

**TESTIMONY OF SECRETARY THOMAS J. VILSACK
BEFORE THE HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE**

**CHILD NUTRITION ASSISTANCE: ARE FEDERAL RULES AND REGULATIONS
SERVING THE BEST INTERESTS OF SCHOOLS AND FAMILIES?**

JUNE 16, 2015

Thank you, Mr. Chairman, and members of the Committee for the opportunity to join you today to discuss the Nation's Child Nutrition Programs, along with the Special Supplemental Nutrition Program for Women, Infants and Children – the WIC program.

We meet more than four years after this Committee, and the Congress as a whole, provided bipartisan support to enact the Healthy, Hunger-Free Kids Act of 2010 (HHFKA). Today, children across the nation are benefitting from nutritional improvements in meals and other food sold in schools, better access to meals through the Community Eligibility Provision, and the expansion of snacks and suppers for at-risk children through the Child and Adult Care Food Program. New mothers and infants are receiving expanded support for breastfeeding, and we are moving more rapidly to modernize benefit delivery in WIC. We also have launched innovative demonstration projects to better address the critical problem of hunger among our children. I congratulate you and thank you for your leadership in making these reforms a reality.

As Congress begins considering reauthorization of the child nutrition programs and WIC, it is important to recognize the tremendous achievements that have been made as a result of the HHFKA, and ensure that we stay on a path to continue to strengthen these programs, which are critical to supporting the health and well-being of America's children.

One of the reasons that this is so important is the ongoing epidemic of obesity in this country. Today, more than one third of U.S. children are overweight or obese. We know that this impacts both their immediate and long-term health and well-being. Youth who are obese are likely to be obese as adults and are therefore at higher risk for heart disease, diabetes, stroke, and several types of cancer.

But it also has important implications for the Nation's future. According to the Centers for Disease Control and Prevention (CDC), the health care cost of obesity is as high as \$147 billion per year. Childhood obesity also has consequences for our national security. Mission Readiness, a nonpartisan national security organization comprised of 500 retired senior military leaders, recently reported that nearly one-quarter of young adults are too overweight to serve in the military and about 12 percent of active duty service members are obese.

The legislative changes championed by this Committee, and enacted through the passage of the HRFKA in December of 2010, have already resulted in major accomplishments on the ground:

We have updated the nutrition standards for school meals to put greater emphasis on fruits and vegetables, whole grains, and low fat dairy products, as well as provide portion sizes in line with scientific recommendations. Even prior to the change in meal standards, many schools around the country had already begun making these changes, many through USDA's *HealthierUS* School Challenge. Over the last four years we have seen great leadership from school nutrition professionals, who have used innovative strategies such as Smarter Lunchroom techniques, using behavioral economics, or creative menu planning to successfully implement the standards.

Knowing that change is challenging, and that the circumstances of schools around the country differ, USDA has avoided a "one size fits all" approach with regard to implementing the meal patterns. For example, we have provided flexibility around weekly limits for grains and meats, whole grain rich products, and frozen fruit. School districts in strong financial positions have been given extended flexibilities for the paid lunch equity requirement. And we have offered extensions of the three-year administrative review cycle for States facing exceptional challenges in conducting reviews.

We have combined this flexibility with an unprecedented level of technical assistance to States and school districts to help ensure successful implementation. During the past year we have provided comprehensive training to over 250 school districts through our successful "Team Up" partnership with the Institute for Child Nutrition (formerly the National Food Service Management Institute). Team Up workshops feature tailored curricula and the involvement of mentors and partners to promote success. We will continue to offer Team Up throughout the

year, and are also expanding its impact by providing Team Up resources on the web and through face-to-face trainings offered by the Institute.

As a result of these partnerships and commitments, 95 percent of school districts have been certified as meeting the new standards by their States. This certification, grounded in detailed reviews of their meal service, is the basis for receiving additional performance based funding provided by HHFKA. Improved meals mean that on an average day, the 31 million children who eat lunch at schools and the almost 14 million who eat breakfast have greater access to nutritious food that can help put them on a path towards healthy eating for the rest of their lives. A report by the Robert Wood Johnson Foundation indicated widespread acceptance of the meal patterns by students, and a Harvard study found that students ate 26 percent more fruit and 16 percent more vegetables at lunch after implementation of the new standards.

These kinds of changes ensure that the Child Nutrition Programs are as effective as they can be in promoting healthy diets – a common-sense prevention approach to slow the growth of, and ultimately reverse, increases in devastating health problems. This will build a healthier future for our children and our Nation. We are pursuing this strategy with increased flexibility and technical support, to respond to the needs of those working to implement better programs in schools and communities. Now, as success spreads across the country and we are beginning to see the positive impacts of these improvements, is not the time to turn back the clock or lower the bar. We owe it to our children to continue to build on the gains we have made until every child, family, and community can benefit.

In addition to improved meal standards, the HHFKA also established basic nutrition standards for foods sold in school, thus ensuring that all 53 million students attending schools that participate in the National School Lunch Program have a healthier school environment -- not only in the lunch line, but also vending machines and school stores. Schools continue to have a wide range of options for what they offer under these “Smart Snacks” standards. In addition, States have significant discretion to provide schools flexibility for local fundraisers and bake sales.

Other critical steps we have taken to support improved nutrition environments in schools include:

- Almost \$185 million in school meal equipment grants provided since 2009 to help schools purchase the equipment needed to serve healthier meals, improve food safety, expand access, and/or improve energy efficiency.
- New standards for school nutrition professionals, along with a recently-announced opportunity for \$4 million in grants to support their implementation.
- Our tremendously successful Farm to School effort, which engages children in healthy eating in schools throughout the nation while supporting local farmers. Since Fiscal Year (FY) 2013, the USDA Farm to School Grant Program has provided \$15 million to 221 farm to school projects. Preliminary data for 2015 suggest that schools with robust farm to school programs are seeing reductions in plate waste, increases in school meal participation rates, and an increased willingness on the part of children to try new foods, notably fruits and vegetables.

Also with these reforms to the school food environment, we have made great progress in ensuring that these healthy school meals are available to the children who need them without excessive administrative barriers. The Community Eligibility Provision (CEP) allows schools in low income communities to serve free meals to all students without requiring their families to complete individual applications, and while appropriately sharing costs between Federal and non-Federal sources. This innovative approach allows schools to use information from other means tested programs to determine the appropriate level of Federal funding, and significantly reduces administrative effort for families and schools while increasing program integrity.

During the 2014-15 school year, the first year of national CEP implementation, over half of schools eligible for this approach are using it – almost 14,000 schools in more than 2,000 Local Educational Agencies serving more than 6.4 million children. In addition to reducing burdens for schools and families, the CEP approach helps schools increase participation in both lunch and breakfast—about five percent for lunch and nine percent for breakfast, helping to ensure that children from low-income families have access to food at school.

We are also continuing a range of energetic efforts to improve access to meals for children during the summer months, when school meals are not available and the risk of hunger increases.

Last summer, we were able to serve an additional 10 million meals - as compared to the summer before - to approximately 3.7 million children on average per day. We are implementing our strategy for summer 2015, which builds off our successes and will hopefully close this gap even further. This will include the funds we received in 2015 to continue the Summer Electronic Benefit Transfer (EBT) for Children projects. The summer EBT pilots, first funded by Congress in 2010, have proven successful in reducing food insecurity and improving nutrition among participating children during the summer. A rigorous evaluation found that these projects reduced very low food security among children by one-third, and also improved the quality of their diets, relative to those that did not have access to it. We look forward to expanding this proven program in future years.

I am further committed to making continued improvements in the integrity of school meals and other nutrition programs – one of my, and the Department’s, most important responsibilities. Without that, we risk undermining public confidence, and threaten the programs’ very survival.

USDA recently released the second *Access, Participation, Eligibility, and Certification Study* (APEC), which estimates improper payments in three distinct areas of the school meals programs, with data from School Year (SY) 2012-2013. While the combined overall error rate declined slightly and certain types of errors declined significantly, we can do much better. The Department recognizes that more work must be done to ensure these programs operate as intended. We are currently implementing a data and evidence-driven approach to error reduction, and we are committed to developing and testing scalable initiatives that can be implemented within the existing program structure. In collaboration with our State partners, the Food and Nutrition Service (FNS) is:

- Addressing certification error by expanding the use of alternative data sources to reduce reliance on self-reported data, while improving household meal applications in partnership with researchers and innovators in technology and design to make them easier to complete and process accurately. Direct certification and community eligibility can be powerful error reduction drivers, since they rely on data matching with Federal programs such as the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy

Families (TANF) that have income documentation requirements. We will pursue further opportunities to use verified data to certify students for free meals.

- Developing and implementing new training and professional certification for food service workers and program managers that will further strengthen skills to improve the accuracy of meal claims;
- Implementing ongoing technology improvements to ensure reimbursement numbers are transferred correctly between schools, school districts, States, and the Federal level; and
- Improving business processes at all levels of the school meal payment process, including new tools for administrative review, new accountability measures for school districts with repeated noncompliance, and additional data analysis to inform program improvements over time.

FNS and its State agency partners have invested in system improvements and process reforms over the last several years that we expect will deliver long term reductions in error rates. These include implementation of HHFKA reforms, ongoing investments in research and technical assistance, and the creation of a new Office of Program Integrity to lead future initiatives. We have pursued these efforts simultaneously with the introduction of significant change in meal standards and other program rules because we know that integrity is the foundation of program effectiveness.

As USDA moves forward with these actions, I also look forward to working with the Committee to consider other potential measures to ensure the Nation's children have access to high-quality, nutritious meals through a program with the greatest standards for program integrity.

Let me turn now to WIC. Helping children get, and keep, a healthy start in life is the goal of this premier public health program, which served approximately 8.3 million women, infants, and children on average each month in FY 2014. WIC continues to be an exceptional investment, where participation leads to better pregnancy and birth outcomes and with lower health care costs – a wise investment in prevention to save taxpayer dollars in the long run.

WIC has long been grounded in science-based standards that ensure that its benefits contribute as effectively as possible to meet the nutrition needs of low-income mothers-to-be, mothers, infants, and young children. In 2009, we updated the program's nutrition standards based on National Academy of Medicine (formerly the Institute of Medicine) recommendations. Experts at the Academy of Medicine are in the process of reviewing the standards once again, as the law requires, to determine if new evidence warrants further updates.

In the meantime, evidence of the benefits of WIC continues to grow. In 2014, the final WIC food package rule increased the 2009 cash value voucher for children from \$6 to \$8, resulting in over \$100 million more fruit and vegetable benefits provided to WIC children over the past 12 months. A 2013 study found that in one State, WIC participation was associated with improvements in measures of early childhood obesity and preschoolers' consumption of fruits, vegetables, whole grains, and low fat milk. For infants, rates of breastfeeding and appropriate age of introduction of solid foods also improved. In fact, CDC concluded that WIC, among other interventions, may have played a role in the recent leveling off or decline in early childhood obesity rates in 18 states.

While we continue to share these positive achievements, I am committed to building on them with initiatives that integrate science and evidence-based improvements that can further enhance the WIC program. I am further committed to making continued improvements in the integrity of the WIC program to ensure that the tremendous public investment in this important program is managed wisely. WIC is already a leader in the Federal Government in using effective cost containment strategies. FNS provides technical assistance to State agencies to implement successful food cost containment strategies that do not adversely impact the program's nutritional goals. Since FY 2008 food package costs have risen by less than one percent while inflation for food at home has risen by 11 percent in that time, meaning that the "real" cost of the WIC food package has actually decreased since FY 2008. In FY 2014, WIC infant formula rebates reduced the national annual program cost by over \$1.8 billion.

FNS routinely monitors WIC participation, rebates, and food outlays on a monthly basis to ensure the efficient allocation and expenditure of program funds. During FYs 2013 and 2014, FNS conducted management evaluations of the vendor management functional areas in all State

agencies to identify current trends and address areas of concern. As part of our ongoing efforts to promote program integrity, USDA had imposed moratoriums prohibiting the authorization of new WIC vendors in California, Georgia, and Louisiana. These moratoriums were imposed due to vendor management and cost containment issues in the States. California and Georgia implemented corrective actions to address these concerns and subsequently USDA lifted the Federal moratorium in these States. FNS continues to work with Louisiana as it develops and implements appropriate corrective actions; therefore, the State remains under a moratorium.

FNS is now increasing focus of national oversight activity by conducting reviews of all 90 State agencies' certification and eligibility practices and policies during FYs 2015 and 2016. In addition, FNS has also taken steps that require State agencies to inform WIC participants that selling WIC formula is against program rules and to describe in their State plans how they identify attempted sales, particularly online sale of infant formula. Since 2012, FNS has been working with major social media sites such as Amazon, Craigslist, eBay, and Facebook to address the potential online sale of WIC foods.

A periodic study of payment error and program violations shows that, in FY 2011, improper vendor payments constituted about 1.1 percent of WIC food outlays – a percentage that is unchanged from the previous year. While this report suggests that WIC integrity problems are relatively limited, we continuously seek ways to reduce and prevent errors and program abuse. We are committed to intervening as necessary and working with State agencies to improve the integrity of their WIC Programs.

With regard to certification integrity, WIC's performance remains strong, and the program is well targeted to those at greatest need. Over 70 percent of WIC beneficiaries report income below 100 percent of the Federal poverty line.

In conclusion, I want to thank you again for the opportunity to implement the great, positive changes authorized by the Healthy, Hunger Free Kids Act. These program improvements are a wise investment in our Nation's future. I look forward to working with you in building on the success of these programs. Thank you for your attention, and I would be happy to answer any questions.