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February 17, 2017

Bonnie Brathwaite, Director Supplemental Nutrition Assistance Program-USDA Northeast Region 10 Causeway Street Boston, MA 02222

> Re: A new approach for the SNAP-Ed Program, and renewal of soda and candy restriction waiver

Dear Ms. Brathwaite:

Attached for your review and approval is a renewed request to waive specific SNAP regulations so that Maine can exempt from purchase with SNAP benefits sugar sweetened beverages and candy. In this letter, we also discuss a new approach for the SNAP-Ed Program.

# The Waiver

Specifically, Maine requests to waive federal statutory requirements 7 U.S.C. § 2012(k) and 7 C.F.R. § 271.2 regarding the Supplemental Nutrition Assistance Program (SNAP). Maine believes the purchase of sugar sweetened beverages (also known as soft drinks or soda) and candy is detrimental to the health of its SNAP population, and undermines the purpose of the SNAP program. Maine believes it critical to take immediate steps toward improving health and increasing responsible spending of federal dollars intended to purchase nutritious food for low-income Mainers.

Maine, like other states, has experienced an alarming epidemic of obesity and other weight-related diseases, such as type 2 diabetes, which can be prevented with reduced consumption of sugar. Sugar-sweetened beverages and candy are among the most frequently purchased high-sugar-content items for Maine's (SNAP) Food Supplement population. To address the health of Maine's low income population, Maine seeks to prohibit purchase of these items with Food Supplement benefits. As you are likely aware, studies show Maine to be the most obese state in New England. Numerous studies confirm that as much as two thirds of Maine's adult population is overweight or obese. This impacts the quality of life for Maine residents, and the chronic health conditions associated with obesity are costly to Maine tax payers. Now, more than ever, SNAP funds need to be used to improve nutrition and health of low-income people by excluding purchases of products with no nutritional value.

Sugar sweetened beverages and candy are already included in a list of food products subject to Maine sales tax (36 M.R.S. §1811), which would simplify the impact of implementation and minimize administrative burden associated with applying this waiver. Prohibiting the purchase of sugar sweetened beverages and candy also closely aligns with prohibited foods under federal WIC and school nutrition programs, allowing Maine to emphasize the importance nutritional food for Maine's most needy families. Approval of this waiver will allow Maine to take steps to improve the health of its citizens, particularly those most challenged with limited food budgets.

# The SNAP-Ed Program

These alarming trends continue despite federal dollars spent on nutrition education through the SNAP-Ed program. It is clear that a different approach must be considered. So in addition to this restriction purchase waiver, Maine also proposes to use its SNAP-Ed funding allotment differently in FFY '18. Maine proposes to distribute funding formerly used for nutrition education directly to food banks, schools, and other community agencies so that these agencies can distribute healthy foods such as fruits and vegetables to needy families. While nutrition education is crucial, it should simply be conducted in school settings as part of school curricula, and overseen by the Department of Education. This plan would create better access to healthy foods while streamlining administratively burdensome SNAP-Ed programming and reporting requirements. If a waiver is required for approval of this plan to distribute SNAP-Ed allotment dollars differently, the Department hereby requests approval here within.

Maine sees these steps as urgent and necessary to improve the health of its residents. We request immediate review and look forward to timely approval. Please feel free to contact me with any questions.

Mary C. Mayhew

Commissioner

MCM/klv

Attachment

cc: Bethany Hamm, Director, Office for Family Independence, DHHS
Daniel H. Cohen, Office for Family Independence, DHHS
Karen L. Curtis, Office for Family Independence, DHHS
Patricia Dushuttle, Office for Family Independence, DHHS

# REQUEST FOR WAIVER TO MODIFY ALLOWABLE PURCHASES UNDER THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM February 2017

1. Waiver Serial Number:

2. Type of Request: Renewed

3. Statutory Citation: 7 U.S.C. § 2012(k)

4. Primary Regulation Citation: 7 C.F.R. § 271.2

5. State: Maine

**6. Region:** Northeast

7. Statutory and Regulatory Requirements to be Waived: 7 U.S.C. § 2012(k) and 7 C.F.R. § 271.2

- 8. Proposed Alternative Procedure: The State of Maine (Department of Health and Human Services Office for Family Independence) is requesting approval of a waiver to exclude from purchase with Supplemental Nutrition Assistance Program (SNAP) benefits sugar sweetened beverages (also known as soft drinks or soda) and candy. Maine will implement this waiver to improve the overall health of its population, particularly those SNAP recipients who are already challenged in their access to healthy foods by tight budgets. Maine believes the purchase of sugar sweetened beverages and candy is detrimental to the health of its SNAP population, and is antithetical to the purpose of the SNAP program. The State of Maine requests that the United States Department of Agriculture (USDA) expediently review and approve this waiver so that Maine can work to improve the health of low-income SNAP recipients and increase responsible spending of federal SNAP dollars.
- 9. Justification for Request: Maine, like other states, is experiencing a health epidemic of obesity and other chronic diseases such as type 2 diabetes and heart disease resulting from consumption of foods with high sugar content. Most commonly purchased items in this category include sugar sweetened beverages and candy. Numerous studies have shown the detrimental impact of consumption of items with high sugar content, and it has been shown that more than half of sugar consumption is from sugar sweetened beverages. A 2014 study suggests that prohibiting the purchase of sugar sweetened beverages with SNAP benefits would reduce the prevalence of obesity and type 2 diabetes. The same study suggests that prohibiting the purchase of sugar sweetened beverages would be more

<sup>&</sup>lt;sup>1</sup> Ending SNAP Subsidies For Sugar-Sweetened Beverages Could Reduce Obesity And Type 2 Diabetes. Sanjay Basu, Hilary Kessler Seligman, Christopher Gardner and Jay Bhattacharya. Health Affairs June 2014 33:1032-1039.

successful than other initiatives, such as subsidizing purchase of fruits and vegetables. Maine is concerned about the health of its low-income citizens, and seeks to address this alarming health epidemic with this simple approach of prohibiting purchase of sugar sweetened beverages and candy with SNAP benefits.

The primary goals of the SNAP program are to alleviate hunger and improve the nutrition and health of low-income people. This waiver is consistent with SNAP's stated goal of "providing food assistance to raise levels of nutrition among low-income individuals." The proposed waiver meets the definition of permissible projects (7 U.S.C. § 2026(b)(1)(B)(ii)(II)) to "increase the self-sufficiency of supplemental nutrition assistance program recipients" and (7 U.S.C. § 2026(b)(1)(B)(ii)(IV) to "allow greater conformity with the rules of other programs." Allowing purchase of sugar sweetened beverages and candy with minimal nutritional value with federal dollars is harmful for low-income families, and it enables unhealthy nutritional habits. It also creates irresponsible spending of federal tax dollars and increased healthcare costs.

As required for waivers, Maine will evaluate the effectiveness of this waiver. Pursuant to federal law, such evaluation will include "but not be limited to, the program's impact upon the nutritional and economic status of participating households, the program's impact upon all sectors of the agricultural economy, including farmers and ranchers, as well as retail food stores, and the program's relative fairness to households of different income levels, different age composition, different size, and different regions of residence." Maine proposes to use funding from its SNAP-Ed allotment to implement and evaluate this initiative. The evaluation would begin by obtaining baseline information about consumption of items to be included in the restriction from SNAP recipients prior to implementation of this waiver. Additional follow-up information would also be obtained post implementation.

- 10. Implementation of this waiver would align Maine's SNAP program with allowable healthy foods under its federally funded National School Lunch Program/School Breakfast Program and Women Infant and Children's (WIC) programs, reinforcing the crucial message of promoting healthy eating both in schools and at home. Maine's waiver would also align with USDA bans on purchases of other less nutritious food items. Since restrictions on SNAP purchases have always been part of the SNAP program, this waiver will simply expand restrictions to align with the stated SNAP goal of "providing food assistance to raise levels of nutrition among low-income individuals." Maine requests this waiver for the following additional reasons:
  - The proposed waiver supports the stated nutritional goal of the Supplemental Nutrition Assistance Program.

Federal food policy has a long history of working to improve nutrition among the Nation's poor. Dating back to President Kennedy's efforts in 1961, the aim of the Food Stamp Program was "to provide for improved levels of nutrition among low-income households," and only households with incomes that did not allow access to a nutritious diet were eligible for the program. The Food and Nutrition Act of 2008 reinforced this aim, declaring it to be "the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation's population by

raising levels of nutrition among low-income households." An article in the American Journal of Public Health reports "(b)y design, SNAP assistance levels are just high enough to fund purchase of a nutritionally adequate diet, so allowing purchase of sugar sweetened beverages may replace purchases of healthier foods required to meet the government's dietary standards." Also, USDA Food and Nutrition Services already encourages nutrition education that discourages consumption of sugar sweetened beverages in curricula such as "Rethink Your Drink" and encourages public health strategies that address vending machine sales of sugar sweetened beverages in schools and healthy checkout lanes in grocery stores. Allowing the purchase of sugar sweetened beverages and candy under the current program is a direct contradiction of these efforts and the stated federal policy to improve nutrition among the nation's poor.

# • Obesity is a significant and growing problem across the country and in Maine.

Maine is the most obese state in New England, according to a study by the Trust for America's Health and the Robert Wood Johnson Foundation, and Maine ranks 27th nationally, based on 2013 obesity data.<sup>4</sup> The Maine Behavioral Risk Surveillance System (BRFSS) provides a measure of trends in self-reported health behaviors among Maine residents. The 2015 BRFSS reported that 28.2% of Maine adults were obese, with a body mass index greater than 30. Obesity rates in Maine have been steadily climbing since 1995, when the rate was 14%. Studies show that since BRFSS data are self-reported, and people tend to underestimate their weight and overestimate their height, these obesity rates are likely even higher.<sup>5</sup> A 2013 telephone survey of 615 Maine SNAP recipients (RKM Research and Communications and Altarum Institute) found "sixty-eight percent of respondents are overweight (28%) or obese (40%)" when applying the Body Mass Index formula to self-reported height and weight of respondents. In addition, the survey shows that SNAP recipients rated their health slightly less positively than the general population of Maine.

This obesity epidemic is not unique to adults; prevalence of overweight children aged 6-11 years has more than doubled in the past twenty years, and among adolescents aged 12-19 years, overweight incidence has more than tripled. The US Center for Disease Control (CDC) BRFSS data for 2015 reported that 13.3% of youth (high school students) are obese. In the most recent MIYHS data available (2015), 32% of students in Grades 7 and 8 reported that they were either overweight (18%) or obese (14%). In Grades 5 and 6, 41% of students reported that they were overweight (18%) or obese (23%). In high school, 31% of students reported that they were either

<sup>3</sup> USDA SNAP-Ed Connection, online resource center for state and local SNAP-Ed providers: https://snapedtoolkit.org/

<sup>4</sup> The State of Obesity. Washington, D.C.; 2014. http://stateofobesity.org/states/me/.

<sup>6</sup> Centers for Disease Control and Prevention Sortable Statistics- https://www.cdc.gov/brfss/ Risk Factors and Health Indicators- Adult and Youth Obesity (2015)- Accessed January 3, 2017.

<sup>&</sup>lt;sup>2</sup> Impact and Ethics of Excluding Sweetened Beverages From the SNAP Program. Anne Barnhill. American Journal of Public Health, 2011 November; 101(11).

<sup>&</sup>lt;sup>5</sup> Maine Centers for Disease Control and Prevention. *Maine Behavioral Risk Factor Surveillance System* (*BRFSS*).; 2011. https://data.mainepublichealth.gov/brfss/home.

overweight (17%) or obese (14%).<sup>7</sup> Maine has an obesity epidemic that greatly impacts its most vulnerable low income families. Children and adolescents who are overweight or obese are more likely to become overweight or obese adults. The BRFSS and MIYHS statistics highlight the ongoing need for intervention.

Given that the stated goal of the SNAP is to improve the nutrition of low-income households and that significant federal and state dollars are expended each year to achieve this goal, Maine's proposed waiver will support these efforts by evaluating whether it reduces consumption of these items among SNAP participants.

• Significant federal and state funding has been dedicated to nutrition education, yet these alarming trends continue. The proposed waiver would be more effective in changing behaviors than these efforts have been.

The growing problem of obesity in the United States has led to increased spending for prevention and nutrition education programs at both the federal and state levels. In the 2009 federal budget, the Centers for Disease Control and Prevention alone included \$947 million for health promotion, of which \$41 million was earmarked for efforts to improve nutrition, increase physical activity, and reduce obesity levels. In addition to these efforts, the USDA was allocated over \$341 million for nutrition education in Fiscal Year 2009 through the Healthy Hunger Free Kids Act. Despite this spending, the alarming health trends continue. Clearly education alone is not effective.

For FFY'16, Maine had \$4.3 million approved for SNAP nutrition education. Given the significant public investment in healthy eating and obesity prevention, and the significant cost of treating chronic disease, it appears that restricting SNAP purchases would be more effective than these efforts have been. This waiver will align emphasis of healthy eating on a budget with a different approach.

• Given a USDA precedent for defining food with minimal nutritional value, the waiver will make SNAP rules more consistent with those of other programs.

Maine's proposed waiver is consistent with other federal initiatives prohibiting the purchase of "foods of minimal nutritional value." Maine would currently limit prohibition of purchases to sugar sweetened beverages and candy. Soda has no nutritional value and has been linked to excessive weight gain as a result of the poor satiating properties of sugar in liquid form. In addition, soda has been associated with obesity-related diseases such as diabetes and heart disease. The USDA has already set a precedent for defining food with "minimal nutritional value" in its National School Lunch guidelines. The National School Lunch Program/School Breakfast Program prohibits the purchase of "foods of minimal nutritional value (FMNV)" with the "nonprofit school food service account (SFSA)." The serving of FMNV "during a

<sup>&</sup>lt;sup>7</sup> Maine Centers for Disease Control and Prevention. Maine Integrated Youth Health Survey. 2015. https://data.mainepublichealth.gov/miyhs/home. Accessed July 7, 2015.

<sup>&</sup>lt;sup>8</sup> Soda Consumption Among Food Insecure Households with Children: A Call to Restructure Food Assistance Policy. Daphne C. Hernandez. Journal of Applied Research on Children: Informing Policy for Children at Risk. Volume 3, Article 16, 2012.

meal service period(s) in the area(s) where reimbursable meals are served and/or eaten" also is prohibited. (See USDA Guidance on this subject dated January 16, 2001.)

In addition, the USDA's recently issued Strategic Plan specifically calls for "evaluating nutrition promotion interventions to implement and sustain evidence based strategies in communities across the Nation" and also proposes a focus on areas where the USDA's unique strengths and capabilities can have the greatest impact. The proposed revisions to the US Dietary Guidelines recently issued for public comment also recommend reduced consumption of high energy, non-nutrient dense foods, which is also consistent with the proposed waiver.

Accordingly, Maine believes that this waiver would "allow greater conformity with the rules of other government programs." A failure to approve this project would appear to be in contradiction to USDA's stated and implemented policy for the School Lunch and Breakfast Programs as detailed in the 2001 Guidance, as well as a contradiction to the recently issued USDA Strategic Plan (both cited above). This waiver will align nutritional values and practices both at school and in the home.

• The waiver presents an opportunity to evaluate whether restrictions impact the purchase and consumption of foods with little or no nutritional value among low-income populations.

This waiver request aligns with the American Medical Association's (AMA) adoption of new policy in June of 2013 to remove sugar-sweetened beverages from the SNAP program. In June of 2013, AMA adopted this policy, and stated "The AMA is working to improve the nation's health care outcomes, particularly cardiovascular disease and diagnoses which are often related to obesity. Removing sugar-sweetened beverages from the Supplemental Nutrition Assistance Program will help to encourage healthier beverage choices."

In a USDA study written in 2007, USDA Food and Nutrition Services (FNS) argued that excluding sugar sweetened beverages from SNAP would not decrease purchase and consumption, since SNAP recipients will simply use other sources of income to purchase them. This argument is not only probably incorrect, but also irrelevant. It stands to reason that this restriction will reduce purchases of sugar sweetened beverages. But more importantly, restriction of such non-nutritional items with SNAP dollars will free up SNAP funds to buy healthy and nutrition foods such as fruits and vegetables, which is a primary goal of the SNAP program.

Maine's waiver to prohibit purchase of sugar sweetened beverages and candy will provide additional opportunity to study how to impact unhealthy eating habits by providing important follow-up to the Healthy Incentives Pilot (HIP) study. As recommended by the White House Task Force on Childhood Obesity (2010), offering incentives and eliminating disincentives to unhealthy eating habits are important. The

<sup>&</sup>lt;sup>9</sup> Implications of Restricting the Use of Food Stamp Benefits, United States Department of Agriculture-Food and Nutrition Services, March 1, 2007.

Healthy Incentives Pilot is testing the effectiveness of incentives in changing purchasing and consumption behavior of SNAP recipient households. Maine's proposed waiver would provide additional opportunity to test whether restrictions on SNAP purchases are more effective in changing purchasing and consumption behavior.

Maine will comprehensively evaluate this waiver and examine the implementation process, assess retailer compliance with the restrictions, and measure the impact on the purchase of sugar sweetened beverages and candy.

• Reasons for refusal of similar but non-identical waiver requests are either addressed by this proposal or require further substantiation.

Maine is aware of denials for waiver requests from other states including Illinois, New York and Minnesota. In fact, no such waiver has yet to be approved, despite overwhelming indication of its need. Maine agrees with New York in its rebuttal of several arguments made by USDA in its denial of this similar proposal, and reiterates the points already summarized by New York below:

- 1) Interoperability Given the Healthy Incentive Pilot project a much more complicated project in terms of its impact on EBT and interoperability, this issue should no longer be an obstacle to approval of a purchase restriction program. The restriction on purchases proposed in this waiver is simpler than the HIP, since prohibited items are already defined as they are subject to sales tax. This would be transparent to consumers, and would not require modification to the State's EBT system.
- 2) Stigma The argument that a waiver modifying the list of prohibited items would stigmatize SNAP households has been made in the past. However, there are already certain items that cannot be purchased with SNAP benefits, such as alcoholic beverages and hot food products prepared for immediate consumption. Rejecting improvements to the SNAP program is not the best way to reduce the stigma associated with SNAP use. Any stigma, if there is any, would already attach to SNAP benefits because of the above-listed limitations. Additionally, our position is that welfare is stigmatized not by limitations on its use, but by a lack thereof. The expenditure of welfare benefits on nonessential items like junk food in highly visible places like supermarkets generates public resentment that serves to stigmatize SNAP recipients as a whole. To argue that potential stigma justifies or outweighs the significant health benefits is absurd.
- 3) Monitoring Retail Compliance This waiver would align with Maine State law (36 M.R.S. §1811) already in place that taxes foods identified as having little or no nutritional value. Sugar sweetened beverages and candy are already part of this list of taxable items, and could easily be identified as items that cannot be purchased with SNAP benefits. Monitoring compliance of these additionally

<sup>&</sup>lt;sup>10</sup> Impact and Ethics of Excluding Sweetened Beverages from the SNAP Program, Anne Barnhill. American Journal of Public Health 2011: November; 101(11) 2037-2043.

restricted items would not be complicated, due to existing requirements already in place to monitor retailers and participants. This existing policy would minimize administrative burden in implementing this waiver.

4) Increased Program Complexity and Costs – The USDA has argued that placing restrictions on SNAP purchases would be difficult to implement. However, restrictions currently exist in Maine both for restricting some purchases and for taxing these non-nutritional foods; simply not allowing purchase with SNAP would not be overly burdensome. Most retailers use point-of-sale (POS) systems that automatically identify allowable SNAP purchases at the register. These retailers would be required to update their systems to accommodate the restrictions; the additional taxable items would become exclusions. Retailers who manually identify allowable purchases at the register (i.e., not through the system) will be required to add sugar sweetened beverages and candy to the current list of exclusions. Maine will provide clear guidance to these retailers on what is restricted, and will work closely with retailers and their trade associations to ensure that the implementation of the waiver goes smoothly. Retailers routinely change their POS or manual systems as they market new and newly packaged products. Successful retailers are already savvy in maximizing allowable SNAP purchases, as evidenced by the common practice of relabeling hot foods items such as rotisserie chicken, which can be purchased with SNAP once cold. Restricting purchasing of sugar sweetened beverages and candy would at most minimally impact these routines.

# • Notifying, Educating and Enlisting the Cooperation of SNAP retailers.

Gaining buy-in from retailers will be a critical component of the waiver. Communications regarding implementation of this waiver will be required at both the federal and state level. Since USDA enrolls and regulates retailers as it administers the SNAP program, it will need to communicate the new requirements to Maine retailers. Once USDA has delivered its directive to follow the new restrictions, Maine is prepared to take the lead in implementation.

Prior to implementation, State of Maine staff will meet with representatives from supermarket chains and trade associations that represent the full spectrum of the grocery industry to discuss the changes, as well as to discuss ways to implement the changes in a manner that works for the retailers. Information will be shared with food industry representatives to highlight the State's comprehensive efforts to promote the purchase of healthier foods and beverages, which should lead to increased sales of such products and relieve concerns about lost revenue from the sale of foods with little to no nutritional value.

Maine maintains lists of all SNAP retailers. SNAP retailers will be notified via mail of the new restrictions on SNAP purchases and provided instructions on how to implement the change. A list of restricted sugar sweetened beverages and candy will be made available to retailers to avoid any confusion concerning the new guidelines. In addition, retailers will receive user-friendly pamphlets, posters and decals so that staff and customers can be notified of the change. These media will inform the

retailers of the new restrictions, educate them on the benefits of the waiver, and enlist their cooperation in its successful outcome.

# • Participant confusion related to the proposed changes would be minimal.

Restrictions on SNAP purchases have been a component of the Food Stamp Program since its inception. Therefore, concerns about confusing the consumer or increasing the stigma if purchases are rejected are misplaced. Consumers and retailers are already accustomed to purchase restrictions (e.g., prepared foods, hot foods, nutrition supplements, alcohol, paper products, etc.), and adding taxable non-nutritious foods would not be overly confusing. A public information campaign would accompany the changes, as well as a direct mailing to SNAP participants (see below). Additionally these restrictions would more clearly align with other benefits such as WIC and school lunch programs.

SNAP participants will be notified of the new restrictions through a mass mailing. This mailing will include both cash assistance/SNAP and non-cash assistance/SNAP households, and also will educate SNAP participants on the health benefits. In addition, posters will be placed in community settings throughout the State to inform participants of the new restrictions and to educate them on the health benefits. Finally, posters explaining the new restrictions to participants will be sent to all SNAP retailers, who will be able to display them in prominent areas of their establishments.

# Monitoring Compliance

To assess retailer compliance with the restrictions, the evaluation will include a compliance component. The evaluation will measure the extent to which sugar sweetened beverages and candy are purchased with SNAP benefits after the restrictions are in place. Data will be collected with "secret shopper" visits. A random selection of both large and small retailers will be visited, and evaluators will attempt to purchase unallowable items and other non-eligible items with SNAP benefits. The level of compliance will be documented, and Maine will work to provide additional training to those retailers who were not compliant. Follow-up visits will be scheduled for all non-compliant retailers to assess whether further education efforts were effective. The results of the initial and follow-up visits will be analyzed and included in the evaluation report. The number of retailers included in the sample and the selection methods will be developed in consultation with the external evaluators and included in the final evaluation plan.

11. Anticipated Impact on Households and State Agency: It is anticipated that this waiver will restrict the purchase of sugar sweetened beverages and candy with SNAP benefits in Maine. It is anticipated that through the restriction, households will shift the use of SNAP funds to the purchase of healthier, more nutritious foods, such as produce, complementing other strategies being pursued by Maine and by the federal SNAP program. Maine will also work through School Nutrition and WIC programs to educate recipients on eating healthy foods within a limited budget. The State agency would have oversight responsibility for the waiver.

- **12. Caseload Information:** Total SNAP Caseload in Maine as of November 2016 was 188,425 individuals in 98,056 households. This waiver would apply to all Maine SNAP recipients.
- 13. Proposed Implementation Date and Time Period for Which the Demonstration Project is Requested: Implementation will be six months after USDA approval has been received and collection of baseline data has been completed. This will allow time to educate recipients on allowable purchases and to work with retailers. Maine requests that this waiver remain in place indefinitely.
- 14. Proposed Quality Control Review Procedures: N/A

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**15. Name and Title of Requesting Official and Signature**: Bethany Hamm, Director, Office for Family Independence, Maine Department of Health and Human Services.

Signature

Director, Office for Family Independence

16. Date of State agency's request: January 2017 for start date of July, 2017.