

ANALYSIS

Item 25: Oregon Department of Human Services Oregon Food Bank

Analyst: Gregory Jolivet

Request: Allocate \$5,000,000 General Fund from the special purpose appropriation made to the Emergency Board to the Oregon Department of Human Services for distribution to the Oregon Food Bank for emergency food assistance.

Analysis: The Oregon Food Bank (OFB) Inc. is a non-profit organization with a mission to end hunger. OFB owns and operates a warehouse in Multnomah County, serving as the hub for statewide receipts and distribution of Federal Commodities and corporate and private donations. Additionally, OFB owns and operates five Regional Food Banks, serving Multnomah, Clackamas, Washington, Harney, Malheur, Tillamook, Sherman, Hood River and Wasco Counties. OFB partners with other food organizations to form a network of 20 regional food banks throughout Oregon.

OFB receives funds from private contributions, special events, and through several government programs that are passed through to some or all OFB network of regional food banks. The ODHS 2021-23 legislatively approved budget includes \$24 million total funds (\$8 million General Fund) for OFB, a 184% increase compared to 2019-21. This increase reflects one-time state and federal allocations to sustain Oregon's emergency food system through the pandemic-related surge in demand for food assistance. Most of this funding has already been distributed to OFB.

According to OFB, the number of individuals and families seeking emergency food assistance remains significantly higher than pre-pandemic levels - with 1.2 million to 1.3 million visits each quarter to pantries, free food markets and meal sites. Moreover, preliminary intake data shows demand has increased over the last quarter. At the same time, food donations have declined, disruptions in the food supply chain continue, and inflation has reduced OFB's purchasing power.

The organization has taken some steps to navigate these challenges and stretch the budget to meet demand, purchasing lower cost per pound items and prioritizing volume over variety and product mix, such as replacing higher cost items like eggs and peanut butter with lower cost pantry items; however, based on current trends, OFB estimates an additional \$5 million will support the purchase of five million pounds of food needed to maintain emergency food supplies through the end of the biennium.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$5,000,000 General Fund from the special purpose appropriation made to the Emergency Board for Oregon Health Authority or Oregon Department of Human Services caseload costs or other budget challenges to the Oregon Department of Human Services for distribution to the Oregon Food Bank for emergency food assistance.

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Oregon Department of Human Services
Webb

Request: Allocate \$5.0 million from the State Emergency Fund to the Oregon Department of Human Services (ODHS) to distribute to the Oregon Food Bank (OFB).

Recommendation: Approve the request with the following modification: Allocate \$5.0 million from the Special Purpose Appropriation made to the Emergency Board for caseload costs or other budget challenges the Department of Human Services or the Oregon Health Authority are unable to mitigate.

Discussion: Oregonians have faced food insecurity due to the direct economic impacts of the Covid-19 pandemic, as well as inflationary pressures and supply chain constraints that have driven up food costs. OFB has reported approximately 1.3 million visits per quarter to food banks, free food markets, and meal sites. Since March 2022, OFB has seen a 14 percent increase in households seeking food assistance.

ODHS received \$14.0 million in American Rescue Plan Action (ARPA) State and Local Fiscal Recovery Fund (SLFRF) dollars in the 2021 Legislative Session for emergency food supply stabilization. As of August 29, 2022, approximately \$4.3 million of this amount remains for future payments to OFB. Funds are sent from ODHS to OFB on a reimbursement basis and payments are made once invoices are received from OFB. In addition, ODHS was appropriated \$3.0 million General Fund in the 2022 Legislative Session for distribution to the OFB. Due to contracting delays, only \$0.7 million has been spent so far; however, the remaining amount of \$2.3 million is expected to be distributed shortly. Assuming the current funding request is approved, approximately \$11.6 million in funding is expected to be available to OFB for the remainder of the biennium as follows:

Source	Amount Available
ARPA SLFRF (2021 Legislative Session)	\$4.3 million
General Fund (2022 Legislative Session)	\$2.3 million
Current Request - General Fund SPA	\$5.0 million
Projected Total Amount	\$11.6 million

OFB intends to purchase shelf-stable food and fresh produce to either supplement or replace future deliveries associated with The Emergency Food Assistance Program (TEFAP), a federal program providing food assistance to eligible households. OFB found that almost 19 percent of TEFAP food orders were cancelled since October 1, 2021. To address unmet community needs, ODHS has requested \$5.0 million General Fund to supplement the funding provided to OFB in the 2021 and 2022 Legislative Sessions. Each \$1.0 million distributed to OFB provides approximately 8.3 million meals to households facing food insecurity. ODHS and OFB believe a \$5.0 million General Fund investment will fulfill the food assistance need for the remainder of the 2021-23 biennium.

Legal Reference: Allocation of \$5,000,000 from the Special Purpose Appropriation made to the Emergency Board by chapter 669, section 267(1), Oregon Laws 2021, to supplement the appropriation made by chapter 606, section 1(3), Oregon Laws 2021, for the Oregon Department of Human Services, Self-sufficiency programs, for the 2021-23 biennium.



Oregon

Kate Brown, Governor

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August 22, 2022



Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

RE: Emergency Food Funding

Dear Co-Chairs:

Nature of the Request

Hunger is a health issue that has serious effects on the well-being of children and families. Oregon's food assistance programs support health by ensuring that families can access the nutrition they need. Among these are key pandemic food programs that hundreds of thousands of Oregon households¹ currently use to meet their families' food needs. But as we approach the end of the federal COVID-19 public health emergency (PHE) and as food costs rise due to inflation, families across the state could face significant difficulty accessing the food they need. Oregon Department of Human Services (ODHS) Self-Sufficiency Programs (SSP) is working with Oregon Food Bank (OFB) to mitigate this hardship by coordinating the transition of food programming and resources affected by the end of the PHE. To ensure families' uninterrupted access to nutrition given the context of these changes coupled with rising food costs, SSP is requesting a \$5 million General Fund re-allocation toward Emergency Food Purchases through June 2023.

Background

According to OFB, "the number of individuals and families seeking emergency food assistance remains significantly higher than the pre-pandemic levels — with 1.2 to 1.3 million visits each quarter to pantries, free food markets and meal sites" affiliated with the OFB network. Preliminary intake data from OFB also demonstrates a 14 percent increase in individuals and families seeking assistance with food since March. OFB reports that a food purchase investment of \$5 million would support a stronger safety net through these months

¹ As of April 1, 2022

when inflation continues to rise, especially considering the ongoing disruptions to state and national food systems, reduced availability and variety of food, competition for typical food supplies, transportation challenges and partner closures that have all occurred as a result of the pandemic.

According to the Bureau of Labor Statistics “Prices for food increased 10.4% for the months ending June 2022, the largest increase since February 1981”. For example, dairy and related products have increased 13.5 percent and meats, poultry, fish and eggs have increased 11.7 percent.² These increased prices not only have an impact on all Oregonians purchasing food for themselves and their family, but a significant impact on individuals accessing assistance programs where benefit allotments have not increased to match the rate of inflation.

According to a [Reuters report](#) published July 28, 2022, the rate of individuals reporting they are in a household where there was “either sometimes or often not enough to eat” has risen from 8 percent in the spring of 2021 to nearly 12 percent in June 2022. According to the report, this rise has tracked with the acceleration of food prices, as Americans have spent nearly \$6 billion more on food in the second quarter than in the first three months of the year without actually purchasing a higher quantity food. “Adjusted for the highest inflation in a generation, household’s ‘real’ consumption of food plummeted by \$33.5 billion.”³

In July, approximately 430,000 households will collectively receive approximately \$69 million⁴ in emergency food benefits in addition to their regular SNAP benefits through a federal supplement called Emergency Allotments. As the federal PHE comes to an end, SNAP benefits will return to their base allotment amount for all households, causing a steep decline in families’ food purchasing power. This is especially critical timing as food costs continue to increase and SNAP allotments won’t stretch as far during the month.

These challenges are compounded by continued disruptions to The Emergency Food Assistance Program (TEFAP), including issues with the federal food ordering process and late cancellations of essential food items. For example, for the current federal fiscal year (October 1, 2021 – September 30, 2022), 18.7 percent of scheduled TEFAP deliveries were cancelled by federal central procurement services with little notice. This does not account for the 15 percent of orders currently placed that have requested delivery dates landing between August and the end of September 2022, all of which have the potential to be cancelled.⁵ This has meant that vital food purchases have not been delivered, leaving local food banks without the resources to meet local needs. OFB must purchase food to replace these gaps left by cancelled federal food orders.

² U.S. Bureau of Labor Statistics. (2022, July) *TED: The Economics Daily* <https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm>

³ Howard Schneider, (2022, July) *Powell’s focus on ‘pain’ of inflation in one data point: More Americans are Hungry* <https://www.reuters.com/markets/us/powells-focus-pain-inflation-one-data-point-more-americans-are-hungry-2022-07-28/>

⁴ Internal ODHS data from the ONE system

⁵ Internal data from the USDA Web Based Supply Chain Management system

ODHS has worked to align the ending of the SNAP Emergency Allotment (EA) benefit with the federal Public Health Emergency declaration. This means that the SNAP program can continue to seek monthly approval from Food and Nutrition Services (FNS) until October 2022, and households may receive these emergency food benefits through September 2022. SSP has collaborated with the Oregon Health Authority and community partners on a coordinated communication strategy that will inform SNAP participants about the change and the resources available when the SNAP EA benefit concludes.

Data tell us that between the ongoing disruption in federal food purchasing and increased cost of food for families, a significant food gap is emerging.^{6 7} Due to widespread supply chain impacts, labor constraints and economic and market shifts, OFB anticipates a continued disruption to donated food streams for the foreseeable future, with far fewer donations and less predictability.

Disruptions to the national food supply chain, coupled with increasing food prices, continue to pose food security challenges across the nation. According to a recent [Reuters report](#), U.S. retailers were seeing 12 percent out-of-stock levels on food, beverage and other grocery items in January 2022, compared to the more typical 7 percent to 10 percent levels. A recent article in Forbes also underscores how the global political landscape is continuing to affect the cost of food which continues to put additional strains on a currently fragile food system.⁸ The reduction in available food products, in turn, limits retailers' food donations to food bank networks and has changed the types of foods donated. According to OFB, "Prior to the pandemic, donations provided more than 30 million pounds of food annually. In Fiscal Year 22-23 (July 1, 2022 – June 30, 2023) we are projecting a nearly 50% reduction in supplies – roughly 16 million donated pounds of food." OFB must purchase food to replace these gaps in donations.

During the 2022 legislative session, OFB communicated an anticipated \$12 million funding need to cover critical gaps in emergency food supplies through the end of FY 22-23. The legislature responded with an investment of \$3 million and an indication that additional funds may be considered in the future. These decisions came prior to knowledge of the impending SNAP EA cliffs and dramatic impact of inflation, which will likely result in even greater demand for emergency food assistance than was considered during the short session. OFB reports they are already spending upwards of \$1 million each month to purchase sufficient food to maintain current levels of service and warns that any increase in demand could quickly deplete available stock. For these and other reasons detailed above, an additional \$5 million is needed to support Oregon families through June 2023, in addition to the \$3 million allocated during the short session.

⁶ [Takeaways from President Biden's Supply Chain Plan for 2022](#)

⁷ [FNS Actions to Address COVID-19 Related Supply Chain Disruptions](#)

⁸ <https://www.forbes.com/advisor/personal-finance/why-are-food-prices-still-rising>

Oregon data demonstrate that 1 in 4 Oregonians continue to use the statewide food bank network each quarter to get enough food for themselves and their family.⁹ The proposed grant funds, which can be used across more than 1,400 food bank and pantry sites statewide and would not be restricted to Oregon's 517 TEFAP sites, will help ensure the continuity of this critical resource.

Without this funding, the food supply at OFB network locations statewide will decrease rapidly, resulting in unmet community food needs and, ultimately, food deprivation. This deprivation can translate into malnutrition, chronic health issues and a deepening lack of stability among Oregon families who are forced to make difficult choices between paying rent or purchasing essential food items.^{10 11}

The funds will be spent on food purchases to stabilize ongoing gaps in federal food dollars and support the increase in community food needs as federal emergency food programs conclude. The funding will enable food purchases that address the increased need through June 2023. Purchases of critical shelf-stable food as well as fresh produce will take place between October 2022 and June 2023, although OFB estimates the requested amount will provide enough purchasing power to last through the end of February 2023. This timeline supports the immediate needs of families in addition to helping the OFB network secure food purchases that are in high demand.

Action Requested

ODHS is requesting \$5 million in General Fund toward an Emergency Food Program to be administered by ODHS as a one-time grant to the statewide Oregon Food Bank (OFB) network. Every \$1 million OFB receives allows the purchase 1 million pounds of food, which is approximately 8.3 million meals to serve Oregon families.¹²

Legislation Affected

Oregon Laws 2021, Chapter 606 1(3) – increase General Fund by \$5,000,000.

If you have questions, please contact Jana Mclellan at 503-910-0318.

Sincerely,



Fariborz Pakseresht, ODHS Director

⁹ [Oregon Food Bank: Impact Report 2020](#); [Oregon Food Bank: Impact Report 2021](#)

¹⁰ [SNAP Is Linked with Improved Nutritional Outcomes and Lower Health Care Costs](#)

¹¹ [Food Insecurity and Chronic Disease](#)

¹² Internal data from 2020 FEMA reimbursement funding, OFB Annual Report

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