

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339



February 11, 2015

MEMORANDUM

TO: The Honorable Dee Morikawa, Chair
House Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 1400 – RELATING TO THE SUPPLEMENTAL NUTRITION
ASSISTANCE PROGRAM**

Hearing: Thursday, February 12, 2015, 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of H.B.1400 is to increase access to fresh fruits and vegetables for beneficiaries of the federal Supplemental Nutrition Assistance Program (SNAP) by enacting farmers market matching incentive programs. Beneficiaries who use food stamps to make purchases at a farmers market shall receive a dollar-for-dollar match up to \$20.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill provided it does not adversely affect nor replace the priorities in the Executive Budget. The DHS appreciates the efforts of the Legislature to seek measures to promote healthy dietary options, invigorate local economies and address food insecurity for the SNAP participants, however, this measure imposes statutory requirements on the DHS that will require an increase in annual state-funded appropriations for the incentive program and for operational and staff resources to implement the proposed program.

Currently, 27 farmers markets statewide accept Electronic Benefits Transfer (EBT) cards. The United States Department of Agriculture (USDA), Food and Nutrition Services (FNS) is the

responsible agency for SNAP retailer operations, including oversight of regulatory compliance of retailers.

The current proposal for the matching incentive program would require additional appropriated general funds to administer the program. The total estimated monthly cost for administering the incentive program is \$2,183,625.00. This includes the following expenses:

- 1) One additional staff person at the Program Specialist level to oversee the incentive program; includes development of program policies and procedures to administer the program and address system of operations. (Estimated salary-\$3,750.00/monthly; \$45,000.00 /annual)
- 2) One accountant at .50 FTE to set up special account, monitor and manage account funds, including account balance, pay expenditures and determine appropriate use of funds. (Estimated salary at .50 FTE = \$1,875.00/monthly; \$22,500 annual)
- 3) Funds to secure payment instruments such as tokens, coupons, scripts and costs associated with ensuring that the payment instruments cannot be duplicated, are encrypted, and other security measures to store payment instruments. (Estimated \$2 per instrument x 99,000 SNAP households = \$198,000).
- 4) The cost of the incentive benefit is estimated at \$1,980,000 monthly. This is based on 99,000 average number of SNAP households per month; making one visit to the farmers market monthly, at \$20 maximum dollar for dollar match.

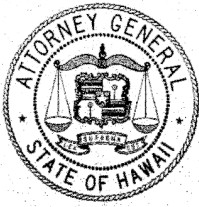
The total annual appropriation required to implement this program would be \$23,952,000 per year.

If DHS were to contract this project to a vendor, similar costs would be incurred because DHS would require staff to procure, monitor and maintain contract(s).

Incentives and program costs cannot be reimbursed under the regular SNAP administrative costs policies because they are not directly associated with the administration of SNAP. Additionally, the SNAP Nutrition Education (SNAP-Ed) funds awarded to state agencies

to provide nutrition education for SNAP participants cannot be used to fund incentive bonus programs because FNS has clarified that “[w]hile FNS fully supports healthy incentive programs; these projects run counter to SNAP “equal treatment” regulations, which specify, “no retail food store may single out coupon users for special treatment in any way. ”

Thank you for the opportunity to provide comments on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2015**

ON THE FOLLOWING MEASURE:

H.B. NO. 1400, RELATING TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

BEFORE THE:

HOUSE COMMITTEE ON HUMAN SERVICES

LATE

DATE: Thursday, February 12, 2015 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Russell A. Suzuki, Attorney General, or
Lila C. A. King, Deputy Attorney General

Chair Morikawa and Members of the Committee:

The Attorney General provides the following comments.

This bill would require the Department of Human Services (DHS) to develop a farmers market matching incentive program for beneficiaries of the Supplemental Nutrition Assistance Program.

The Department of the Attorney General has two concerns.

First, section 2 on page 2, lines 16-20, refers to the establishment of a “farmers market matching incentive program special account.” However, the bill should establish a special fund, not a special account. Pursuant to section 37-62, Hawaii Revised Statutes (HRS), “special funds’ means funds that are dedicated or set aside by law for a specified object or purpose, but excluding revolving funds and trust funds.” The establishment of the special fund should follow the criteria in section 37-52.3, HRS.

Second, section 2 on page 2, line 20, to page 3, line 2, provides that the moneys may be expended by the DHS. However, if a special fund is established, moneys may not be expended from the special fund unless an appropriation is made into the fund, and then an appropriation is made out of the fund. Article VII, section 5, of the Hawaii State Constitution provides that “[n]o public money shall be expended except pursuant to appropriations made by law.”

To address this concern, we suggest replacing the contents of section 3 on page 3, lines 6-14, with the following material and adding a new section 4.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 ~~[to develop and administer a farmers market matching incentive program for beneficiaries of the Supplemental Nutrition Assistance Program]~~ to be deposited into the farmers market matching incentive program special fund.

SECTION 4. There is appropriated out of the farmers market matching incentive program special fund the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2015-2016 and the same sum or so much thereof as may be necessary for fiscal year 2016-2017 to develop and administer a farmers market matching incentive program for beneficiaries of the Supplemental Nutrition Assistance Program. The sums appropriated shall be expended by the department of human services for the purposes of this act.

The Department of the Attorney General respectfully recommends that this Committee amend this measure as suggested above.



Hawai'i Dietetic Association

 an affiliate of the
Academy of Nutrition and Dietetics

Re: HB 1400

In support of bill "Relating to the Supplemental Nutrition Assistance Program (SNAP)"

Dear Legislators,

I am writing you as President-Elect of the Hawai'i Dietetic Association (HDA). We have over 300 members in the state of Hawai'i including Guam and Saipan. The HDA is an affiliate of the Academy of Nutrition and Dietetics. Our members are the trusted and credible source of food and nutrition information.

HDA supports HB 1400 which would require the development of a farmers' market matching incentive program for beneficiaries of SNAP. Fruits and vegetables provide important nutrients, can help to prevent certain cancers, prevent unintended weight gain and can help to lower cholesterol and blood pressure levels. This program would incentivize SNAP recipients to use their benefits on nutrient-rich foods by increasing their purchasing power of fresh produce.

Most sincerely yours,

Justin Miyashiro
President-Elect, Hawaii Dietetic Association
Email: justinkmi@hawaii.rr.com
Phone: (808) 432-3589



Email: communications@ulupono.com

HOUSE COMMITTEE ON HUMAN SERVICES
Thursday, February 12, 2015 — 10:00 a.m. — Room 329

Ulupono Initiative Supports HB 1400, Relating to Supplemental Nutrition Assistance Program

Dear Chair Morikawa, Vice Chair Kobayashi, and Members of the Committee:

My name is Brandon Lee and I am policy and public-private partnership associate at Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono supports HB 1400, because it aligns with our goal of providing more locally produced food. Local food is often some of the healthiest and most nutritious foods that Hawai'i's residents can eat. Yet, local food is often slightly more expensive, making it more difficult for residents to obtain in lower socioeconomic areas of our state. Therefore, residents with lower incomes often consume cheaper and healthier food options, leaving them particularly vulnerable to health-related issues. This matching program by the State can leverage federal government support to help those lower socioeconomic residents be able to access locally produced foods that they are likely to not otherwise be able to partake.

At Ulupono, we believe in organizations, public and private, working together on common goals. Through coordination between the federal government's Supplemental Nutrition Assistance Program, the State's matching funds, and our local farmer's markets, the public sector is collectively coming together to address poverty, health, and local food production.

From the farmer's perspective, they will grow more local food as demand for their products increase. Through being able to sell their products at farmers markets to a new clientele, farmers are able to obtain more revenue, incentivizing them to grow more local food. Increased local food production will help the state to become more self-sufficient. Hawai'i currently imports ~92% of its foods.

As Hawai'i's local food issues become more complex and challenging, innovative programs

Investing in a Sustainable Hawai'i

999 Bishop Street, Suite 1202 | Honolulu, Hawai'i 96813 ☎ 808.544.8960 📠 808.432.9695 | www.ulupono.com



like this can help to reverse this trend and allow Hawai'i to obtain more locally grown foods. We appreciate this committee's efforts to look at policies that support local food production.

We believe that by collaborating we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Brandon Lee
Policy and Public-Private Partnership Associate



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 12, 2015

HEARING BEFORE THE
HOUSE COMMITTEE ON HUMAN SERVICES

TESTIMONY ON HB 1400
RELATING TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Room 329
10:00 AM

Aloha Chair Morikawa, Vice Chair Kobayashi, 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 1400, which requires the Department of Human Services to develop a farmers market matching incentive program for beneficiaries of the Supplemental Nutrition Assistance Program (SNAP).

SNAP offers nutrition assistance to eligible, low-income individuals and families, increasing their food purchasing power and improving their nutrition. SNAP also provides economic benefits to communities.

HFB increases SNAP participant's access to locally grown fresh fruits and vegetables to low-income households, children, and seniors by providing a SNAP transaction booth at our Honolulu Farmers Markets. This program provides benefit to SNAP participants and farmers. Farmers' markets 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.

A matching incentive program will help to increase the SNAP benefits for participants and farmers' market farm vendors.

Thank you for the opportunity to testify in support of HB 1400.



LATE

Board of Directors

Sherry Broder, Esq.
David Derauf, M.D.
Naomi C. Fujimoto, Esq.
Patrick Gardner, Esq.
John H. Johnson
Nathan Nelson, Esq.
David J. Reber, Esq.
Mike Webb

Executive Director

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 1400 Relating to the Supplemental Nutrition Assistance Program
House Committee on Human Services
Scheduled for Hearing Thursday, February 12, 2015, 10:00 AM, Room 329

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai'i on legal and policy issues of statewide importance. Our core mission is to help our clients access to the resources and fair treatment they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify in **strong support** of House Bill 1400, which would establish a farmers market matching incentive program for recipients of the Supplemental Nutrition Assistance Program.

Nutrition assistance is of particular importance in Hawai'i, where the cost of food is almost 60 percent above the national average—the highest in the country. Extensive research shows that SNAP reduces food insecurity and also improves health outcomes. Helping recipients afford highly nutritious fresh fruits and vegetables will bolster these positive impacts.

Supplemental Nutrition Assistance Program benefits are entirely funded by the federal government. By providing a matching incentive program, state dollars will help direct this federal money toward supporting local agriculture. The USDA has found that every \$5 in new SNAP benefits generates \$9 in total community spending. Based on this multiplier, \$20 in state SNAP dollars could infuse as much as \$36 into local produce purchases, on top of the multiplier impact from the federal dollars that these funds are matching. An incentive program encouraging these funds to be spent on local fruits and vegetables is an efficient way of using state and federal monies to help families in need as well as Hawai'i's farmers.

Again, thank you for an opportunity to testify in strong support of HB 1400.