



**STATE OF HAWAII
OFFICE OF COMMUNITY SERVICES
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 11, 2015

To: The Honorable Mark Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor and Public Employment

Date: Friday, February 13, 2015
Time: 9:30 a.m.
Place: Conference Room 309, State Capitol

From: Denise M. Pierson, Acting Executive Director
Office of Community Services (OCS)

Re: H.B. 1208 Relating to Senior Farmers Market Nutrition Program

I. OVERVIEW OF PROPOSED LEGISLATION

HB1208 would double the dollar amount that the Office of Community Services (OCS) would expend on the Senior Farmers Market Nutrition Program (SFMNP), from its current level of \$500,000 in Federal funds by adding an additional \$500,000 in state funding. The state funding would be earmarked for expanding the program to Kauai and Maui, where it currently is not operating. The bill specifies that the program would be operated on those islands using the voucher system model established in the Federal program. OCS supports the intent of the measure as long as it does not supplant the priorities identified in the Executive Budget and we offer concerns about the current draft.

II. CURRENT LAW

The Senior Farmers Market Nutrition Program is a Federal-State food distribution program for seniors age 60 or older whose income is at or less than 185% of the Federal Poverty Level for Hawaii. That translates to \$24,827 for a single person and \$33,467 for a household of two persons.

The Office of Community Services (OCS), which is administratively attached to the Department of Labor and Industrial Relations (DLIR), administers the program for the State of Hawaii. At the Federal level, SFMNP is administered by the Food and Nutrition Service of the U.S. Department of Agriculture.

The SFMNP grant is a formula grant, based on the number of people in the State of Hawaii who are in poverty. Because it is a formula grant, it is not possible for us to increase the amount of Federal money that comes to us for this program unless the overall Congressional appropriation for the program is increased.

Currently, Hawaii receives \$500,000 in Federal funds each year for SFMNP. For approximately the last decade, the program has been operating only on the Islands of Oahu and Hawaii.

OCS is in contract with Hawaii Foodbank (HFB) for Oahu SFMNP operations and with The Food Basket, the Food Bank for Hawaii Island (TFB), for SFMNP operations there. OCS would like to expand the program to Maui and Kauai, but under current grant limits, such an expansion would require us to cut a portion of the funds currently going to Oahu and Hawaii Island in order to pay for operations on Maui and/or Kauai.

Fiscally, OCS uses about \$16,000 of the \$500,000 grant for its own administrative costs in managing the program, which involves the formulation of a State Plan, coordinating with the food banks, conducting monitoring visits, and dealing with the financial aspect of program operation. Each of the two current food banks receives about \$243,000 for SFMNP each year, which includes \$16,000 for its administrative costs and about \$227,000 for food costs. Thus, the total administrative costs for the program are about \$48,000, which is just under the ten percent maximum allowed by the Federal law for administration of the program.

SFMNP is beneficial for multiple reasons. First, it brings \$500,000 of Federal money into the State each year. Second, those funds are used to purchase healthy, fresh, and unprocessed produce by seniors who are financially disadvantaged. Third, it puts money into the hands of local farmers/growers and helps assure a strong market for their locally grown produce.

There are, broadly, two different operational models for the food that is handled by the program. One model is a voucher program, which Hawaii Foodbank uses on Oahu. In this model, the food bank prints up vouchers (coupons) and distributes them to eligible participants. The participants redeem them to purchase fresh produce at HFB-certified vendors at People's Open Market and other farmers' markets on Oahu. The farmers collect the vouchers and return them to the food bank with an invoice for payment. The food bank pays the farmers and then sends the vouchers to OCS for reimbursement.

The other model (with variations) is a community supported agriculture model, which is being used by The Food Basket on Hawaii Island. In this model, The Food Basket recruits local farmers/growers to participate in the program and

directly purchases a portion of the farmer/grower's crop(s) during the program timeframe. TFB then equitably divides the produce into boxes which are then distributed to eligible SFMNP participants at designated distribution sites throughout the island of Hawaii. No vouchers are used.

III. COMMENTS ON THE HOUSE BILL

OCS supports the purpose and intent of HB1208. This bill would double the amount of funding available for the program. However, we have a few concerns about specific provisions in the bill.

First, as an agency of the Executive Branch, OCS can only support the bill to the extent that its passage does not displace the funding priorities of the administration.

Second, Section 2 of the bill would allow the appropriation to be used solely for the voucher model of food distribution. Especially since we are uncertain whether the local food banks on Kauai and Maui would prefer the direct purchase model rather than the voucher model, we believe that this exclusive focus on the voucher model might unduly limit our options in administering the program. Accordingly, we would request that Section 2 be amended to allow OCS the flexibility to distribute the appropriated funds to local agencies pursuant to any distribution model that is allowed by Federal law and regulations.

Third, a reasonable portion of the funding, perhaps ten percent, should be available for administrative costs. This may have already been understood by the sponsors of the bill, but it would be very helpful if allowance for administrative costs were made explicit in the bill. A provision could be inserted into the bill to allow OCS to use a maximum of ten percent of the appropriation for administrative purposes.

Fourth, OCS is generally comfortable with the reporting requirements set out in Section 3 of the bill. Given that these requirements include references to Federal funding that is also given to OCS for this program, it would probably make best sense for OCS to prepare a single consolidated report on the entire program for both Federal purposes and for the Legislature.

Fifth, we do wish to advise the Committee that OCS is already expanding its Federal food distribution programs with another program – the Commodity Supplemental Food Program (CSFP), and these expansions are putting greater demands on our staff resources.

OCS thanks the Committee very much for the opportunity to testify on this bill.



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February 13, 2015

HEARING BEFORE THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

TESTIMONY ON HB 1208
MAKING AN APPROPRIATION FOR THE SENIOR FARMERS' MARKET NUTRITION
PROGRAM

Room 309
9:30 AM

Aloha Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFB). Organized since 1948, the HFBF is comprised of 1,932 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB supports HB 1208, appropriates moneys to the senior farmers' market nutrition program (SFMNP) to help expand the program to Kauai and Maui.

SFMNP offers nutrition assistance to eligible, low-income seniors, increasing their food purchasing power and improving their nutrition. SFMNP also provides economic benefits to farmers participating at farmers' markets, roadside stands and CSA programs.

HFB operated farmers' markets have participated in the SFMNP. We believe that access to locally grown fresh fruits and vegetables to low-income seniors provides benefit to both SFMNP participants and farmers. Farmers' markets, roadside stands, and CSAs provide an alternative distribution method that is economically advantageous to farmers. Instead of selling farm products to wholesalers or other distributors at a relatively low price, farmers can sell directly to the consumer at a price that is more profitable.

Expanding the SFMNP program to Kauai and Maui will help to increase the SNAP benefits for participants and for our Kauai and Maui farming communities.

Thank you for the opportunity to testify in support of HB 1208.