



**Testimony of Joel Berg, Executive Director
New York City Coalition Against Hunger
Before the New York City Council General Welfare Committee
Hearing on Hunger in New York City and on Int. No. 296**

November 21, 2011

Introduction

I am Joel Berg, Executive Director of the New York City Coalition Against Hunger. I am testifying on behalf of the city's more than 1,200 soup kitchens and food pantries – and the more than 1.4 million New Yorkers who live in households that can't afford enough food. I want to first thank the General Welfare Committee and Chairwoman Palma for holding this hearing and for all her amazing leadership on hunger and poverty. I also want to thank Speaker Quinn for all her stellar leadership on food issues.

Poverty Soaring Citywide

The main reason that hunger and food insecurity are increasing in New York City is that poverty is increasing. According to the U.S. Census Bureau's American Community Survey, the number of people in New York City living under the meager federal poverty line has increased by more than 200,000 people since the year 2000, with one in five New Yorkers now living in poverty. In fact, the number of people in poverty was increasing even *before* the recession. The number of poor people in NYC – 1.6 million people – is now greater than the entire population of Philadelphia. I hope the City doesn't stand by their previous assertions that we are doing just fine on the poverty front because we have a slightly smaller percentage of the total population that are poor than Detroit or Philadelphia. Next, the City will brag we have a lower poverty rate than Haiti or North Korea.

Hunger and Food Insecurity Are Skyrocketing

The number of New York State residents that live in homes that directly suffer from hunger, a condition labeled by the U.S. Department of Agriculture (USDA) as "very low food security," increased by 56 percent from the 2005-2007 time period to the 2008-2010 time period, according to a new government report. (See: <http://www.ers.usda.gov/publications/ap/ap057/>)

Fully 702,000 state residents live in households experiencing hunger, the highest level recorded for the state since the federal government began collecting such data in the mid-1990s.

Adding those 702,000 “very low food secure” New Yorkers to the broader number of New Yorkers who suffer from “low food security” (who may not actually go hungry but can’t afford a sufficient supply of food at least some time during the year), the USDA reported that nearly one in seven of the state’s residents faced some degree of “food insecurity” between 2008 and 2010. That number represents a 30 percent jump from 2005-2007, also showing the highest level of broader food insecurity since USDA started collecting the data. Thus, nearly 2.5 million state residents live in homes that can’t afford enough food.

As we will announce tomorrow when we release our annual hunger survey, New York City is facing similar trends.

The survey that my organization conducted last year found that, as demand at New York City food pantries and soup kitchens grew by 6.8 percent in 2010 (on top of a 20.8 percent increase in 2009), most hungry New Yorkers were able to get by thanks in large part to federal stimulus funding for emergency food and boosts to the federal Food Stamps Program (currently known as SNAP). Our report found that, in 2010, SNAP provided more than \$3.2 billion of federal funding for food purchases in New York City alone, a \$458 million jump over 2009 and a \$1.35 billion increase over 2008. While increased federal funding helped curb the tide, the survey found that 51.4 percent of the city’s pantries and kitchens reported not being able to meet growing demand. This number was down slightly, from 55.3 percent in 2009 and 68.6 percent in 2008. Because food and funding to these agencies have since been cut, our new report will show that more emergency feeding programs are running out of food and many are even being forced to close.

More than one in six of the city’s residents, and more than one in five of the city’s children, live in homes that cannot afford enough food consistently throughout the year.

SNAP/Food Stamps Overall

It is true that SNAP participation has increased significantly over the past few years in New York City, but the increase has not kept pace with the massive increases in unemployment and poverty. According to the most definitive USDA data, the overall statewide rate for food stamps participation rate in 2008, the most recent year published, is 68 percent, which is below other populous states such as Pennsylvania, Ohio, Illinois, and Michigan. For working families, New York had an even lower food stamps participation rate, an abysmal 48 percent, placing New York State in 40th place in the nation. Given that New York City generates at least half of the state’s caseload, the city’s rates are likely similar. I hope the City is not satisfied that more than half of eligible working families do not get them. These are the very families that the Bloomberg Administration claims are most deserving of food stamps benefits.

Hunger and poverty are soaring in New York City. SNAP participation is skyrocketing in the rest of the nation and the state. New York City has the most extensive nonprofit sector food stamps outreach system in the nation. Why then has SNAP participation declined here in five of the last ten months? The most likely primary cause is the churning of people who were removed from the rolls at time of re-certification only to be put back on SNAP later, which both disrupts the food flow to hungry families and costs the State and City more administrative funds to place households back on the program.

Finger Imaging

There is no question that finger imaging is one of the key reasons for the City's lagging food stamps participation.

Until recently, the practice existed in only four locations in the entire country: Arizona, Texas, California, and New York City. California and Texas have eliminated the practice because it not only fails to detect fraud that is undetectable by other means, but finger imaging also discourages program participation among eligible families (especially working families, legal immigrants, and seniors), as well as wastes millions of dollars in taxpayer funds.

In both 2007 and 2009, I compared the 46 states that did not finger image food stamps applicants with the four that still did. In both years, I found that the program participation rate was higher and the "error rate" was lower in the 46 non-finger imaging states than in the four that still did. While "error rate" (which measures the degree to which people do or do not get benefits correctly and whether the actual benefit amount received is correct) is not exactly a match to "fraud rate," it is a pretty good proxy. USDA does not report fraud rates by state and does not penalize states based on fraud alone. But USDA does report error rate by state each year and penalizes or rewards states based on those error rates.

Actual fraud in the SNAP program nationwide was never as significant as right-wing critics charged. That being said, food stamps fraud was higher in the 1990s than it is today because then food stamps were still paper coupons and the crack epidemic was at its peak. Today, according to USDA, food stamp fraud accounts for only one percent of benefits issued, surely far lower than the rate of fraud on Wall Street, by defense contractors, or on the CityTime project. Yet the food stamps fraud that still remains is obviously unacceptable and must be fought in the most effective and cost-efficient ways possible. As evidenced by recent reports by the USDA Office of Inspector General, the most costly type of fraud that still exists is when retail stores traffic in benefits. Finger imaging does not catch this kind of fraud, as finger imaging supporters are forced to admit.

The second most common type of fraud is committed by government employees or former government employees that make up fake cases. For an example, see the following article: <http://www.vosizneias.com/70688/2010/12/08/new-york-new-york-city-employees-charged-with-operating-massive-food-stamps-fraud-ring/> Again, finger imaging can't detect this kind of fraud either. The third most common type of fraud is committed by applicants who hide extra income; finger imaging doesn't detect that type of fraud either.

The only type of fraud that finger imaging could potentially catch is the rarest form: applicants purposely creating duplicate cases in order to receive duplicate benefits. The vast majority of duplicative cases are simply the result of administrative error – not fraud – and are detected in other, better, and more cost effective ways. The act of purposely creating a duplicate case to defraud the government is so rare that HRA admits that it has not once referred such a case for criminal prosecution.

Given HRA's claim that the main reason for finger imaging is its deterrence against fraud, then surely the agency would seek to prosecute these cases if the current system detected them.

After then-Governor Spitzer eliminated food stamps-only finger imaging in most of the rest of the state, I ran into a senior official with Erie County Social Services. I asked this individual whether there was any increase in fraud after finger imaging was eliminated and the person laughed and then responded, "of course not." The plain truth is that, among many social service professionals managing the SNAP program, finger imaging is a joke because they know it is a waste of money that still exists solely due to politics, not due to true fraud protection.

Media accounts of food stamps and other social service fraud cases that have been found statewide recently have all involved fraud by retail stores, government employees, or applicants covering up income. I have seen no reports that involve duplicate cases. Further, no cases of duplicate accounts have even been found with finger imaging. It is no wonder that Texas and California eliminated it.

Fully 48 other states now have in place other (less costly, less discriminatory) methods to prevent food stamp case duplications. The Texas State legislature recently passed – and Texas Governor Rick Perry agreed to – a bill that eliminated finger imaging for both food stamps and cash assistance recipients. Governor Perry's state agency then issued an implementation memo that stated: "The benefit of this policy change is that the agency can prevent duplicate participation and confirm the identity of applicants while saving money and staff time previously spent on finger imaging."

It is bad enough that New York City is perusing policies too punitive for Rick Perry and Texas, but it's even worse when we are policy bedfellows with Arizona. Mayor Bloomberg has forcefully and eloquently spoken out against Arizona's discriminatory immigration policies. Similarly, he has wisely decried Arizona's unwillingness to reduce potential murderers' access to handguns. Arizona does not even recognize Daylight Saving Time. Surely the City of New York should be chastened by sharing this policy failure with Arizona. Finger imaging most harms working parents who have to leave work and lose wages just to spend a day at a City government office to prove they are virtuous enough to obtain the federal nutrition assistance benefits for which they have already paid taxes to support. Thus the greatest irony is that the very people that Mayor Bloomberg most believes deserve SNAP benefits – working poor families – are those that are most harmed by the City's finger imaging policy.

The City keeps throwing around loaded political images of "fraud" and the supposed "bad 'ole days" of high welfare. But food stamps are not welfare. In May 1996, 74 percent of food stamps recipients also received cash assistance; today in New York City, only 19 percent of food stamps recipients obtain cash assistance. Thus, if the past reasoning for finger imaging was to prevent "welfare" fraud, since food stamps aren't welfare, there should be no finger imaging for food stamps-only cases today. Moreover, in the 15 years since the institution of this policy, technology has advanced significantly, so there are far more cost-effective, non-intrusive ways to prevent duplicate cases other than by finger imaging.

Moreover, HRA has never explained why they can't detect duplications in the same way that 48 other states now do. They have not presented an iota of hard evidence that those states have more duplicate cases that are undetected than does New York City. The Bloomberg Administration's claims of whether they actually catch fraud with finger imaging are incredibly inconsistent, and are not particularly credible.

On November 20, 2007, HRA Commissioner Robert Doar included the following statement in his testimony to this Committee: "In calendar year 2006, 31 cases of fraud involving non-cash food stamp clients were detected by HRA through imaging." At the time, he claimed the finger imaging process cost the City \$800,000.

At the time, accepting those fraud numbers from the City as real, I calculated and publicized the following: The Urban Institute found that, in one out of 23 cases, otherwise eligible people don't apply solely due to finger-imaging requirements. New York detected only 31 cases of suspected fraud thanks to finger imaging in 2006. Given that about 1.1 million people in the city received food stamps, that meant that only one in 34,991 Food Stamp Program applicants were caught in the act of potentially committing fraud by finger-imaging. Thus, to seize possible fraud by only one in nearly 35,000 people, the City denied benefits to one in 23 actual hungry people. Even more absurd, New York City spends \$800,000 yearly on finger-imaging. That's right: the City spends \$800,000 of its own money on a system that may prevent 31 people from getting benefits for which they are *not* entitled, even though it prevents 21,500 people from getting \$31 million in federal benefits for which they *are* entitled.

Perhaps not coincidentally, because the ratio of money spent to fraud cases the practice supposedly caught made the City look bad, since then HRA has claimed, almost magically, that the true costs are much lower than previously claimed but the number of duplications found is supposedly greater.

Yet last year, when pressed by Council Member Brad Lander at this same annual hearing, Commissioner Doar had to admit *not one* person was referred for prosecution based on fraud discovered through finger imaging.

More recently, in the *Huffington Post*, Commissioner Doar wrote: "Today, we still identify nearly two thousand duplications through finger imaging. Some of these duplications may be inadvertent or due to human error and some may be an attempt to take advantage of the system. Finger imaging's primary purpose is to identify duplication for whatever reason." His use of the word "may" is telling. If what he wrote most recently is correct, why in the world doesn't HRA seek to determine if each duplication found is simply an administrative error or whether it is true fraud? Since the City routinely prosecutes people for offenses as small as turnstile jumping or marching on a sidewalk, I suspect the reason that the City does not try to prosecute fraud found with finger imaging is that there isn't any true fraud found this way.

We now know that current and former HRA employees have indeed been prosecuted for massive fraud schemes but that HRA has not found so much as one minimal fraud case through finger imaging that they deem worthy of prosecution. It seems at though HRA is placing its anti-fraud efforts in the wrong place, unduly burdening law-abiding applicants but doing little to prevent some of own errant employees from stealing.

The City's claims of how much this process costs also changes dramatically over time. As noted above, Doar testified before the City Council a few years ago that finger imaging cost the City \$800,000, but now he says the number is \$180,000, even though the caseload is larger now than in 2007, meaning the cost theoretically should have increased. The cost of the statewide finger imaging contract held by OTDA last year was \$6.4 million, and New York City contributes at least half of the caseload in the state, and also accounts for the vast majority of SNAP-only finger imaging costs – so the true cost for New York City should likely be millions of dollars.

In addition, HRA recently posted on its web site other claims about finger imaging that are not accurate (see http://www.nyc.gov/html/hra/downloads/pdf/Food_Stamp_Performance_2011.pdf) For example, the agency stated that “the City’s cumulative food stamp payment error rate was only 4.32 percent.” Yet they fail to point out that their error rate is actually greater than the national average of 3.81. (See: <http://www.fns.usda.gov/snap/qc/pdfs/2010-rates.pdf>). HRA then further claimed that: "If finger imaging were eliminated, HRA would not be able to maintain a high accuracy rating without hiring more staff. Higher operating costs, and potential penalties from the Federal government if the Agency’s accuracy rating suffers, mean less money would be available for benefits when they are sorely needed." But the agency has not provided any evidence that eliminating the practice would decrease payment accuracy. In fact, states that do not use finger imaging have a *higher* payment accuracy rate than those that use it (including New York). Therefore, the HRA statement is demonstrable untrue.

Furthermore, even if the City's error rates did somehow increase and USDA imposed penalties, those funds wouldn't take a penny out of benefits for hungry families. By federal law, the money for those penalties would have to be paid by non-federal, non-benefits funds. To quote the late, great Senator Daniel Patrick Moynihan, "You are entitled to your own set of opinions, but not your own set of facts."

A soon-to-be-released report from the Empire Justice Center demonstrates that an astounding 97 percent of finger imaging case closures were reversed at the fair hearing level. People who appealed their closure of SNAP cases due to problems with finger imaging waited months for their cases to be resolved through the fair hearing process, which not only delayed federally funded food going to needy families, it cost the City and State additional resources to cover the administrative costs of holding the fair hearings.

In addition, given that finger imaging has now been virtually eliminated for SNAP applicants upstate, where the caseload is more likely to be white, but has been maintained in New York City, where the caseload is more often non-white, the manner in which the finger imaging policy is implemented in New York raises serious civil rights concerns. It is, in effect, an electronic "stop and frisk." Quoting part of this statement by me out of context, Heather Mac Donald of the Manhattan Institute published a column in the *NY Post* accusing me of having “played the race card.” Of course, neither Ms. Mac Donald nor the *Post* even tried to dispute my facts about the racial disparities in how finger imaging is carried out – or not carried out – in New York State. So my message for the *Post* and the Manhattan Institute is basic: bringing attention to proven facts about racial disparities is not “playing the race card.” However, denying such disparities exist, but engaging in ad hominem on your opponents, citing race, actually *is* playing the race card.

Speaking of actual facts, Speaker Quinn's FoodWorks report determined that the City's finger imaging requirement alone deters 30,000 eligible New Yorkers from signing up for SNAP benefits per year, costing low-income families – and the city's economy – \$54 million a year in federal benefits yearly.

Beyond the numbers, I do hope policy makers consider the real-life human impacts. Time after time, hard-working, low-income people tell us they will not apply for benefits for their struggling families because they don't want to be treated like criminals. The letter I received, pasted below, about how the City wanted to force a 95-year-old man to go to a government office to provide his finger image, speaks for itself

Speaker Quinn was absolutely correct when she said, “Now – is the time for us – to decriminalize hunger. Requiring fingerprinting for food stamp applicants is a harmful and destructive policy – and I call on the Bloomberg Administration to abandon it immediately. It's simply the right thing to do.”

We believe that Mayor Bloomberg or Governor Cuomo should end this practice immediately.

We also strongly support Int. No. 696, which would require HRA to merely report on how much it spends annually on finger imaging, how many cases of fraud are detected, if any, and how many cases are referred for prosecution, if any. Given the Bloomberg Administration's ever-shifting claims about finger imaging's costs and benefits – even in testimony to the City Council, a co-equal branch of government – it is imperative to have the request for facts have the force of City law.

I understand that the Bloomberg Administration has expressed some reservations about this bill; if that's correct, it's astounding. If the Bloomberg Administration is so darn proud of their finger imaging policy, why do they want to keep the facts about it away from the taxpayers that fund it? The Mayor often says, “If you can't measure it, you can't manage it.” Perhaps the corollary of that should be: “If they are afraid to measure it, perhaps they are embarrassed about how they manage it.”

October 12, 2011

Dear Christine Quinn and Joel Berg:

I read the article in today's NY Times about fingerprinting food stamp applicants and am writing to encourage you to continue to fight against this un-necessary, insulting and discriminatory practice.

I recently went to a food stamp office in Manhattan to apply for food stamps for my 95-year-old father, and was told he had to come in to be fingerprinted! I was outraged, and pushed the issue until I was told he would be exempt from fingerprinting if I brought in a doctor's note! That is ridiculous, insulting and un-necessary as well, but the alternatives - no food stamps or dragging my beloved, frail, 95-year-old father to the application office, standing in line, and then sitting around for hours - are worse.

I am deeply disturbed by this practice. And while I am pretty adept at navigating and pushing the system, my heart breaks for the thousands of New York citizens who go to bed and wake up hungry because of this awful requirement.

Please keep up the fight, and thank you.

Sincerely,

A Lifelong New Yorker & Taxpayer

Other Steps the City Should Take to Better Fight Hunger

1) Making it Easier for Unemployed People to Receive SNAP.

The City should accept waivers, offered by the State and authorized by federal law, to enable Able Bodied Adults Without Dependents (ABAWDS) to continue to receive food stamps as they actively look for work. Given the massive irregularities and inefficiencies in the City's make-work programs, it is not credible to believe everyone who needs a job in order to continue receiving benefits is able to get one.

2) Improve the Ability of Post-Secondary Students to Receive SNAP.

The State and City impose a wide variety of restrictions on students who are enrolled at least half time in higher education. One way to avoid the restrictions is for students to be employed 20 hours a week or more, but we are hearing that, given the recession (and that even work-study slots are being eliminated), many students are unable to find work, and thus they are excluded from food stamp benefits at just the time they need them the most. The City and State should work together to remove these barriers.

3) Increase the Ability of SNAP Applicants to Submit Supporting Documents Online.

The increasing use of online applications is certainly beneficial, but it would be far more helpful if more sites accepted the electronic submission of supporting documents. Online SNAP applications systems should also be better integrated with online applications for other government benefits.

4) Oppose any proposed federal cuts in SNAP or other federal nutrition benefits.

Both Mayor Bloomberg and the Council have opposed such cuts in the past, and I hope they can continue to do so forcefully.

5) Increase In-Classroom School Breakfasts.

Unfortunately, school meals programs everywhere in the country are often hampered by stigma. A low-income high school dropout in Denver, describing how he felt when forced to use a different-colored card to obtain a reduced-price lunch, said: "You feel low. It should not be like that. We should not have certain colors to separate us like one rich, one poor." Many children in those situations choose to go hungry rather than admit they are poor. "Lunchtime is the best time to impress your peers," said Lewis Geist, a senior and class president at Balboa High School in San Francisco. Being seen with a subsidized meal, he said, "lowers your status." While school lunch programs have nearly 100 percent participation rates in elementary schools (since kids can't leave the school buildings), as the students grow older, their participation decreases.

When it comes to breakfast, participation is much worse. Research proves that children who eat breakfast at school have higher test scores, fewer school nurse visits, act up less in class, and may even suffer less obesity. Yet school breakfast participation is far lower than school lunch participation. Often it is served too early or too late, making it impractical for students to eat.

Stigma is an even bigger problem for school breakfast than for school lunch, because while most kids eat lunch, everyone knows that only the really poor kids go to the cafeteria to eat breakfast. Nationwide in the 2006 school year, only 45 percent of kids eligible for free and reduced-price meals participated in free and reduced-priced breakfasts. According to a 2007 report by the Food Research and Action Center, out of 23 big cities in the United States, fully 21 had rates of free and reduced-price breakfast participation below 65 percent. In 11 of those cities, the rate was below 50 percent. In New York City, only a third of the children who receive school lunches receive breakfasts, giving New York City one of the lowest breakfast participation rates of any big city.

A few years ago, in response to this problem, the best possible thing happened: all the key players – the Department of Education (DOE), the teachers union, and advocates – worked together to find common ground to address the problem.

We jointly visited Newark, New Jersey – where both universal and in-classroom breakfast are utilized – and found that the school district has a 94 percent breakfast participation rate. During our visit, we were thrilled to find elementary school student breakfast monitors cheerfully delivering breakfasts to all their peers. We also learned of a local high school in which the number of breakfasts served increased literally tenfold after the meals were provided in classrooms.

Having learned first-hand of Newark's success, in 2008, New York City launched a pilot project to try out in-classroom breakfasts in a number of schools. I must point out that, on school meals issues, the Bloomberg Administration has, to date, been helpful. They've improved the nutritional quality of school meals and expanded participation through some innovative initiatives. At one pilot site I visited, PS 68 in the Bronx, every student ate breakfast together during their first-period class. The pilot is working better than anyone could have anticipated. The school's principal told me that, before the pilot, an average of 50 kids came to school late every day, so many that she had to assign extra staff just to write out late slips. When the school started serving breakfast in their classrooms, kids came in early just for the meals, and now only about five kids a day are late – a 900 percent decrease in tardiness. The principal also told me that absenteeism and visits to school nurses also dropped, and in the afternoons, kids fall asleep in the classrooms less frequently. This is obviously not only good nutrition policy but also good education policy. The United Federation of Teachers has also supported in-classroom breakfasts, calling them “a hit.”

Given that most school districts must now have a complex systems in place to collect forms and data on the income of each student's parents to determine the eligibility of each child for either free, reduced-price, or full-cost meals, when a district adopts a universal breakfast or lunch policy, not only does it reduce the stigma faced by children and thereby increases participation, but it also reduces the paperwork and bureaucracy, saving the school district time and money.

When kids eat breakfast in a classroom instead of a lunchroom that is a hallway or two away, they have more time to focus on their studies and are protected from the stigma of having to leave their friends to go to a special breakfast room “for the poor kids.”

Since textbooks are widely understood to be a critical educational tool, public school districts typically lend them out free of charge to all students. The time is ripe for the nation to view school meals in the same way. Free breakfast and lunch should be universal in all classrooms..

The pilot in-classroom project in New York worked so well that Mayor Michael Bloomberg and DOE expanded it to about 300 schools. But even most of those schools do not serve breakfast in all classrooms. Moreover, the rest of the 1,600 DOE schools don't have in-classroom breakfast at all. Less than three percent of New York City DOE students now receive in-classroom breakfasts.

Since all meals are reimbursed by the federal government, DOE could break even or even make money by dramatically expanding in-classroom breakfasts. That is why Chicago and Houston have recently mandated such breakfasts in every class in every school. Given that one in five of the city's children live in homes that cannot afford enough food consistently throughout the year, DOE should immediately make in classroom breakfast available in every class in every school.