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Drug Administration and Related Agencies

Hearing Titled: "Child Nutrition"

Millions of American school children rely upon the federal nutrition programs as a basic support even during the best of economies, but with unemployment hovering near 10 percent and long-term unemployment at record levels, children need them more than ever to help them grow and thrive. The reauthorization of the child nutrition programs offers an important opportunity to expand access to them.

In 2008, the most recent year for which these data are available, nearly one in five children (19 percent) lived in poverty, the highest rate since 1997. Also in 2008, median income dropped to its lowest level since 1997, showing the largest single-year decline on record.

These data include only the early months of the recession. The figures for 2009, a year in which the economy weakened further and unemployment climbed substantially, will look considerably worse. The figures will likely worsen again in 2010 if, as many economic forecasters expect, unemployment fails to improve significantly.

Currently, more than two-fifths (41 percent) of the nearly 15 million people who are unemployed have been looking for work for 27 weeks or longer. That's the highest percentage on record in data going back to 1948. The unemployment rates for African American and Hispanic workers are significantly higher than for the total population, at 16.5 and 12.6 percent, respectively. The unemployment rate for teenagers was even higher: 26.4 percent.

The significant increases in unemployment and declines in income are making it harder for families to make ends meet and consistently get enough nutritious food. In 2008, more than a million children in the United States suffered from hunger and more than one in five households with children struggled against hunger. A recent Gallup poll, sponsored by the Food Research and Action Center, found that nearly one in four households with children (24 percent) reported that there were times in the past year when they did not have enough money to buy food that they needed.

The Food Stamp Program has grown accordingly to support low-income families and communities. Enrollment is at an all-time high: in November 2009, 17.5 million households with 38.2 million individuals were participating in the program. Nationally, the number of households participating had increased by 5.2 million (42 percent) since the beginning of the downturn. Enrollment had increased in every state, with 45 states (including DC) experiencing all-time highs in the previous 12 months.

In keeping with past recessions, increased levels of unemployment and poverty are expected to linger long beyond the official beginning of the recovery. In the last two recessions, unemployment did not peak until 19 months and 15 months after the recession ended, respectively.

A thriving economy that provides economic security for all is the most effective mechanism to reduce hunger over the long term. But until the economy is thriving again, more families will need supports such as affordable health care, housing assistance, unemployment benefits, and child care assistance.

Children are especially vulnerable to the effects of economic insecurity: failure to meet their basic needs could undermine their healthy development and impede learning, with potentially lifelong consequences.

Improving Access to the Child Nutrition Programs Is Critical

The child nutrition programs play an important role in providing healthy food to children and easing economic pressures on families struggling to make ends meet. Research shows that children who participate in the national school lunch program consume more protein, fiber, and other key nutrients at lunch — and less added sugar — than children who do not eat school lunches. Improving access to this program is therefore crucial. We hope the bulk of available resources will be invested in making it easier for children to get the meals for which they are eligible, offering new meals to eligible children, or expanding eligibility to reach additional low-income children.

Our work and our testimony focus on the school meals programs, but we in no way intend to diminish the importance of improving access to meals for children in child care and after school programs, or for school children during the summer months.

The Hunger Free Schools Act (H.R. 4148), of which Representatives Emerson, DeLauro, and Jackson are cosponsors, contains several key changes to help ensure that low-income children get the free school meals for which they are eligible, with a minimum of hassle for parents and schools. The Act focuses on providing free school meals to *all* children in schools that serve low-income students almost exclusively and on *automatically* enrolling low-income children for free school meals. By limiting the opportunity for error in the application process, the Act would also strengthen program integrity.

Community Eligibility: Serving Free Meals to All Children in High-Poverty Schools

The Center on Budget and Policy Priorities has been exploring ways for schools that serve predominantly low-income children to offer free breakfasts and lunches to all students with a minimum of red tape. It doesn't make sense for them to process the same time-consuming

paperwork as other schools to identify the very small numbers of children who *don't* qualify for free or reduced price meals. Instead, such schools should be able to devote their limited resources to providing nutritious meals or improving educational services.

The Hunger Free Schools Act would create a new option, known as community eligibility, to enable schools that serve predominantly low-income children to serve all breakfasts and lunches free and receive federal reimbursements based on the share of their students receiving other public benefits, like food stamps. Hunger would no longer be a barrier to learning in schools that serve high-poverty areas.

Schools or districts could only qualify for the option if a large share of the children eligible for food stamps were enrolled and automatically connected to the school meals program. Specifically, a school or district would have to directly certify (i.e., automatically enroll in the school meals program based on receipt of food stamps or other means-tested public benefits) 40 percent or more of its enrolled students. Thus, the option would give states and school districts an incentive to connect eligible children to both of these critical federal food assistance programs. *An estimated 10,000 schools nationwide that currently serve high percentages of students who receive free or reduced price meals could qualify for community eligibility.* For example, the Timothy Dwight School and the Troup Middle School in New Haven, Connecticut and the Pearson Elementary School in Atkinson County, Georgia might qualify to serve all breakfasts and lunches free under the community eligibility option.

Auto-Enrolling Low-Income Children for Free School Meals

Children in households receiving food stamp benefits are eligible for free school meals and school districts are required to work with the Food Stamp Program to enroll them automatically, using the direct certification process noted above. Parents who have already completed a lengthy and detailed food stamp application should not have to complete another application; schools should not have to process unnecessary paperwork. But not all children eligible for this benefit are being reached.

In school year 2007-2008, approximately 2.5 million children who should have been directly certified based on food stamp receipt were not directly certified; in ten states, at least two in five such children missed out. When children whom states could have elected to directly certify based on receipt of Temporary Assistance for Needy Families cash assistance or Food Distribution Program on Indian Reservations benefits are added in, that figure grows to 3.5 million children. Of those children, as many as 1.5 million children may have missed out on free meal benefits altogether; the rest were enrolled for free meals but had to complete a duplicative paper application, creating unnecessary paperwork for their families and schools. (For a more detailed discussion of this issue, see CBPP's report "USDA Study Shows States Failing to Connect Many Needy Children to Free School Meals" at <http://www.cbpp.org/files/3-3-09fa.pdf>.)

Congress has already tried to address this issue, most recently providing \$22 million in the fiscal year 2010 agriculture appropriations legislation for grants to improve direct certification rates. The Hunger Free Schools Act includes additional provisions to improve states' direct certification performance. For example, it would require states that do not perform well to develop a plan to improve their direct certification system. It also would require the Department of Education to help states use databases developed for educational purposes for direct certification.

In addition, the Hunger Free Schools Act would expand direct certification to reach many more low-income children by requiring states to use Medicaid data to automatically enroll children. An estimated 2 million low-income children could be automatically enrolled for free meals for the first time.

In addition to reducing paperwork for families and school districts, directly certifying more children would likely reduce program error. Parents sometimes make mistakes when completing the school meals application and schools sometimes make math errors or other clerical mistakes when approving applications. Direct certification reduces the number of children approved through the paper application process, relying instead on income data that has already been rigorously reviewed by the Food Stamp Program or Medicaid. By expanding direct certification, Congress can reduce the opportunities for inaccurate school meals eligibility determinations. (For a discussion of program error, see CBPP's report "Understanding Errors in the School Meals Programs" at <http://www.cbpp.org/files/1-31-08fa.pdf>.)

Directing the Full Value of Federal Subsidies to Low-Income Students

In addition to making sure that children get the free meals for which they qualify, Congress must ensure that low-income children get the full value of the federal subsidy provided for their meals.

The meal prices that some school districts charge for students who don't qualify for free or reduced price meals are too low (even when combined with the federal subsidy that districts receive for such meals) to cover the cost of those meals. Nor do the prices charged for "competitive" foods sold outside of the school meals program, such as less nutritious snack foods and individual items in vending machines, cover the costs of those foods.

Under current rules, school districts may use federal reimbursements for free and reduced price meals to support many aspects of the school food program. Research conducted by the U.S. Department of Agriculture (USDA) has consistently shown that some school food programs appear to use these federal reimbursements in part to subsidize competitive foods and meals provided to higher-income children.

Congress is now considering raising reimbursement rates. It is often assumed that such increases would result in healthier meals. But if Congress increases reimbursement rates without reforming the use of federal funds in school food budgets, the added costs to taxpayers might yield only minor improvement in the quality of meals served, with schools using much of the additional funding to cover overhead expenses, keep prices down for better-off students, or subsidize less nutritious competitive foods. Whether or not Congress chooses to increase reimbursements, the first step to providing resources for higher quality school meals is to ensure that federal reimbursements for free and reduced price meals are used for their intended purpose — providing nutritious breakfasts and lunches to low-income school children.

To ensure that federal funds directed towards children at risk for hunger or food insecurity are used to provide meals that meet their nutritional needs, it is important that families who can afford to pay their fair share do so. Prices for paid meals (those served to children who do not qualify for free or reduced price meals) should gradually be brought to levels that, when combined with the federal subsidy, generate as much revenue as a free meal.

Data suggest that, if accomplished gradually, this would not significantly reduce participation. Even at \$2.43 (the price at which, when combined with the federal reimbursement, would generate as much revenue per paid meal as the federal reimbursement for a free meal), a school lunch is a great value. If the 20 largest school districts brought paid lunch prices up to \$2.43, they could increase their revenues by more than \$55 million this year alone.

In addition, Congress could prevent the federal government from effectively subsidizing competitive foods by requiring school districts to set prices that cover the cost of providing such foods. School districts could use the added revenue this would generate to provide healthier meals to all students. Such changes also would help low-income children obtain the full benefit of federal reimbursements for free and reduced price meals. (For a more detailed discussion of this issue, see CBPP's report "Who Benefits From Federal Subsidies for Free and Reduced Price School Meals?" at <http://www.cbpp.org/files/1-29-10fa.pdf>.)

USDA Does Not Have to Wait for Reauthorization to Help Low-Income Children

It is important to note that while the legislative changes described above represent enormous steps toward ensuring that low-income children get nutritious meals at school, the severity of the recession warrants immediate action to connect low-income children with the school meals program.

As noted above, the number of households receiving food stamps has risen substantially: the average number of households receiving benefits was 23 percent higher in September-November 2009 (the most recent available data) than in September-November 2008. In contrast, the number of children receiving free or reduced price lunches at school grew by only about 5 percent over that same period. The number of children receiving free school lunches grew by 6 percent, while the number of children eating reduced price meals at school actually fell by 4 percent over that period.

Analysts would not expect the number of children eating free and reduced price school lunches to increase as rapidly as the food stamp caseload because a greater share of eligible children were probably participating before the recession and some of the households that are newly eligible for food stamps were probably already eligible for free or reduced price meals. But the magnitude of the disparity is troubling.

If schools are going to do a better job of reaching children eligible during the remainder of the school year and run effective outreach and enrollment efforts next year, now is the time for USDA to emphasize the importance of outreach and provide materials and support to state and local administrators. The strong outreach programs for food stamps and Medicaid/CHIP (see www.insurekidsnow.gov) offer examples of robust, federally led outreach efforts and materials. USDA has issued a very helpful letter that unemployment compensation offices can provide to applicants about free and reduced price meals (see http://www.fns.usda.gov/cnd/frp/UI_frp.pdf), but more can be done.

Moreover, there are steps USDA could take immediately to improve the effectiveness of direct certification. By law, every child who receives food stamps should automatically get free meals at school. But USDA has found that, on average, states are directly certifying only 71 percent of those children. USDA does not need legislative authority to ask more of states that are not effectively

enrolling children in households receiving food stamps for free school meals automatically. And as noted, Congress has provided \$22 million to help states make improvements.

Low-performing states could be required to develop plans to improve their direct certification process for the coming school year. USDA could provide technical assistance or sponsor conferences on how to improve the data matching process, publish information on databases developed for purposes of complying with No Child Left Behind, and encourage states to do matches more than once each year. We applaud USDA's interest in direct certification and would like to see much more aggressive leadership for states and school districts. (For a discussion of direct certification best practices, see CBPP's report "Implementing Direct Certification" at <http://www.cbpp.org/files/8-11-06fa.pdf>.)

Conclusion

Reauthorizing the child nutrition programs provides Congress with an important opportunity to make it easier for low-income children to get enough healthy food. Given the recession, it is especially important to focus first and foremost on policy changes to ensure that low-income children get the benefits for which they qualify or provide them with additional benefits.

USDA research shows that in some school food programs, the federal reimbursements for free and reduced price meals appear to subsidize meals provided to higher-income children and foods offered outside the federal school meal programs. To ensure that these reimbursements are used to provide nutritious meals for low-income children, Congress could put school districts on a path to charging prices for paid meals that don't leave a revenue gap. Such a change would significantly increase revenues to school food programs, enabling them to improve overall meal quality. Similarly, if school districts want to offer competitive foods, Congress could require the revenue from the sales of such food to cover the costs.

The Hunger Free Schools Act includes several provisions that would make it significantly easier for low-income children to get free meals at school. It would create a new option, community eligibility, to enable high-poverty schools or districts to serve free meals to all children and do away with individual meal applications. Rather than spending time and energy weeding out the small numbers of children who do not qualify for free or reduced price meals, staff could focus on more important issues — like giving their students a good education.

The Act also includes steps to help individual low-income children regardless of where they attend school. It would encourage states and school districts to directly certify children more effectively who are already eligible for that simplified enrollment process. It would also allow an additional 2 million children to be directly certified by requiring states to use Medicaid data for direct certification.