

Mr. SABLON. Mr. Secretary, I have been trying to get there since 2009. What is it now, 2019?

Mr. LIPPS. 2019.

Mr. SABLON. Yes, 10 years. So on working together, can we work a little faster maybe please?

Mr. LIPPS. I would be happy to meet with you as often as you would prefer, sir.

Mr. SABLON. Thank you, Mr. Secretary.

And, Madam Chair, I yield my time back.

Chairwoman BONAMICI. Thank you.

I now recognize Representative Grothman from Wisconsin for 5 minutes for your questions.

Mr. GROTHMAN. Thanks. A couple of questions. And, first of all, maybe we have already gone over some of these. I was in another hearing.

The percentage of students who are getting free or reduced lunch, say in the most recent year available compared to say 10 years ago, do you have information on that?

Mr. LIPPS. I know that number. I do have that number handy, if you can hold. The percent getting free and reduced in 2011 was 66 percent and now that is 74 percent as of 2018.

Mr. GROTHMAN. Seventy-four percent of what?

Mr. LIPPS. Of the students participating in school lunch program are free and reduced meals.

Mr. GROTHMAN. Okay. Maybe that is misleading. Is that the same thing as total students or? Could you distinguish that between—I can't believe that 74 percent of the American students are eligible for free—

Mr. LIPPS. Sorry. The percent of—so the school lunch program has participation from those that receive free meals, from those that receive reduced price meals, and from those who have paid meals.

Mr. GROTHMAN. Okay.

Mr. LIPPS. The percent that are getting free and reduced out of all of those is 74 percent. But that is out of all participants. If you are asking the number of students that participate in the program, I don't know what percentage that is out of all American school children.

Mr. GROTHMAN. Okay. It kind of makes that number not particularly relevant then. Do you know just raw numbers the number of kids participating 10 years ago compared to today?

Mr. LIPPS. I don't have the numbers, sir. Actually, I do. We had 31 million—almost 32 million participating in 2011 and we are now down to around 30 million in 2018.

Mr. GROTHMAN. So even though the percentage—to what do you attribute that—so the percentage of people in any school lunch program getting free and reduced is going up, but the overall number is dropping. I mean that seems counterintuitive. How do you—

Mr. LIPPS. We believe the major increase in the free and reduced price categories is through the community eligibility provision that there has been a lot of discussion about this morning. The reduction in those who are paying for their meals either in full or partial is our school nutrition professionals tell us is their ability to provide meals that are both nutritious and kids will eat, after the Healthy Hunger-Free Kids Act has reduced and those kids have chosen to bring their meal or to eat off campus.

Mr. GROTHMAN. Well, this would indicate, right, that more people are eating than bringing their own food—right?

Mr. LIPPS. Yes, sir.

Mr. GROTHMAN. Over time. So to what do you attribute that?

Mr. LIPPS. Many of the school nutrition professionals tell us that without these flexibilities that the Secretary provided in his recent rule, that they weren't able to provide lunches that were both nutritious and the kids would enjoy eating.

Mr. GROTHMAN. So during the last 10 years, for whatever reason, schools were being forced by the Federal Government to provide meals that nobody would want—or at least many people would not want to eat?

Mr. LIPPS. Yes, sir. Many of the schools have struggled with that.

Mr. GROTHMAN. Okay. Could you give us just a general percentage of school kids who are obese today compared to 30 or 40 years ago?

Mr. LIPPS. I don't have a particular number on that with regard to school kids, Congressman, but certainly the numbers show that obesity has increased significantly in recent years.

Mr. GROTHMAN. Okay. And kind of in line with the first thing we said, you hear anecdotally when you talk to students that a lot of people throw away this food. Is there any hard evidence on that or you just have anecdotal evidence?

Mr. LIPPS. Yes, sir. The School Nutrition and Meal Cost Study shows that a quarter of the nutrients provided to kids and elementary kids in school meals is wasted every day. We see that as a problem, particularly with kids who have to go home to empty cupboards. We want to make sure that the local school nutrition professionals serving them have the minimal flexibility necessary to ensure they want to eat the food that is served to them and that it is also nutritious.

Mr. GROTHMAN. What percentage of food is being thrown away?

Mr. LIPPS. A quarter of the nutrients provided to elementary students is wasted every day.

Mr. GROTHMAN. Do you believe that? I will believe that 25 percent is thrown away. I question that people are throwing away 25 percent of their food and that aren't being given any food to eat at home. Is that believable?

Mr. LIPPS. Say that again. I think that the type of food that some of these children are eating at home may not be nutritious. And I do think some of them are going home to empty cupboards.

I have sat with kids and watched them trade food with kids who bring their lunch, but not choose to eat the type of things that are served to them at lunch.

Mr. GROTHMAN. Okay. Well, it is something that we wanted to do several years ago on this committee. So you are trying to take steps to improve this program, which is kind of—they are throwing away 25 percent of their food, would have to have been described as a failure until a new administration. Is that accurate?

Mr. LIPPS. The nutrition standards in school meals have made great progress in ensuring that kids are eating more nutritious foods and the program has done great work in that way. The school nutrition professionals tell us on the ground that there are some minimal flexibilities that they need to ensure that they can serve kids the foods that they need, and we are working to make sure that happens every day.

Mr. GROTHMAN. Well, thank you. The more flexibility, the better.

Mr. LIPPS. Yes, sir.

Chairwoman BONAMICI. Thank you.

Before I recognize Representative Wild, I want to ask unanimous consent to enter into the record the USDA's School Nutrition and Meal Cost Study, published in April of 2019. The study looked at all aspects of school nutrition programs before and after implementation of the updated nutrition standards under the Healthy Hunger-Free Kids Act and comparing data from school year 2009–10 before implementation of the new standards to school year 2014–15. The study found that overall nutritional quality of school meals increased by over 40 percent while plate waste did not increase. Healthier food was not associated with increased cost and students and parents were satisfied with the meals.

I want to congratulate our school nutrition professionals who helped make that happen, but also note that the report found that there were higher rates of participation in schools with lunches of higher nutritional value.

Without objection.

And I recognize Representative Wild from Pennsylvania for 5 minutes for your questions.

Ms. WILD. Thank you, Madam Chair.

Good morning, Mr. Lipps.

Mr. LIPPS. Good morning.

Ms. WILD. In the audience today is a 20-year-old young lady named Lindy who is a product of the foster care system. And in the brief time I have spent with her today I have learned of the many struggles she has endured in her short life. And the last thing she or any foster child needs is to worry about whether they will get lunch at school.

In 2013, the USDA issued a policy memo clarifying its interpretation of the statutory provision in the Healthy Hunger-Free Kids Act that provided categorical eligibility for free school meals to foster children. The policy memo reversed the Department's previous interpretation of the statute and narrowed it to include only those foster children who are currently the responsibility of the State. Recently, as the number of foster children and children in kinship care has grown—and kinship care, of course, is children who are in the placement of a relative—there has been a growing number of children who have been placed with a friend or relative and therefore not deemed to be the responsibility of the State. As a result they are not considered to be categorically eligible for free school meals under the Department's interpretation of the law.

So my question to you is do you believe that the USDA should extend categorical eligibility to this group of children once again?

Mr. LIPPS. Congresswoman, it is an important issue. That decision obviously took place before my arrival at the agency and I only recently became aware of it.

Ms. WILD. Understood.

Mr. LIPPS. We have some more research to do on that point and we will get back to you. It is certainly an important issue that we want to engage with you on, ensuring that those children that you are referring to have access to nutritious meals.

Ms. WILD. Then you are probably aware that in the letter to Chairman Scott on April 2 of this year regarding this issue, Secretary Perdue wrote, and I quote, "The agency is currently examining the applicability of guardianship arrangements to the existing authority." Are you familiar with that letter?

Mr. LIPPS. Yes, ma'am.

Ms. WILD. Can you provide us with an update on that review or that examination, including a timeline of when you expect it to be completed?

Mr. LIPPS. I don't have an update at this time, Congresswoman, but we will keep you advised as well and continue to engage with you on that.

Ms. WILD. Can we get some kind of more specific timeline that you expect that this very important issue for children who may be

hungry at school, notwithstanding the fact that they are under the care of a relative, when this issue might be addressed?

Mr. LIPPS. We will contact you this afternoon with a date on which we will get you more information.

Ms. WILD. All right. My office is at 1607 Longworth. We will look forward to hearing from you. And my legislative director is directly behind you. Dorcas, could you raise your hand? She would be happy to take that information from you.

If the USDA's examination shows that you do not have the statutory authority to extend categorical eligibility to children who have been placed in these guardianship arrangements, then Congress will need to pass legislation to provide the statutory authority that the USDA needs to do so.

I hope at that point that you will work to promulgate the congressional intent.

Thank you.

Mr. LIPPS. We are always happy to do so.

Ms. WILD. Thank you.

Chairwoman BONAMICI. Thank you very much.

I remind my colleagues that pursuant to committee practice, materials for submission for the hearing record must be submitted to the committee clerk within 14 days following the last day of the hearing, preferably in Microsoft Word format. The materials submitted must address the subject matter of the hearing. Only a member of the committee or an invited witness may submit materials for inclusion in the hearing record.

Documents are limited to 50 pages each. Documents longer than 50 pages will be incorporated into the record via an internet link that you must provide to the committee clerk within the required timeframe. Please recognize that years from now that link may no longer work.

Again I want to thank the witness for his participation today. What we have heard is very valuable. Members of the committee may have additional questions for you and we ask the witness to please respond to those questions in writing. The hearing record will be held open for 14 days to receive those responses.

And I remind my colleagues that pursuant to committee practice, witness questions for the hearing record must be submitted to the majority committee staff or committee clerk within 7 days. The questions submitted must address the subject matter of the hearing.

And I now recognize the distinguished ranking member for his closing statement.

Mr. COMER. Thank you, Madam Chair. And I want to thank you again, Mr. Under Secretary, for being here today. I think it is important to hear how the Administration is implementing these programs. And I appreciate the chairwoman for calling this hearing.

We discussed a lot of important topics today, one was the need to maintain the flexibility just made permanent by the USDA. If we want kids to benefit from the child nutrition programs, the meals have to be something they will eat. I believe the new rule will allow schools to plan ahead and serve meals that kids will want to eat. Students will also have access to milk they will want

to drink, something that is critical for their growth and development.

It is alarming to read a report that says almost 30 percent of the milk served was discarded. And I am glad to see that Secretary Perdue is trying to help remedy that. I am sure there is more we can do, but this is a good step.

We also discussed the need to continue working on program integrity. I believe USDA is doing some good work here, but it is important to continue those efforts and work to maximize every taxpayer dollar allocated for these programs to be used to actually serve children.

I hope the majority is interested in moving a bipartisan child nutrition bill, one that will help improve how these programs work to reach children and one that is fiscally responsible. Those two things are not mutually exclusive and I believe if we both come to the table recognizing the need for these principles to be achieved, we could send the Senate a great bill, one that helps address the hunger needs in America's youth, one that helps programs like the summer program reach more kids, and one that helps schools reach more students by serving food that doesn't cost more than they take in and provides food kids will actually eat.

I look forward to the discussions of this issue with the chairwoman and Chairman Scott.

I also feel it is necessary to correct some information for the record on the SNAP rule we discussed today. This issue is actually in the agriculture committee's jurisdiction, of which I am a member. I can tell you the proposed Able-Bodied Adult Without Dependents rule amends the regulatory standards by which USDA evaluates State staff agency requests to weight the time limit and to end unlimited carryover of percentage exemptions.

The proposed rule would encourage broader application of the statutory work requirement consistent with both the bipartisan welfare reforms of 1996 and the Administration's focus on fostering self sufficiency. Simply put, this proposal does not eliminate waivers, rather, expects States to provide legitimate support for such requests. Despite a booming economy, millions of able-bodied adults are excluded from the labor market because of State gimmicks. We also exclude these adults from education and volunteer opportunities because States find it easier to ignore this population than invest in them. More than 1,200 jurisdictions across the country have no expectation of employment for SNAP recipients. And this rule takes necessary to move individuals from welfare to work.

Further, any adult with a dependent in the household is exempt. It does not matter if the dependent is placed there officially or unofficially. If the adult in question reports a dependent in the household, the rule does not apply. In fact, the Food and Nutrition Act exempts any adult with a dependent in the household, and this rule does not change a thing related to that.

Mr. Lipps, thank you again for coming today. I appreciate the opportunity to discuss these important issues with you.

And I yield back.

Chairwoman BONAMICI. Thank you.

I now recognize myself.

Mrs. FOXX. Madam Chairwoman? Madam Chairwoman?



Chairwoman BONAMICI. Yes, I recognize—

Mrs. FOXX. I would like to submit for the record an article from the Washington Times related to the blessings of work and correcting any attitude that work is a punishment.

Chairwoman BONAMICI. Without objection.

Mrs. FOXX. Thank you.

Chairwoman BONAMICI. I now recognize myself for the purpose of making my closing statement.

I want to start by welcoming again the foster youth who are here with us today. I am sure they benefited from listening to our conversation. I also want to thank Representative Johnson for bringing up the farm to school program, which I know has support on both sides of the aisle. When I just had lunch with students in Oregon they were happily eating roasted broccoli and asparagus from a local farm, only instead of asking for bison they were asking for sushi.

So, Mr. Lipps, thank you again for being with us to examine the policies and priorities of the USDA's Food and Nutrition Service.

As we discussed today, evidence-based nutrition assistance programs run by the FNS have long served as our country's most effective programs for making sure that every child has access to the healthy food needed to grow and succeed.

And, importantly, this hearing has illuminated several ways in which FNS under this administration is not meeting its commitment to hungry children across the country. Rolling back nutrition standards and undermining programs that help needy families to put food on the table are contrary to the FNS mission to increase food security and reduce hunger.

For the Federal Government to fulfill its responsibility to set the future of our country on a path to success, FNS must recommit to providing basic nutrition assistance to those who need it most. And Congress must do its part to restore bipartisan support for vital nutrition programs that tens of millions of children across the country rely on every single day.

Mr. Lipps, I do look forward to continuing our work together, along with my colleagues here on the subcommittee and the committee to strengthen child nutrition programs and protect the progress we have made toward providing children with nutritious foods that both fuel their health and their development. The future of our country depends on it.

I want to again thank everyone for taking time to join us today.

There being no further business, this subcommittee stands adjourned.

[Additional submission by Chairwoman Bonamici follow:]

School Nutrition and Meal Costs Study Summary of Findings:  
<https://fns-prod.azureedge.net/sites/default/files/resource-files/SNMCS—Summary-Findings.pdf>

[Additional submissions by Mrs. Foxx follow:]

<https://www.washingtontimes.com/news/2016/may/11/faith-at-work-enjoying-the-god-given-gift-of-work/>

## Enjoying the God-given gift of work

By Lee Truax -- Wednesday, May 11, 2016

For the past several decades, I have met many in the marketplace who suffered from an identity crisis yielding genuine frustration. When work and career have not gone as expected, despondency and depression often followed.

Coming from a Christian worldview, my understanding of identity has long been grounded and rooted in an understanding that there is greater meaning and purpose in my life (and work) endowed to me by my Creator, the God of the Bible.

Identity and purpose have become less clear as we have moved further toward removing faith, belief in God, from so many aspects of our contemporary lives. It now depends on the individual to confer meaning and purpose.

"What does faith have to do with it?" has become a popular internal, if not externally voiced, question for so many issues we face.

Rather than attempt to argue the larger questions, for a proper understanding of God's interest in (and, in fact, dominion over all) issues of life, I'd like to take a pragmatic view that integrating the Christian faith into work, labor and creativity can bring purpose and fulfillment in the work experience.

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If we recognize and acknowledge work as a gift from God (given to us, the Bible states, prior to the Fall of Man), we are able to explore the original intent and purpose for work in our lives.

I believe that work has been gifted to us by God, which means it comes with certain responsibilities as well. We are to work in a certain way (to God's standards, if you will) that result in the bringing forth a great value to the society and community where the work is done. Work should be an addictive process, filled with value for the worker and those who benefit from the creative or sustaining act.

Integration of faith and work allows and provides for a purpose-driven view of work. Work is to be done to the glory of God and celebrated as an endeavor that provides joy to the worker and blessings to the beneficiary. Work removed from the faith context (that is given to us by God) has been reduced to purposes far below the high position and calling originally given to it.

Most today see work in terms of the individual rather than for the purpose of glorifying God and enjoying him in our work. We've seen work lowered to the purpose of achieving mostly personal financial benefit. It is not lost on the author that the coming generation is asking more of their work experience. The fact that millennials by and large are looking for significance to their work is hopeful. Their work is often more an extension of their lives.

When the only function of work is profit-centered — for personal gain and wealth — versus the recognition of the divine privilege of expressing the qualities and character of God who granted it, work becomes far less satisfying and far less beneficial to the society and the context in which the work is done. The result is a reduction of work to the world of selfish ambition — the fictional character in the 1987 film "Wall Street" Gordon Gekko's world of "greed is good," resulting in harms to society (and the individual) rather than the intended, God-glorifying good.

Work was meant to be an expression of what Christ called the greatest commandment — “and you shall love the Lord your God with all your heart, and with all your soul, and with all your mind, and with all your strength.” The second is this, ‘You shall love your neighbor as yourself.’ There is no other commandment greater than these.” (Mark 12:30-31)

This expression, this act of worship if you will, of doing work that demonstrates the love one has for God and to the benefit of one's neighbor infuses our work with meaning and joy. Ultimately, the power of a faith-infused work is one that embraces and enjoys the great purpose that God intended for work.

The challenge remains, even for the Christian, to think properly about work and faith. Many experience great and meaningful experiences in their Sunday worship, but begin their workweek on Monday completely devoid of a connection to their faith. The phenomenon can be called the “Sunday to Monday gap,” the “sacred and secular divide” or practical atheism. Call it what you will, but seeing all aspects of our lives through the lens of our faith in God can often be counterintuitive.

One of the most powerful images of joy in God-centered work is illustrated in the movie, “Chariots of Fire.” When Eric Liddell, the Scottish athlete portrayed in the film, is confronted by his sister over her perceived higher calling of a sacred missionary work to the work Liddell is engaged in, he responds with the blessing of an integrated view of work and faith. In the movie, he says, “I believe God made me for a purpose, but he also made me fast. And when I run, I feel His pleasure.”

Exercising and enjoying the God-given gift of our work — the expression of our skills and talents in proper perspective — is our great privilege from God. It is in the infusion of our work with our faith that allows us to enjoy and reflect the pleasure of our God.

- *Lee Truax is president of the Christian Business Men's Connection and a 25-year veteran of the technology industry. He has personally enjoyed the process of applying faith to work and challenging others to do the same.*

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May 2019

## SCHOOL MEALS PROGRAMS

USDA Has Reported  
Taking Some Steps to  
Reduce Improper  
Payments but Should  
Comprehensively  
Assess Fraud Risks

# GAO Highlights

Highlights of GAO-19-389, a report to congressional requesters

## Why GAO Did This Study

In 2018, almost 30 million children participated in the National School Lunch Program and over 14 million participated in the School Breakfast Program, with cash payments totaling almost \$17 billion. Historically, the school meals programs have reported high estimated improper payment error rates, which suggest that these programs may also be vulnerable to fraud.

GAO was asked to review improper payment error rates and potential fraud in the school meals programs. This report (1) describes steps USDA has reported taking since 2015 to lower improper payment error rates and (2) examines the extent to which USDA has assessed areas of risk for fraud in the school meals programs.

GAO reviewed the results of the most recent study USDA uses to estimate improper payments in the school meals programs, as well as the error rates and actions to reduce them reported in USDA's agency financial reports from fiscal years 2015 through 2018. Further, GAO analyzed guidance for key oversight practices and documentation regarding USDA's risk assessment processes. GAO examined these processes against the leading practices in the Fraud Risk Framework for assessing fraud risks. GAO also interviewed agency officials.

## What GAO Recommends

GAO recommends that USDA establish a process to plan and conduct regular fraud risk assessments for the school meals programs that align with the leading practices in the Fraud Risk Framework. USDA generally agreed with the recommendation.

View GAO-19-389. For more information, contact Seto J. Bagdoyan at (202) 512-6722 or bagdoyan@gao.gov.

May 2019

## SCHOOL MEALS PROGRAMS

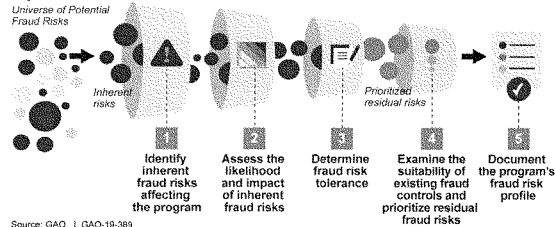
### USDA Has Reported Taking Some Steps to Reduce Improper Payments but Should Comprehensively Assess Fraud Risks

#### What GAO Found

The Department of Agriculture (USDA) has reported various actions aimed at lowering estimated improper payment error rates in the National School Lunch Program and School Breakfast Program (school meals programs). Examples include a new application prototype intended to reduce applicant errors and training for food service workers to reduce administrative errors. USDA uses a model based on a periodic study to estimate improper payments, and reported error rates will generally not reflect the effect of most actions until USDA's next study is released, likely in 2020. However, in fiscal year 2018, USDA redefined what it considers an improper payment. Specifically, meal claiming errors—for example, meals that are missing a required nutritional component but that are counted as reimbursable—are no longer considered improper payments, resulting in error rates for fiscal year 2018 that are not comparable to prior years.

USDA has not assessed fraud risks in the school meals programs, which hinders its ability to ensure that its key oversight practices—extensive processes designed for broad monitoring purposes—address areas at risk for fraud. The assess component of *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework) calls for managers to plan regular fraud risk assessments and to assess risks to determine a fraud risk profile. USDA officials stated that the agency considers fraud risks through efforts to assess overall program integrity risk in the programs, which include research projects and consideration of specific risks when allocating monitoring resources. However, GAO found that USDA's efforts to assess risk do not comprehensively consider fraud risks. As a result, these efforts are not aligned with the overarching concepts of planning and conducting fraud risk assessments in the Fraud Risk Framework. Establishing a process to plan and conduct regular fraud risk assessments that align with the leading practices in the Fraud Risk Framework—including those in the figure below—will help USDA design and implement an antifraud strategy, as well as evaluate and adapt its strategy to improve fraud risk management in the school meals programs.

#### Key Elements of the Fraud Risk Assessment Process



Source: GAO. | GAO-19-389

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**Abbreviations**

APEC	Access, Participation, Eligibility, and Certification
FNS	Food and Nutrition Service
Fraud Risk Framework	A Framework for Managing Fraud Risks in Federal Programs
IPIA	Improper Payments Information Act of 2002
OMB	Office of Management and Budget
SNAP	Supplemental Nutrition Assistance Program
USDA	Department of Agriculture

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

May 21, 2019

## Congressional Requesters

A well-balanced and nutritional diet for school children is essential for their overall health and well-being and helps promote academic achievement. In 1946, the Richard B. Russell National School Lunch Act established the National School Lunch Program, and in 1966, the Child Nutrition Act established the School Breakfast Program.<sup>1</sup> Through these programs, the federal government provides reimbursement to schools for meals that meet federal requirements, and students may be eligible to receive meals for free or at a reduced price. The school meals programs are overseen by the Food and Nutrition Service (FNS) at the Department of Agriculture (USDA).<sup>2</sup> In fiscal year 2018, almost 30 million children participated in the National School Lunch Program, and over 14 million participated in the School Breakfast Program, with cash payments of \$12.5 billion and \$4.4 billion, respectively.

Historically, the school meals programs have reported high improper payment error rates, as high as almost 16 percent for the National School Lunch Program and almost 23 percent for the School Breakfast Program over the past 4 years.<sup>3</sup> A high improper payment error rate may suggest that a program may also be vulnerable to fraud, although it is important to note that fraud is one specific type of improper payment, and improper payment estimates are not intended to measure fraud in a particular

<sup>1</sup>Codified, as amended, at 42 U.S.C. §§ 1751–1769j, 1771–1793.

<sup>2</sup>For purposes of this report, we refer to the National School Lunch Program and the School Breakfast Program as the school meals programs. USDA oversees other child nutrition programs that are outside of the scope of this review.

<sup>3</sup>An improper payment is defined as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts. Office of Management and Budget (OMB) guidance also instructs agencies to report as improper payments any payment for which insufficient or no documentation was found.

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program.<sup>4</sup> We have previously reported that fraud poses a significant risk to the integrity of federal programs and erodes public trust in government. Implementing effective fraud risk management processes can help ensure that federal programs fulfill their intended purpose, spend their funding effectively, and safeguard assets.<sup>5</sup>

You asked us to review improper payment error rates and potential fraud in the school meals programs. This report (1) describes the steps USDA has reported taking since 2015 to reduce improper payment error rates in the school meals programs and (2) examines the extent to which USDA has assessed areas of risk for fraud in the school meals programs.

To address our first objective, we reviewed the results of the most recent Access, Participation, Eligibility, and Certification (APEC) study—which USDA uses to estimate improper payments in the school meals programs—published in May 2015, as well as estimated improper payment error rates and actions aimed at reducing them reported in USDA’s agency financial reports from fiscal years 2015 through 2018.<sup>6</sup>

To address our second objective, we analyzed documentation related to USDA’s risk assessment processes, including the assessment of fraud risks. We examined these processes against the leading practices in *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework) related to assessing fraud risks.<sup>7</sup> The Fraud Risk Framework describes leading practices in four components: *commit*, *assess*, *design and implement*, and *evaluate and adapt*. We selected the leading practices within the assess component because the identification and assessment of fraud risks are an important step in determining whether USDA’s oversight practices identify and address areas at risk for fraud. We analyzed USDA guidance related to two key oversight processes—

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<sup>4</sup>While improper payments may be caused by unintentional error, fraud involves obtaining something of value through willful misrepresentation. Whether an act is fraudulent is determined through the judicial or other adjudicative system.

<sup>5</sup>GAO, *Fraud Risk Management: OMB Should Improve Guidelines and Working-Group Efforts to Support Agencies’ Implementation of the Fraud Reduction and Data Analytics Act*, GAO-19-34 (Washington, D.C.: Dec. 4, 2018).

<sup>6</sup>We did not assess the methodology USDA uses to estimate improper payments in the school meals programs as part of this review.

<sup>7</sup>GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015).

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management evaluations and administrative reviews.<sup>8</sup> In addition, we interviewed agency officials about efforts to reduce improper payment error rates and manage fraud risks.

We conducted this performance audit from June 2018 to May 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### Administration and Oversight of the School Meals Programs

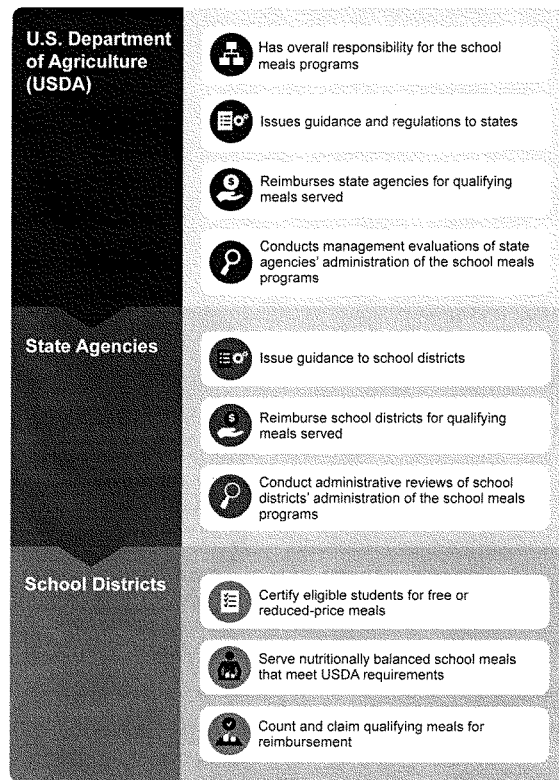
The Food and Nutrition Service at USDA is responsible for overseeing the school meals programs at the federal level, which includes issuing regulations and guidance. The school meals programs are administered at the state level by a designated state agency—generally an education or agriculture agency—that issues guidance to school districts providing the meals. School districts are responsible for certifying students as eligible for free or reduced-price meals, providing children with nutritionally balanced meals each school day, and counting and claiming eligible meals for federal reimbursement, among other things.<sup>9</sup> USDA and state agencies also conduct oversight of the school meals programs. Figure 1 summarizes the responsibilities of the different entities within the school meals programs.

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<sup>8</sup>According to USDA officials, the agency mainly relies on these two processes for oversight of the school meals programs. As described later in this report, USDA oversees state agencies through management evaluations, and state agencies oversee school districts through administrative reviews.

<sup>9</sup>According to USDA guidance, the term “school food authority” refers to the governing body responsible for school food service operations, and the term “local educational agency” refers to the governing body responsible for activities related to, but not directly under, the school food service. In this report, we use the term “school district” to refer to school food authorities and local educational agencies.

Figure 1: Summary of Responsibilities for Administering the School Meals Programs



Source: GAO summary of USDA information. | GAO-19-389

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**Certification**

All students in schools operating the school meals programs may participate in the programs, and eligible students may be certified to receive free or reduced-price meals. Individual students can be certified into the school meals programs either through household application or direct certification.

- **Household application.** A household can submit an application that lists all sources of household income and the names of all household members, among other information. School districts compare this information to income-eligibility guidelines to determine whether the student is eligible for free or reduced-price meals.<sup>10</sup> Alternatively, the household can indicate on the application that it participates in certain public-assistance programs—such as the Supplemental Nutrition Assistance Program (SNAP)—or that the student meets an approved designation, which confers categorical (automatic) eligibility for free meals.<sup>11</sup> No documentation to support income listings—such as tax returns or pay stubs—is required at the time of application.<sup>12</sup>
- **Direct certification.** Under the direct certification method, data matching is used to identify and certify students who are categorically eligible for free meals. State agencies are required by statute to match student enrollment records against SNAP records and may also match against records for other public-assistance programs or approved designations.<sup>13</sup> Students who are directly certified into the

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<sup>10</sup>In general, children from families with incomes at or below 130 percent of the federal poverty guidelines are eligible for free meals. Those with incomes between 130 percent and 185 percent of the federal poverty guidelines are eligible for reduced-price meals.

<sup>11</sup>The approved designations include a student who is (1) homeless, runaway, or migrant; (2) a foster child; or (3) enrolled in a federally funded Head Start program. Head Start is a grant program that promotes school readiness for children from low-income families. SNAP is a nutrition assistance program intended to help low-income households obtain a more nutritious diet by providing them with benefits to purchase food from authorized retailers nationwide.

<sup>12</sup>School districts are required to annually verify a sample of error-prone household applications that were approved for free or reduced-price school meals benefits. Households selected for verification must submit supporting documentation, or they will be removed from the program.

<sup>13</sup>42 U.S.C. § 1758(b)(4).

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school meals programs are eligible for free meals without a household application.<sup>14</sup>

Alternatively, schools can use certain program provisions to serve meals at no charge to all students (i.e., eligibility is not determined for each student individually on an annual basis).

- **Community eligibility provision.** Schools and school districts may apply for community eligibility if their percentage of students identified as eligible for free meals without an application—known as the identified student percentage—is at or above 40 percent.<sup>15</sup> Meals served at schools using the community eligibility provision are reimbursed using a formula based on the identified student percentage.
- **Other special provisions.** Under these special provisions, schools generally use standard procedures to certify free and reduced-price eligible students and count meals by eligibility category to establish a base year. Following the base year, schools serve free meals to all students and are reimbursed based on the information collected in the base year.

#### Meal Counting and Claiming

USDA reimburses state agencies, which in turn reimburse school districts, for qualifying meals through the process of meal counting and claiming. A meal is reimbursable if it meets federal nutrition requirements and is not reimbursable if it is missing a required food component or fails to meet the meal pattern requirements.<sup>16</sup> Meals are recorded at the point of sale in a school. Generally, individual meals are recorded as either free, reduced price, or paid based on the student's certification status, unless the school is operating under community eligibility or a special provision.

Reimbursable meals are tallied at each school. School districts aggregate meal tallies from each school and then report to the respective state

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<sup>14</sup>As of school year 2018–2019, USDA is operating a pilot project in certain states that allows direct certification for both free and reduced-price meals based on participation in Medicaid.

<sup>15</sup>Students identified as eligible without an application are those who are directly certified through participation in certain public-assistance programs or by meeting an approved designation described above.

<sup>16</sup>Meal pattern includes required food components and related quantities, among other things.

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agencies on a monthly basis. State agencies then aggregate the reports from each district and submit tallies of free, reduced-price, and paid meals to USDA. USDA then reimburses states for the amount reported. Meals in each category (free, reduced-price, and paid) are reimbursed at different rates.<sup>17</sup>

#### Oversight

Given that the school meals programs are administered on a daily basis at schools across the country, USDA officials stated that the agency relies on two key oversight practices—management evaluations and administrative reviews—to monitor these programs.

- **Management evaluations.** USDA conducts management evaluations of state agencies' administration of the school meals programs. USDA uses risk-based criteria, such as the level of turnover in state agency staff, to select the state agencies to review each year. According to USDA officials, starting in fiscal year 2019, USDA will automatically select a state agency for review if it has not been reviewed in the past 3 years. According to USDA guidance, examples of operations it reviews during management evaluations include (1) state oversight of certification and verification of students into the school meals programs, (2) administrative reviews of school districts conducted by state agencies, (3) claims for reimbursement, and (4) state oversight of compliance with federal meal pattern requirements, among other areas. According to USDA officials, if USDA considers state agencies reviewed in one year as high risk for program noncompliance, those agencies may receive an additional management evaluation in the following year focused on technical assistance.
- **Administrative reviews.** USDA develops guidance for administrative reviews in which state agencies review school districts' administration of the school meals programs. State agencies are required to conduct administrative reviews of each of their school districts at least once in a 3-year review cycle. USDA guidance states that the objectives of administrative reviews include identifying noncompliance, providing technical assistance, and assessing fiscal actions. Among other things, state agency staff are to review a school district's certification records and its meal counting and claiming data for the most recent

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<sup>17</sup>For school year 2018–2019, the lowest reimbursement rates for the National School Lunch Program were \$0.31 for a paid meal, \$2.91 for a reduced-price meal, and \$3.31 for a free meal. The reimbursement rate varies based on certain factors, such as the percentage of students in the school district that are eligible for free and reduced-price meals.



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month for which a claim for reimbursement was submitted. State agency staff are also to review school meals served while the staff are on-site to determine whether the meals contain the required food components. State agency staff are to record any identified noncompliance and also provide technical assistance to school district staff.

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#### Estimation of Improper Payments in the School Meals Programs

The Improper Payments Information Act of 2002 (IPIA), as amended, requires agencies to identify, estimate, and report their improper payment amounts and to develop and implement improper payment reduction plans, among other things.<sup>18</sup> USDA estimates improper payments for the school meals programs through a model based on its APEC study, which is conducted by contractors. The most recent APEC study (APEC II) was released in May 2015 and covered activity during the 2012–2013 school year. USDA conducts an APEC study about every 5 years, with APEC III expected to be released in 2020.

Conducting the APEC study involves multiple sampling and data analysis efforts, including the following examples from APEC II.

- **In-person surveys.** Contractors conducted in-person surveys of over 3,000 sampled households to collect information on each household's circumstances at the time of application, including income, household size, and receipt of other public-assistance benefits. Using this information, contractors determined a sampled student's eligibility status and compared it to the school district's master benefit list and application or direct certification documentation.<sup>19</sup>
- **Data matching.** Contractors assessed the accuracy of the identified student percentage—the figure used to determine reimbursement for schools using the community eligibility provision—for over 100 sampled schools. To do so, contractors used an iterative process to match sampled students to SNAP and Temporary Assistance for

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<sup>18</sup>Pub. L. No. 107-300 (Nov. 26, 2002). See 31 U.S.C. § 3321 note. Agencies are to report a dollar value of estimated improper payments, as well as an error rate that reflects the estimated improper payments as a percentage of related program outlays.

<sup>19</sup>A master benefit list is a school district's official documentation that identifies the students certified for free or reduced-price meals.

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Needy Families records, as well as additional data sources if necessary.<sup>20</sup>

- **Observation of meal service.** Contractors observed approximately 25,000 lunch transactions and 23,000 breakfast transactions at over 400 sampled schools to identify the food items in each meal at the point of sale, whether the meal was served to a student or nonstudent, and whether the meal was recorded as reimbursable.

USDA determined that conducting the APEC study annually would not be feasible. Instead, the APEC study includes a model that allows USDA to use program participation data to report estimated improper payment error rates on an annual basis. Changes in program participation data result in small changes to the estimated improper payment error rates USDA reports during years between APEC studies.

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#### Fraud Risk Management Standards and Guidance

According to federal standards and guidance, executive-branch agency managers are responsible for managing fraud risks and implementing practices for combating those risks. Federal internal control standards call for agency management officials to assess the internal and external risks their entities face as they seek to achieve their objectives.<sup>21</sup> The standards state that as part of this overall assessment, management should consider the potential for fraud when identifying, analyzing, and responding to risks.

In July 2015, GAO issued the Fraud Risk Framework, which provides a comprehensive set of key components and leading practices that serve as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way.<sup>22</sup> The Fraud Risk Framework describes leading practices in four components, as shown in figure 2.

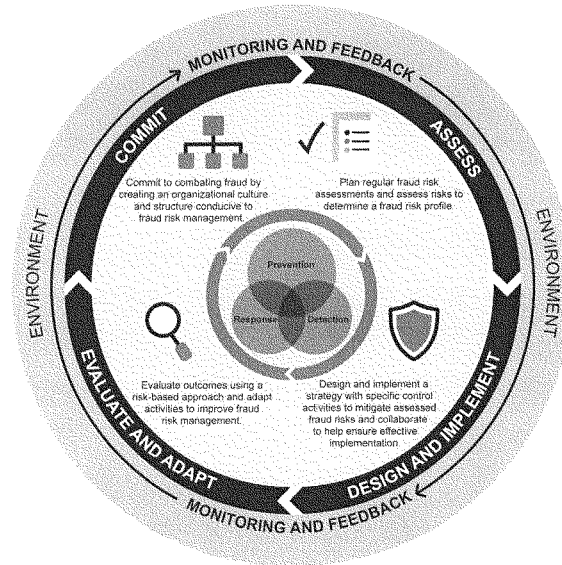
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<sup>20</sup>Temporary Assistance for Needy Families is a block grant program designed to help needy families achieve self-sufficiency.

<sup>21</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

<sup>22</sup>GAO-15-593SP.

Figure 2: The Fraud Risk Management Framework



Source: GAO. | GAO-19-389

The Fraud Reduction and Data Analytics Act of 2015, enacted in June 2016, requires the Office of Management and Budget (OMB) to establish guidelines for federal agencies to create controls to identify and assess fraud risks and design and implement antifraud control activities. The act further requires OMB to incorporate the leading practices from the Fraud Risk Framework in the guidelines.<sup>23</sup> In July 2016, OMB published guidance about enterprise risk management and internal controls in

<sup>23</sup>Pub. L. No. 114-186, § 3, 130 Stat. 546 (2016).

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federal executive departments and agencies.<sup>24</sup> Among other things, this guidance affirms that managers should adhere to the leading practices identified in the Fraud Risk Framework. Further, the act requires federal agencies to submit to Congress a progress report each year for 3 consecutive years on the implementation of controls established under OMB guidance, among other things.

It is important to note that fraud and “fraud risk” are distinct concepts. Fraud is challenging to detect because of its deceptive nature. Additionally, once suspected fraud is identified, alleged fraud cases may be prosecuted. If the court determines that fraud took place, then fraudulent spending may be recovered. Fraud risk exists when individuals have an opportunity to engage in fraudulent activity, have an incentive or are under pressure to commit fraud, or are able to rationalize committing fraud. When fraud risks can be identified and mitigated, fraud may be less likely to occur.

Although the occurrence of fraud indicates there is a fraud risk, a fraud risk can exist even if fraud has not yet been identified or occurred. For example, suspicious billing patterns or complexities in program design may indicate a risk of fraud. Information to help identify potential fraud risks may come from various sources, including whistleblowers, agency officials, contractors, law-enforcement agencies, or beneficiaries.

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#### USDA Has Reported Taking Various Steps to Reduce Improper Payment Error Rates, but Redefined What It Considers to Be an Improper Payment in Fiscal Year 2018

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<sup>24</sup>Office of Management and Budget, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (Washington, D.C.: July 15, 2016).

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**USDA Reported Taking Steps to Reduce School Meals Improper Payment Error Rates**




USDA has reported various actions aimed at lowering the school meals improper payment error rates in its agency financial reports.<sup>25</sup> These actions—including onetime actions and longer-term efforts—cover multiple aspects of the programs. The actions USDA reported included the creation of a new household application prototype intended to reduce applicant errors and the development of training for food service workers to address administrative errors. USDA also reported on mechanisms to collect information on program errors to support agency analysis and monitoring efforts. Examples of the reported actions are illustrated in figure 3 below.<sup>26</sup>

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<sup>25</sup>Fiscal year 2015 was the first year in which USDA reported improper payment estimates based on the most recent APEC study (APEC II) and reported related actions aimed at reducing these error rates.

<sup>26</sup>We did not assess the effectiveness of these actions as part of this review.

**Figure 3: Examples of Actions to Reduce School Meals Estimated Improper Payment Error Rates Reported in Fiscal Years 2015 through 2018**

<b>Certification and eligibility</b> 	<ul style="list-style-type: none"> <li>• <b>Community eligibility available nationwide</b> Option available to schools located in low-income areas to provide meals at no cost to all students</li> <li>• <b>New application</b> Creation of a new paper application prototype and the first web-based application prototype using behavioral and cognitive testing techniques</li> <li>• <b>Direct certification investment</b> Multiyear investment in state and local agencies to improve the effectiveness of their direct certification processes—efforts to identify students who are eligible for free school meals based on participation in other public assistance programs or approved designations, and certify them as such without a household application</li> </ul>
<b>Training and technical assistance</b> 	<ul style="list-style-type: none"> <li>• <b>Development of a Verification Toolkit</b> Contains materials to help school districts increase household response rates in the annual school meals verification process</li> <li>• <b>Training school workers</b> Development of training programs and professional certification standards for school food service workers</li> <li>• <b>Funding for tech systems</b> Grants available to states to implement training and technology solutions to reduce and prevent administrative errors in school districts</li> </ul>
<b>Policy and guidance</b> 	<ul style="list-style-type: none"> <li>• <b>New integrity office</b> Creation of the Office of Program Integrity for Child Nutrition Programs</li> <li>• <b>Proposed rule to deter errors</b> Publication of a proposed rule to improve program integrity, including allowing fines for egregious and persistent errors</li> <li>• <b>Additional review for error-prone school districts</b> Requirement for school districts with high certification errors to conduct a secondary review of applications to verify accuracy</li> <li>• <b>Local information gathering</b> Development of mechanisms to gather local information on program errors from administrative reviews to support more-rigorous federal and state agency analysis and monitoring</li> <li>• <b>Shorter review cycle</b> Regulations and guidance to shorten the administrative review cycle from 5 years to 3 years</li> </ul>

Source: GAO summary of Department of Agriculture information. | GAO-19-389

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Because the study used to develop improper payment error rates in school meals programs—APEC—is conducted about once every 5 years, the effect of these actions is currently unknown.<sup>27</sup> Estimated improper payment error rates reported in years between APEC studies will generally not reflect the effect of most actions until the next study is released. Currently, the next APEC study is expected to be released in 2020.

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**Reported Error Rates for Fiscal Year 2018 Are Not Comparable to Prior Years Because of a Change in Definition**

USDA changed what it considers to be an improper payment in the school meals programs for fiscal year 2018 reporting, resulting in improper payment error rates that are not comparable to those of prior years.<sup>28</sup> Specifically, USDA determined that meal claiming errors do not meet the definition of an improper payment. According to USDA, meal claiming errors occur when meals are incorrectly categorized as reimbursable or nonreimbursable at the point of sale. For example, a meal claiming error occurs when a meal that is missing a required meal component (e.g., the required quantity of a vegetable) is counted as reimbursable.

USDA officials reported that the rationale for the change in what constitutes an improper payment is that meal claiming error does not result in the payment of federal funds for services that were not provided or that were provided to ineligible recipients.<sup>29</sup> Agency officials also stated that the remedy for meal claiming error is to add the missing food component to the meal, so correcting the error would not reduce program payments. Although the errors will not be considered in determining the reported estimated improper payment error rates, USDA officials stated that the agency is committed to reducing meal claiming error and will continue to measure it as part of its periodic APEC studies.

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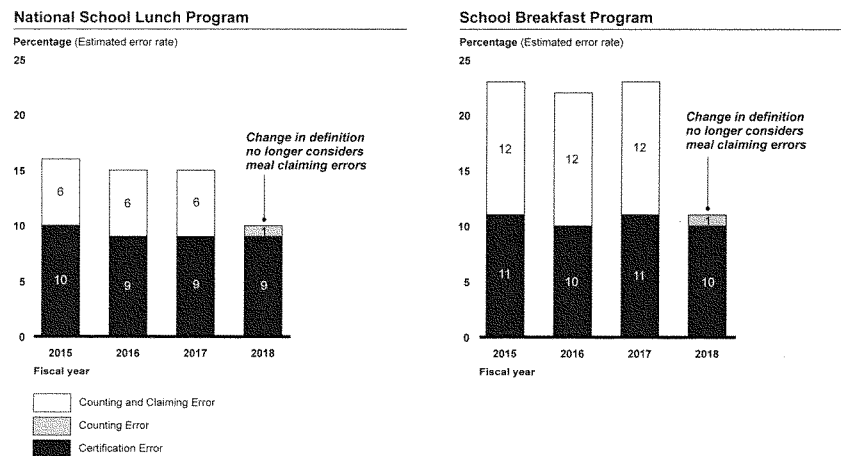
<sup>27</sup>As discussed earlier, although USDA determined that conducting an APEC study annually is not feasible, the study develops a model that allows USDA to use program participation data to report estimated improper payment estimates on an annual basis.

<sup>28</sup>PIA, as amended, provides the definition of an "improper payment," and agencies must apply the term in the context of their programs when developing improper payment estimates. Evaluating this change in what USDA considers an improper payment in the school meals program is beyond the scope of this engagement. See 31 U.S.C. § 3321 note.

<sup>29</sup>USDA reported that it conferred with OMB on this change in its agency financial report for fiscal year 2018.

Prior to fiscal year 2018 reporting, meal claiming errors were considered improper payments. As a result, this change contributed to a significant decrease in the estimated improper payment error rates for the school meals programs reported for fiscal year 2018, as shown in figure 4. Accordingly, the results shown for 2015 through 2018 in figure 4 are not comparable.

**Figure 4: Estimated Improper Payment Error Rates for the School Meals Programs Reported for Fiscal Years 2015 through 2018**



Source: GAO summary of Department of Agriculture information. | GAO-19-389

Note: These percentages were generated using statistical techniques and are based on estimates of improper payment due to certification (eligibility) and noncertification errors for the school year 2012–2013 in the Second Access, Participation, Eligibility, and Certification Study (APECS II). The Department of Agriculture generates an annual update to improper payment measures of certification and noncertification error rates using statistical techniques and a sample universe representing payments made during a certain school year.



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**Limited Risk  
Assessment Hinders  
USDA's Ability to  
Better Ensure  
Oversight Practices  
Address Fraud Risks**

Although USDA considers certain program integrity risks through specific processes, it has not assessed fraud risks in the school meals programs. As a result, USDA cannot determine whether its key oversight processes—extensive efforts designed for broad monitoring purposes—address areas at risk for fraud. The assess component of the Fraud Risk Framework calls for federal managers to plan regular fraud risk assessments and to assess risks to determine a fraud risk profile. Furthermore, federal internal control standards state that management should consider the potential for fraud when identifying, analyzing, and responding to risks.<sup>30</sup>

According to USDA officials, fraud in the school meals programs would look the same as nonfraudulent errors. For example, income listed on an application may be misreported intentionally or unintentionally. Consequently, agency officials stated that they have not established a process to plan or conduct a specific fraud risk assessment for these programs. Instead, fraud risks are considered through the agency's efforts to assess overall program integrity risk in the programs. We have previously reported that integrating fraud risk management into a larger program integrity approach could limit the amount of resources and attention focused specifically on fraud prevention, detection, and response. The deceptive nature of fraud makes it harder to detect than nonfraudulent errors, potentially requiring control activities that are specifically designed to prevent and detect criminal intent.

According to agency officials, USDA's efforts to assess overall program integrity risks in the school meals programs include researching, monitoring, and reporting activities designed to identify areas of program operations susceptible to improper payments and program error. Specifically, agency officials stated that these efforts include research projects—the APEC study used to estimate improper payment error rates and other smaller-scale, informal projects—and a consideration of specific risks when annually determining which states USDA will review through management evaluations.

These efforts to assess overall program integrity risk serve specific purposes and are not designed to identify or address fraud risks in the school meals programs. For example, the purpose of one research project mentioned by USDA officials was to identify challenges related to

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<sup>30</sup>GAO-14-704G.

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alternative service models for the School Breakfast Program, which include serving breakfast in locations other than a cafeteria and at a later time in the morning. USDA has not developed a process to consider these disparate efforts to comprehensively assess fraud risks. As a result, USDA's efforts do not align with the overarching concepts of planning and conducting fraud risk assessments in the Fraud Risk Framework.

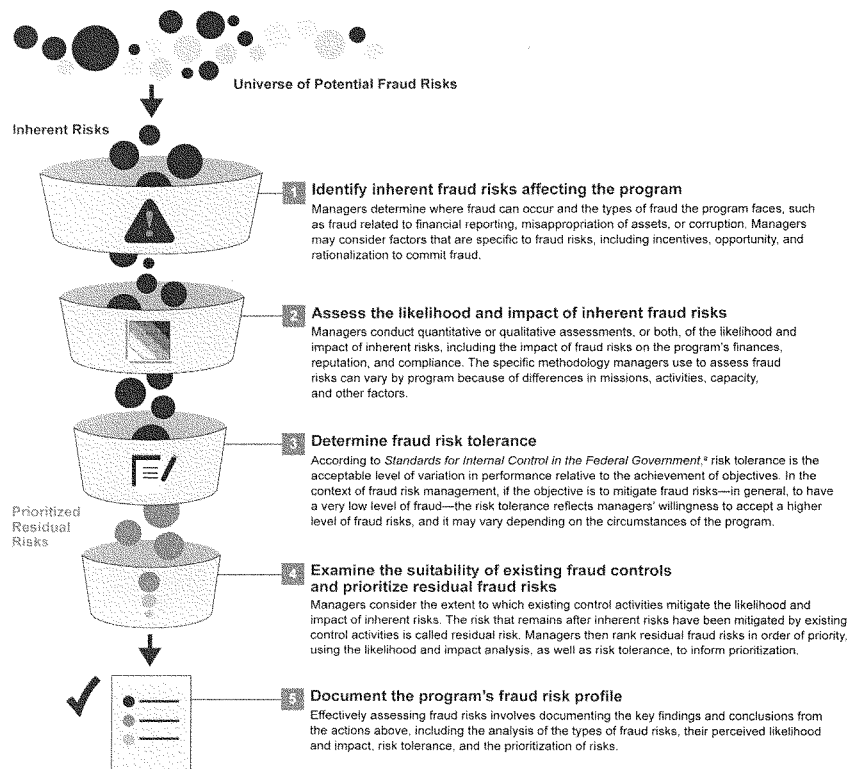
The Fraud Risk Framework identifies leading practices for planning fraud risk assessments. Specifically, the leading practices include tailoring the fraud risk assessment to the program and planning to conduct the assessment at regular intervals and when there are changes to the program or operating environment.<sup>31</sup> The leading practices also include identifying the tools, methods, and sources for gathering information about fraud risks and involving relevant stakeholders in the assessment process. Information to help identify potential fraud risks may come from various sources, including whistleblowers, agency officials, contractors, law-enforcement agencies, or beneficiaries. Existing oversight efforts—such as USDA's management evaluations and administrative reviews—may also be a useful source, as information on errors and noncompliance may highlight areas at risk for fraud.

The Fraud Risk Framework also identifies leading practices for conducting fraud risk assessments, as illustrated in figure 5.

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<sup>31</sup>We have previously reported on ways that the school meals programs have changed over the past decade—such as changes in the meal component requirements and the methods in which students are certified into the programs—which may affect the programs' fraud risks. See GAO, *School Lunch: Implementing Nutrition Changes Was Challenging and Clarification of Oversight Requirements Is Needed*, GAO-14-104 (Washington, D.C.: Jan. 28, 2014), and *School-Meals Programs: USDA Has Enhanced Controls, but Additional Verification Could Help Ensure Legitimate Program Access*, GAO-14-262 (Washington, D.C.: May 15, 2014).

Figure 5: Key Elements of the Fraud Risk Assessment Process



Source: GAO | GAO-19-389

<sup>a</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

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Without a process to plan and conduct regular assessments, USDA cannot identify and assess fraud risks facing the school meals programs. Such information is necessary to appropriately design and implement an antifraud strategy—including specific controls like USDA’s key oversight processes—and evaluate and adapt its strategy and controls to improve fraud risk management in these programs.

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## Conclusions

Historically, the school meals programs have reported high estimated improper payment error rates. USDA has reported various steps to reduce the error rates, though a change in what USDA considers an improper payment in the school meals programs resulted in error rates for fiscal year 2018 that are not comparable to those of prior years. Although the two concepts are different, high improper payment error rates may suggest that the school meals programs may also be inherently vulnerable to fraud. However, USDA has not established a process to plan and conduct regular fraud risk assessments for the school meals programs, and existing efforts to assess specific risks in the school meals programs do not comprehensively consider fraud risks. According to leading practices, such an assessment is a pivotal step in managing fraud risks, helping to ensure that USDA’s key oversight efforts are targeted at areas at greatest risk for fraud in these programs, and helping safeguard the government’s substantial investment in them.

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## Recommendation for Executive Action

The Administrator of the Food and Nutrition Service should establish a process to plan and conduct regular fraud risk assessments for the school meals programs that align with the leading practices in the Fraud Risk Framework. (Recommendation 1)

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## Agency Comments and Our Evaluation

We provided a draft of this report to USDA for review and comment. On April 29, 2019, the Director of the Office of Program Integrity for Child Nutrition provided us with the agency’s oral comments on the draft report. FNS officials generally agreed with the recommendation in the draft report. FNS officials noted that the agency does not currently conduct a formal fraud risk assessment, but they explained that the agency considers fraud risks through multiple existing efforts. These efforts include APEC and other studies, as well as key oversight processes. For example, FNS noted that the APEC study aims to identify the factors that contribute to errors in the school meals programs. Officials explained that this study includes an interview of sampled households, in part to determine whether these households underreported income on their

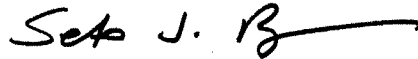
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applications and whether such underreporting suggests anything about the applicants' intent. As noted in our report, we agree that these efforts may be a useful source of information on areas at risk for fraud. However, we continue to believe that additional action is necessary to comprehensively assess fraud risks in the school meals programs, consistent with the Fraud Risk Framework. USDA also provided technical comments, which we incorporated into the report, as appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of Agriculture, the FNS Administrator, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-6722 or [bagdoyans@gao.gov](mailto:bagdoyans@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix I.



Seto J. Bagdoyan  
Director of Audits  
Forensic Audits and Investigative Service

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*List of Requesters*

The Honorable Pat Roberts  
Chairman  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Virginia Foxx  
Ranking Member  
Committee on Education and Labor  
House of Representatives

The Honorable John Boozman  
Chairman  
Subcommittee on Commodities, Risk Management, and Trade  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Ben Sasse  
United States Senate

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## Appendix I: GAO Contact and Staff Acknowledgments

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### GAO Contact

Seto J. Bagdoyan, (202) 512-6722 or bagdoyans@gao.gov

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### Staff Acknowledgments

In addition to the contact named above, the following staff members made key contributions to this report: Gabrielle M. Fagan, Assistant Director; James M. Healy, Analyst in Charge; and Matthew L. McKnight. Also contributing to this report were Rachel Frisk, Maria McMullen, Jean McSween, and Sabrina Streagle.

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[Questions submitted for the record and their responses follow:]

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Mr. Brandon Lipps  
Administrator, Food and Nutrition Service  
Acting Deputy Under Secretary, Food, Nutrition, and Consumer Services  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Acting Deputy Under Secretary Lipps:

I would like to thank you for testifying at the June 4, 2019, Committee on Education and Labor Subcommittee on Civil Rights and Human Services hearing entitled "*Examining the Policies and Priorities of the U.S. Department of Agriculture's Food and Nutrition Service.*"

Please find enclosed additional questions submitted by Committee members following the hearing. Please provide a written response no later than Wednesday, June 26, 2019, for inclusion in the official hearing record. Your responses should be sent to Ali Hard of the Committee staff. She can be contacted at the main number 202-225-3725 should you have any questions.

We appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT  
Chairman

Enclosure

**Committee on Education and Labor**  
**Civil Rights and Human Services Subcommittee Hearing**  
*“Examining the Policies and Priorities of the U.S. Department of Agriculture’s Food and Nutrition Service”*  
 Tuesday, June 4, 2019 at 10:15 a.m.

**Ranking Member Virginia Foxx (NC)**

1. According to USDA’s meal cost study, the meals served in compliance with the rules are healthier, correct?

However, that is not that actual issue as no one that I am aware of has ever debated whether the rules required healthier meals. The real concerns have been about cost and overall participation in the program. What was the average participation rate in the program for school year 2018? How did that compare to school year 2011?

And, the percentage of free students is a larger percentage of the meals served in 2018 as opposed to 2011, correct?

Doesn’t that imply the program is becoming more stigmatized as a program for poor students rather than a program for all students? Will the changes the administration made in the meal requirements go to help improve participation, thus making it more about all students rather than those cannot afford to bring a lunch?

2. USDA’s meal cost study highlights that, schools paid more to prepare the meals in compliance with the regulations than they received in reimbursements. If I understand the data correctly, a school lost almost \$0.50 for a free meal served and lost over \$0.80 for a free breakfast. Doesn’t that mean the federal regulations equate to an unfunded mandate on schools, especially considering the same report notes that schools operated at a deficit?
3. Plate waste, the issue of food being served and then discarded, is something many people have raised as a concern about the meal requirements. Is it correct that this issue was not previously measured so it is nearly impossible to have a clear answer on whether there is or is not increased plate waste in the program?

I believe we should be concerned about food waste in general. Not only does it waste valuable resources for schools, it also wastes food that could be going to hungry families. According to the meal cost study, an average of 31 percent of vegetables, 29 percent of milk, 26 percent of fruits and fruit juice were wasted. Will the regulations the administration recently finalized help address this waste, and are there other changes the administration could look at that further limit plate waste?

4. One of the issues with school lunch that has concerned me is that there is a belief the school meal program can make students change their diets. Yet, USDA's meal cost study found there was no impact on the overall diets of students who participated in the program, is that correct?  
What are some things we can do to help students lead healthier lives without adding burden or costs to schools to do so?

**Rep. Gregorio Kilili Camacho Sablan (MP)**

1. I want to follow up on the question that I raised at the hearing about the administration's plans for the Nutritional Assistance Program in the Mariana Islands. We are not in SNAP. We get a \$12 million block grant – that has not changed since 2009. The extra \$30 million in the 2014 Farm Bill for the Marianas program money raised benefits to be comparable to Guam, which has similar food costs. We have also included more households, using income eligibilities that are closer to SNAP. But this progress can slip away. In fact, the Marianas program is planning to start cutting benefits and taking families out of the system beginning October. There is another \$25 million in the disaster supplemental appropriation signed last week; and we are hoping to get some update from the Marianas and from your Western Regional Office about how the current economic downturn will change demands on the system.
  - a. Does the administration think we should continue this way with a system that always needs special attention – a kind of Rube Goldberg contraption?
  - b. Would it not be smarter and more administratively efficient just to put the Marianas into SNAP?
  - c. The Farm Bill money allowed the Marianas to up its game with a better administrative system – I understand benefits can now be issued instantly as soon as an application is approved. EBT is coming online. The Governor has said he can pick-up half of the administrative costs. The Department of Agriculture has the statutory authority to incorporate the Northern Marianas into SNAP. It does not have to wait for Congress. Why not just administrative action? Would not that be easier all around?
2. In regard to the Trump Administration plan to redefine how poverty is measured and its implications for American families trying to secure a basic standard of living, on May the Administration asked for comments on its plan to switch to an alternative index of inflation, such as the much slower-growing "chained CPI". I am concerned that this could cause families to lose access to food, housing, and health care. This would be particularly painful in my district, where, unfortunately, a large share of our families live in or on the brink of poverty. The federal poverty line is *already* very low, and this proposal would lower the line by \$1,500 for a family of three than it would otherwise be by 2037. Eligibility for free school meals is 130 percent of the federal poverty line, which is less than \$27,800 for a family of three today. That's basically is one person making \$13.37 per hour trying to support an entire family of three. According to the MIT Living Wage Calculator, even in

the lowest cost-of-living area of the country, a family needs income nearly *twice* this amount just to make ends meet. In the Marianas families pay more for basics like food and gas than they do in many areas.

- a. Do you think it's possible to support a family of three on that annual salary?
- b. Nearly 40 percent of households with children earning less than 130 percent of the federal poverty line experience food insecurity. Do you agree that children whose families have income at this level should lose their eligibility for free school meals?
- c. The FNS mission statement is to "increase food security and reduce hunger by providing children and low-income people access to food, a healthful diet and nutrition education." What is FNS going to do to ensure that the hundreds of thousands of children who would eventually lose access to free school meals under this redefinition of poverty will not go hungry?

**Rep. Jahana Hayes (CT)**

1. Mr. Lipps, you stated that you are in a process of meeting with WIC program operators regarding the Department's plans to realign FNS regions.
  - a. Please share the current status of those meetings, including:
    - i. How many meetings have already occurred and with whom,
    - ii. How many meetings are currently planned for the future and with whom,
    - iii. The timeline of when the meetings will occur,
    - iv. Concerns that WIC operators and any other attendees have raised at these meetings, and
    - v. Any outcomes, to date, that the meetings have produced, including plans addressing concerns that WIC operators have raised during the meetings.
  - b. Please provide a detailed description of any changes to the realignment plan that FNS will be making to ensure that:
    - i. WIC funding is not negatively impacted, and
    - ii. Tribal organizations are consulted appropriately, in accordance with USDA policy on tribal consult  
[https://www.ocio.usda.gov/sites/default/files/docs/2012/20130118\\_DR\\_OTR\\_final\\_1\\_18\\_13.pdf](https://www.ocio.usda.gov/sites/default/files/docs/2012/20130118_DR_OTR_final_1_18_13.pdf)?

**Rep. David J. Trone (MD)**

1. Mr. Lipps, you stated in your answer to my question regarding the proposed Department of Homeland Security rule on *Inadmissibility on Public Charge Grounds* that the Department of Agriculture "did provide comment" on the proposed rule. Please provide a copy of the Department's comments to the Committee.

**Committee on Education and Labor**  
**Civil Rights and Human Services Subcommittee Hearing**  
*“Examining the Policies and Priorities of the U.S. Department of Agriculture’s Food and Nutrition Service”*  
 Tuesday, June 4, 2019 at 10:15 a.m.

**Ranking Member Virginia Foxx (NC)**

**1. According to USDA’s meal cost study, the meals served in compliance with the rules are healthier, correct?**

However, that is not that actual issue as no one that I am aware of has ever debated whether the rules required healthier meals. The real concerns have been about cost and overall participation in the program.

**What was the average participation rate in the program for school year 2018? How did that compare to school year 2011?**

**And, the percentage of free students is a larger percentage of the meals served in 2018 as opposed to 2011, correct?**

**Doesn’t that imply the program is becoming more stigmatized as a program for poor students rather than a program for all students? Will the changes the administration made in the meal requirements go to help improve participation, thus making it more about all students rather than those cannot afford to bring a lunch?**

**Response:** The goal of the school meal programs is to ensure that all students have an opportunity to enter the classroom well-nourished and ready to learn. Students choose to participate, or not to participate, for a variety of reasons. There was, however, a drop in participation between 2011 and 2018. According to FNS administrative data, in 2011, on average, 31.8 million, or 62 percent of students enrolled in schools with a NSLP received a school lunch. In 2018, this figure was 58 percent, or 29.7 million students. However, the percent of average daily participants that received a free meal did increase from 58 percent, or 18.4 million students, in 2011 to 68 percent, or 20.2 million, in 2018. In 2018, just over one-fourth of participating students paid full price for a school meal.

USDA has made great strides in improving the nutritional quality of school meals and providing schools with flexibility to offer meals that are appealing to students. Between school year (SY) 2009-2010 and SY 2014-2015, the mean total Healthy Eating Index (HEI) 2010 score for NSLP lunches served increased significantly, suggesting that the updated nutrition standards have significantly improved the nutritional quality of NSLP lunches. The total HEI-2010 score for NSLP lunches increased by at least 23 points for all school types.

I agree with you that we all know the rules require schools to serve healthier meals, but when the students are not eating the meals, costs are up, and participation is down, we need to work with schools to try to correct the situation. FNS is committed to providing State agencies and program operators with the resources and flexibility they need to operate the Federal nutrition assistance programs effectively and efficiently. We have put in place a number of flexibilities that are helping schools provide children with

wholesome and appealing foods. On December 12, 2018, USDA empowered local schools with more meal service flexibility through a final rule entitled “Child Nutrition Programs: Flexibilities for Milk, Whole Grains, and Sodium Requirements.” This final rule delivers on Secretary Purdue’s promise, made in a May 2017 proclamation, to develop forward-thinking strategies that ensure school meals are both healthful and practical.

We continue to listen to State agencies, school nutrition professionals, industry, and other stakeholders to learn more about student preferences and operational challenges. Nutrition program operators know their student customers and their communities’ best and must be empowered to meet program standards with reasonable flexibility and common sense. We want to work with State agencies, school nutrition professionals, industry, and other stakeholders on a forward-thinking strategy that ensures school nutrition standards are both healthful and practical, while avoiding unnecessary burden and red tape. We believe this input will be invaluable and are happy to work with Congress to address these issues.

**2. USDA’s meal cost study highlights that, schools paid more to prepare the meals in compliance with the regulations than they received in reimbursements. If I understand the data correctly, a school lost almost \$0.50 for a free meal served and lost over \$0.80 for a free breakfast.**

**Doesn’t that mean the federal regulations equate to an unfunded mandate on schools, especially considering the same report notes that schools operated at a deficit?**

**Response:** The school meal programs are a partnership among Federal, State, and local agencies, all of which have a role in administering the program and providing financial support. It is true that the cost to produce school meals in school year (SY) 2014-2015 increased significantly from the last study in SY 2005-2006. Further, in SY 2014-2015, school nutrition directors rated food cost as the most challenging issue they faced in implementing the updated meal standards.

Federal reimbursements for school meals are intended to subsidize but not fully cover the costs of producing meals. In addition to USDA subsidies, schools receive revenues to operate the programs from a variety of sources, including student payments for reduced price and full price meals, sales from a la carte and other non-reimbursable sales. USDA meal reimbursements, including USDA Foods, account for about 63 percent of revenues in the average school food service account. For the average school district, total revenues covered 97 percent of total reported costs, indicating a small deficit. However, the revenues of about half of districts covered 100 percent or more of the total cost to produce the meal.

Schools decide how to best procure foods, which foods to serve, the number of choices (if any), and how foods are prepared. These decisions can influence the overall cost of school meals. Other factors that may impact the average cost of preparing meals include economies of scale at the school level for larger schools or schools with higher participation. Wages, utilities, and other reported costs, also vary at the local level. USDA continues to listen to operator feedback to help schools successfully operate the programs within their resources.

**3. Plate waste, the issue of food being served and then discarded, is something many people have raised as a concern about the meal requirements.**

**Is it correct that this issue was not previously measured so it is nearly impossible to have a clear answer on whether there is or is not increased plate waste in the program?**

**Response:** The School Nutrition and Meal Cost Study is the first national study in more than two decades to examine plate waste in school meals, and is the first to examine the extent of plate waste since the updated nutrition standards went into effect. Food waste is a critical problem that USDA is proactively addressing across all program areas. At FNS, we are doing our part by addressing contributors to food loss in nutrition programs through technical assistance, and policy. For example, the final rule published on December 12, 2018, *Child Nutrition Programs: Flexibilities for Milk, Whole Grains, and Sodium Requirements* (83 FR 63775), increased local flexibility in implementing school nutrition standards for milk, whole grains, and sodium. We expect that these targeted flexibilities will help schools reduce plate waste.

However, plate waste has long been an issue in not only school meal programs, but throughout the U.S. food supply. About 31 percent of retail and consumer food is wasted.<sup>1</sup> This figure is comparable to the plate waste findings in the School Nutrition and Meal Cost Study across the meal pattern components; that study found that in school year 2014-15 an average of 31% of vegetables, 29% of milk, 26% of fruits and fruit juice were wasted. As indicated, the overall plate waste findings in this study are generally comparable to findings from previous smaller scale studies that examined plate waste in the National School Lunch Program. The next update of the USDA study will provide a valuable comparison of changes in plate waste using the same rigorous method.

**I believe we should be concerned about food waste in general. Not only does it waste valuable resources for schools, it also wastes food that could be going to hungry families. According to the meal cost study, an average of 31% of vegetables, 29% of milk, 26% of fruits and fruit juice were wasted. Will the regulations the administration recently finalized help address this waste, and are there other changes the administration could look at that further limit plate waste?**

**Response:** We do know that changes in the level of plate waste can be an important gauge of student satisfaction with meal offerings. It may also reflect menu planning that does not take students' food selection patterns or preferences into account. Federal policies, menu planning flexibilities, and creative solutions can reduce plate waste. For example, "offer-versus-serve," which allows students to decline some components of a reimbursable meal, has been shown to reduce plate waste. Offer-versus-serve is mandatory for high schools, and optional for elementary and middle schools, of which 80% choose to implement offer-versus-serve. Share tables – stations where children may return whole food items that they choose not to eat, are another innovative strategy. Foods placed on share tables are made available to other children who may want additional servings. We also encourage schools to involve students in menu development, for example, by holding taste tests or providing other avenues for students to give feedback on the cafeteria menu.

We believe the flexibilities provided for milk, sodium and whole grains will help reduce food waste, and we remain committed to listening to and working with schools on additional ways to reduce waste. The extent to which students are satisfied with school meals will impact student participation and consumption of the meals. By sharing these strategies, USDA endeavors to assist schools in their efforts to reduce plate waste and encourage healthy eating among students.

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<sup>1</sup> Buzby, Jean C., Hodan F. Wells, and Jeffrey Hyman. *The Estimated Amount, Value, and Calories of Postharvest Food Losses at the Retail and Consumer Levels in the United States, EIB-121*, U.S. Department of Agriculture, Economic Research Service, February 2014. Available at: [https://www.ers.usda.gov/webdocs/publications/43833/43680\\_eib121.pdf](https://www.ers.usda.gov/webdocs/publications/43833/43680_eib121.pdf).

**4. One of the issues with school lunch that has concerned me is that there is a belief the school meal program can make students change their diets. Yet, USDA's meal cost study found there was no impact on the overall diets of students who participated in the program, is that correct? What are some things we can do to help students lead healthier lives without adding burden or costs to schools to do so?**

**Response:** The School Nutrition and Meal Cost Study found that lunches consumed by school lunch participants were more nutritious than lunches consumed by nonparticipants. School lunch participants were more likely to consume milk, fruit or 100 percent fruit juice, vegetables, and whole grain-rich products at lunch, and were less likely to consume desserts, snacks, and beverages other than milk or 100% fruit juice. School lunch participants also consumed lunches that provided fewer calories, including a smaller percentage of calories from total fat, a smaller percentage of calories from saturated fat, and a larger percentage of calories from protein. However, the study also found that these differences generally did not persist over a student's 24 hour daily intake and that total caloric intake for participants versus non-participants was comparable.

USDA is encouraged by the positive changes in school meals shown in the School Nutrition and Meal Cost Study. However, it is critical to support our school partners in implementing and sustaining these changes, in order to ensure meals are consumed, and operators have the resources and training to offer appealing meals. After touring Farm to School programs in a number of schools, I believe this program offers a tremendous opportunity to connect students to agriculture, while helping them learn the importance of nutritious foods. The FY 2019 Farm to School grant awards are expected to be announced later this month.

Additionally, under the Team Nutrition initiative, FNS has provided several key resources for school nutrition professionals to help them plan menus that are nutritious, tasty, and reflect regional and local food preferences. These include a Menu Planner for School Meals and a Food Buying Guide Mobile Application. FNS has also announced grant opportunities under the Team Nutrition Training Grant Program that will help States implement job-skills training programs focused on addressing identified State and local needs impacting the quality of school meals. Up to \$9 million in grant funds is expected to be awarded in FY 2019.

**Rep. Gregorio Kilili Camacho Sablan (MP)**

- 1. I want to follow up on the question that I raised at the hearing about the administration's plans for the Nutritional Assistance Program in the Mariana Islands. We are not in SNAP. We get a \$12 million block grant – that has not changed since 2009. The extra \$30 million in the 2014 Farm Bill for the Marianas program money raised benefits to be comparable to Guam, which has similar food costs. We have also included more households, using income eligibilities that are closer to SNAP. But this progress can slip away. In fact, the Marianas program is planning to start cutting benefits and taking families out of the system beginning October. There is another \$25 million in the disaster supplemental appropriation signed last week; and we are hoping to get some update from the Marianas and from your Western Regional Office about how the current economic downturn will change demands on the system.**



- a) Does the administration think we should continue this way with a system that always needs special attention – a kind of Rube Goldberg contraption?
- b) Would it not be smarter and more administratively efficient just to put the Marianas into SNAP?
- c) The Farm Bill money allowed the Marianas to up its game with a better administrative system – I understand benefits can now be issued instantly as soon as an application is approved. EBT is coming online. The Governor has said he can pick-up half of the administrative costs. The Department of Agriculture has the statutory authority to incorporate the Northern Marianas into SNAP. It does not have to wait for Congress. Why not just administrative action? Would not that be easier all around?

**Response:** Transitioning the Northern Marianas from block grant food assistance to SNAP would require legislative action. According to the Food and Nutrition Act 2008, the SNAP program can only be administered in States and the Act defines a “State” as:

*(r) “State” means the fifty States, the District of Columbia, Guam, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.*

Therefore, the Food and Nutrition Act would have to be amended to include CNMI in the definition of a “state” in order to implement the program.

Per the direction of the 2014 Farm Bill, FNS published a feasibility study in August of 2016 titled “Assessing the Feasibility of Implementing the Supplemental Nutrition Assistance Program in the Commonwealth of the Northern Mariana Islands”.

FNS stands ready to provide the Congressman and his staff additional information and technical assistance as needed.

2. In regard to the Trump Administration plan to redefine how poverty is measured and its implications for American families trying to secure a basic standard of living, on May the Administration asked for comments on its plan to switch to an alternative index of inflation, such as the much slower-growing “chained CPI”. I am concerned that this could cause families to lose access to food, housing, and health care. This would be particularly painful in my district, where, unfortunately, a large share of our families live in or on the brink of poverty. The federal poverty line is *already* very low, and this proposal would lower the line by \$1,500 for a family of three than it would otherwise be by 2037. Eligibility for free school meals is 130 percent of the federal poverty line, which is less than \$27,800 for a family of three today. That’s basically is one person making \$13.37 per hour trying to support an entire family of three. According to the MIT Living Wage Calculator, even in the lowest cost-of-living area of the country, a family needs income nearly *twice* this amount just to make ends meet. In the Marianas families pay more for basics like food and gas than they do in many areas.
  - a) Do you think it’s possible to support a family of three on that annual salary?

**Response:** Poverty is a terrible circumstance for any family to face. As you know, Federal nutrition assistance programs make an array of different benefits available to people not only in poverty, but in some cases with incomes up to 185 percent of poverty. However, program benefits alone do not provide

a long-term solution to poverty. That's why USDA is working to ensure that, as these programs provide support to individuals and families in difficult times, they also support a transition to a promising and self-sufficient future.

**b) Nearly 40 percent of households with children earning less than 130 percent of the federal poverty line experience food insecurity. Do you agree that children whose families have income at this level should lose their eligibility for free school meals?**

**Response:** Federal law makes households with children earning less than 130 percent of the federal poverty line eligible for free school meals. Secretary Perdue and I are committed to providing access to free, nourishing meals for children in these low-income households in schools across the nation as a core aspect of USDA's mission.

**c) The FNS mission statement is to "increase food security and reduce hunger by providing children and low-income people access to food, a healthful diet and nutrition education." What is FNS going to do to ensure that the hundreds of thousands of children who would eventually lose access to free school meals under this redefinition of poverty will not go hungry?**

**Response:** While OMB has requested comments on the potential strengths and weaknesses of different approaches to measure consumer inflation in order to adjust Federal programs and policies, no change has yet been proposed, much less finalized for implementation.

As I have stated, Federal law makes households with children earning less than 130 percent of the federal poverty line eligible for free school meals. Secretary Perdue and I are committed to providing access to free, nourishing meals for children in these low-income households, as the law provides.

**Rep. Jahana Hayes (CT)**

**1. Mr. Lipps, you stated that you are in a process of meeting with WIC program operators regarding the Department's plans to realign FNS regions. Please share the current status of those meetings, including:**

- a) How many meetings have already occurred and with whom,**
- b) How many meetings are currently planned for the future and with whom,**
- c) The timeline of when the meetings will occur,**
- d) Concerns that WIC operators and any other attendees have raised at these meetings, and**
- e) Any outcomes, to date, that the meetings have produced, including plans addressing concerns that WIC operators have raised during the meetings.**

**Response:** For several years, during the previous Administration and prior to my arrival, FNS has been looking at various options to better balance the workload among its seven regional offices. Currently, the number of States, Territories and Indian Tribal Organizations (ITOs) assigned to regions varies from five to ten. By making an internal, administrative adjustment of reassigning three States (Iowa, Utah, and Arizona), and one U.S. Territory (Virgin Islands) and the nine ITOs located within Utah and Arizona,

FNS can better manage increasing workload demands of providing quality oversight and technical assistance while supporting customer-focused services.

Since January 2019, FNS has had more than 60 meetings or conference calls with impacted States, ITOs, and the U.S. Territory to communicate the adjustment, explain the purpose and to listen and address concerns prior to implementation. A detailed list of meetings (past and future), dates, attendees and issues raised is attached.

In addition to funding concerns for WIC operators and consultation which are addressed below, common themes focused on relationships and processes and procedures for handling on-going work such as points of contact, submission of State plans and scheduling reviews. While relationships constantly change as staff, not only from FNS but from States and ITOs move to other jobs, FNS recognizes this is a sensitive area. As such, staff from the regional offices have worked together and will continue to work together with impacted agencies for as long as needed to ensure a smooth and effective transition. FNS staff throughout all regional offices approach their work in a dedicated, professional and customer-focused manner to ensure the highest level of quality services.

**2. Please provide a detailed description of any changes to the realignment plan that FNS will be making to ensure that:**

- a) **WIC funding is not negatively impacted, and**
- b) **Tribal organizations are consulted appropriately, in accordance with USDA policy on tribal consult**  
([https://www.ocio.usda.gov/sites/default/files/docs/2012/20130118\\_DR\\_OTR\\_final\\_1\\_18\\_13.pdf](https://www.ocio.usda.gov/sites/default/files/docs/2012/20130118_DR_OTR_final_1_18_13.pdf))

**Response:** FNS is currently engaging our partners to ensure that concerns are heard and appropriately addressed. To date we are still in the information gathering stage and have not finalized all actions associated with the FNS regional realignment.

FNS is committed to ensuring that sufficient funding is available for all impacted WIC state agencies and participants are not negatively impacted by the realignment. We are actively working on a solution and talking with the effected WIC State Agencies to resolve any concerns in order to ensure a seamless transition.

The USDA Office of Tribal Relations is the point of contact and the designated responsible organization for USDA tribal consultations on the Food Distribution Program on Indian Reservations (FDPIR). Consultations are held in accordance with USDA's policy and also provided at the request of tribal leaders.

As an agency, FNS regularly meets with representatives of the FDPIR program in response to a request for consultation on the program from Tribal leaders. In 2018, three consultations were held with tribal leaders in addition to department level consultations on the Farm Bill. Thus far, in 2019, two face-to-face consultations have been held with FDPIR tribal leaders. The most recent consultation was held on June 10 at the National Association of Food Distribution Programs on Indian Reservations Conference. One of the topics on the agenda was the regional realignment. FNS is currently organizing a tribal consultation with Tribal leaders affiliated with other FNS programs that have requested consultation on the regional realignment. That will take place on July 17.

Rep. David J. Trone (MD)

1. Mr. Lipps, you stated in your answer to my question regarding the proposed Department of Homeland Security rule on *Inadmissibility on Public Charge Grounds* that the Department of Agriculture “did provide comment” on the proposed rule.

**Response:** As the *Inadmissibility on Public Charge Grounds* proposed rule is being promulgated by the Department of Homeland Security, it would be most appropriate for you to direct requests for documents to the DHS.

[Whereupon, at 11:55 a.m., the subcommittees were adjourned.]

