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Introduction. Good morning. My name is Matthew Sharp. I work for California Food Policy Advocates, in the Los Angeles Office. CFPA is a statewide nonprofit organization whose mission is to increase low-income Californians' access to nutritious, affordable food. Since the 1990s, I have worked with school districts and the state agency to increase the use of direct certification, a Congressionally-mandated system to automatically enroll children in free school meals, based on receipt of SNAP (food stamps) or Temporary Assistance for Needy Families (TANF) cash assistance benefits. This morning I will share with you the tremendous progress we've made in California - and across the nation - to strengthen this process. I also will identify the next steps for Congress to strengthen and expand direct certification.

Background. SNAP and the child nutrition programs have offered a nutrition safety net for millions of needy families and children since the day they started. The nation's deep recession makes these programs more important than ever. With childhood food insecurity and obesity escalating at rates that reflect steeply increased unemployment and poverty, the healthy meals and snacks that the programs provide, the measurable gain in students' academic performance, and the savings that strapped families can realize with five less breakfasts and lunches to supply each school week are among the many extremely valuable benefits that the child nutrition programs can deliver.

The easiest way for a low-income child to be enrolled for free school meals is through direct certification. When that process works correctly, any child who is

enrolled for SNAP or TANF cash assistance is automatically enrolled for free school meals. The parents do not have to fill out another application or take any additional steps.

Over the past 4 years, California has developed an entirely new statewide direct certification system that matches student databases from schools with SNAP and TANF records. In 2005, state legislation was enacted that required the state to develop a statewide data-matching system for direct certification if federal funding could be obtained. California secured USDA funding, provided under the Child Nutrition and WIC Reauthorization Act of 2004, and developed a state-of-the-art data-matching system.

The system was unveiled in 2007 and won a Best of California Project Excellence award from Center for Digital Government in 2008. By implementing data-based direct certification, California school districts have saved tens of millions of dollars of precious, scarce resources through reduced expenses collecting, processing and verifying paper applications. To its credit, the California Department of Education is not resting on its laurels; it has established a Direct Certification Advisory Committee to identify improvements to reach more children and make the system more user-friendly for school districts. CFPA is proud to serve on this committee along with food service directors, state officials, and other stakeholders and we have made recommendations for how to improve the direct certification matching process under current law. But there are important ways in which Congress can pave the way to reach more children and move the school meals program away from antiquated paper-based systems.

Current Data. Unfortunately, the school meals programs miss an unsettling number of eligible, needy children. This underutilization is neither acceptable nor necessary. The numbers are sobering. 3.1 million students are eligible for

free or reduced price meals in California. 150,000 are directly certified using a statewide database and 550,000 are estimated to be matched using local county-to school district matches; these numbers will reverse as California's statewide match improves steadily. According to a recent USDA report, these systems in California capture only 85% of students enrolled in SNAP and TANF – an improvement of 37% over 2004. Some of the children who are missed ultimately submit a duplicative paper application and get free school meals, but others miss out entirely on free meals, placing unnecessary strain on family budgets and potentially compromising their nutrition. Direct certification is an unusually effective tool because it increases program access, reduces administrative costs and strengthens program integrity.

Legislative Improvements. Let me propose new ways to use direct certification in a sequence of four policy improvements to bring benefits to more students.

First, direct certification, which currently permits children enrolled only in SNAP or TANF to be automatically certified for free school meals, needs to be expanded. We estimate that 1.3 million children who are income-eligible for free meals in California receive Medicaid and S-CHIP (Another 3 million or so students are similarly eligible nationwide; California's share is larger because too few students receiving public health insurance also participate in SNAP). I want to point out that these programs verify income-eligibility, rendering a school meals application duplicative. Unfortunately, students receiving Medicaid and S-CHIP, but not SNAP or TANF, are not automatically enrolled in free school meals because federal law doesn't permit direct certification based on Medicaid and S-CHIP data, and therefore must fill out a paper application for school meals each year. These children are living in poverty and are nutritionally needy – yet do not receive meal benefits that Congress intended. Using data from these health insurance programs to enroll children for free school meals would save

money, help needy families, and reflect the indispensable role that healthy food must play in reducing the health care costs of nutrition related disease – diabetes, stroke, certain cancers and others.

- *Congress should authorize the use of Medicaid and SCHIP data to directly certify eligibility for free school meals.*

The second step is to provide states with tools and incentives to increase the rate of direct certification. Congress just took an extremely important step in this regard: the Conference Agreement for USDA’s 2010 budget includes \$22 million to provide grants to low-performing states to improve direct certification. We urge Congress to take the next step and reward states that improve their performance or have already achieved great results. In 2002, SNAP began to offer bonuses to states that improved utilization of benefits, increasing efforts to modernize program access and operations. These bonuses are proving to be extremely effective motivators; they are good models for what could be done relatively inexpensively to encourage the states to realize Congress’s goal of improving direct certification.

- *Congress should fund performance awards to encourage state agencies to increase direct certification rates.*

The third step in the sequence is to create a major simplification for schools struggling to serve extremely poor student bodies. School food workers in these schools should be tossing salad, not pushing paper. Congress should allow schools with high percentages of low-income students to opt out of the standard application system and instead receive a meal reimbursement rate based on the school’s direct certification numbers in exchange for serving free breakfasts and lunches to all students. As you probably realize, this is a new and more reliable

way to implement the financing options known as Provisions 2 and 3. Under existing law, schools engage in a costly, error-prone and extremely burdensome pursuit of paper applications and cafeteria meal tracking, essentially to weed out the small numbers of children who do not qualify for free or reduced price meals. This antiquated process is fraught with problems; the bottom line is that schools expend precious resources trying to collect and process pieces of paper and still many eligible children are excluded from good meals they need.

Instead, a formula based upon the data-driven direct certification of children thoroughly screened and enrolled in other means tested programs could create a sea change by establishing a paperless eligibility process for the schools around the country that serve the highest concentrations of poor children. Such an option would help the neediest children, and at the same time reduce paperwork and free up resources for educational or nutrition improvements.

Under a version of this proposal included in the Hunger Free Schools Act (S. 1343) we estimate that nearly 1000 schools in California's poorest neighborhoods could opt for this simplification if they have a strong direct certification process. More than half a million children attend these schools, representing 9 percent of all students in California. This option would create an incentive for the state to improve SNAP participation rates and the effectiveness of the direct certification process while providing important administrative relief to struggling schools and a more welcoming cafeteria for many of our poorest students.

- *Congress should direct USDA to use a high rate of direct certification, perhaps over 60% of students, as a basis for reimbursement rates in lieu of applications in schools that agree to serve all meals free.*

The final step is to encourage schools to take steps to capitalize on improved direct certification and Provisions 2 and 3 to ensure all children participate in school meals, particularly in school breakfast, which presently serves less than half the low-income children who eat a school lunch. Maryland, among other states, has been a leader in developing classroom breakfast, served soon after the bell, in which virtually everyone in the class participates. In California, one dozen districts have implemented classroom breakfast in some schools, with San Diego leading the state with 39 schools serving breakfast to every student after the bell rings.

The results – attentive, well nourished students, better test scores, better health, a proven obesity prevention strategy, important revenues for school cafeteria funds – all over the country have been truly amazing. School breakfast is the most important meal in an academic day – and the most underutilized school meal, with only 40% of California’s low-income lunch participants benefiting from breakfast at school. Classroom breakfast, facilitated by universally free service, based upon direct certification that gathers all the eligible children, is a realistic and doable strategy to reach the President’s goal of eliminating childhood hunger by 2015. The Student Breakfast and Education Improvement Act of 2009 (S.1480/H.R. 3277) proposes competitive grants to expand school breakfast participation.

- *Congress should provide grants to school districts to move breakfast into the classroom or to another service model that occurs after the bell rings.*

I am happy to answer any questions you might have.