Appendix T3. Public Comment 3

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Submitter Information

Email: justin@joinpropel.com
Organization: Propel

General Comment

Please find attached a submission from Propel, the company that creates the Providers app, in regard to 87 FR 61561. Thank you for the opportunity to provide this input.

Attachments

PropelPovertyWellBeingFoodSecurity122022RFC

From: Propel creators of the Providers app
To: Food and Nutrition Service, United States Department of Agriculture
Subject: Request for Comments on Understanding the Relationship Between Poverty, Well-Being and Food Security
Date: December 12, 2022

We applaud the United States Department of Agriculture's Food and Nutrition Service (FNS) for working to explore and expand our knowledge of the complex set of factors that affect household food security. Understanding how these factors play out among areas with persistent, intergenerational poverty will unlock invaluable insights for policymakers and organizations that seek to address these communities' needs.

Propel is a financial services technology company for low-income Americans who are often overlooked by traditional tech innovation. Propel is the creator of Providers, a free smartphone app that allows EBT cardholders to check their balance at any time, in addition to helping them manage their benefits through tracking transactions, saving via coupons and other offers, and earning money through our job board. Providers also offers a free debit card so users can manage government benefits and debit/banking side-by-side. Providers is available for free in all 50 states and has grown to reach over 5 million people every month, or **about one in four SNAP recipients.**

The Providers app, and its predecessor the Fresh EBT app, have been built through continuous input from SNAP recipients and low-income Americans. We've conducted over 870 interviews in the past 3 years with this community, covering everything from personal financial management systems, the impact of the monthly Child Tax Credit payments, and grocery shopping with SNAP benefits. When the COVID-19 pandemic began, Propel stood up a large-scale monthly survey to understand and address the new and emerging needs of our user base. Propel's Household Pulse Survey covers household food security, finances, employment, housing, and a panel of demographic questions and has been distributed monthly to an average of 4,500 Providers users from September 2020 to the present.

Below are some of the lessons we've learned from our years of research, as well as some more recent trends, all of which may help to inform FNS' research on "*Understanding the Relationship Between Poverty, Well-Being, and Food Security*."

How benefits are managed matters greatly.
Research published by Harvard Business School shows that improving access to core benefit information like balance and transaction history via mobile application has a positive and statistically significant impact on the availability of benefits over the course of each month. People who use the Providers app (then called FreshEBT) have benefits available 4% longer each month than those without the app. These effects are higher for recipients who are new to SNAP, who are highest in the distribution of SNAP benefits, and who have the largest tendency to spend down quickly. This research raises essential questions that FNS should explore in this study, including:

1. What methods do beneficiaries in the study group use to monitor and manage their balance and transaction history?
2. How frequently do beneficiaries who use different methods check their balance and transaction history?
3. How does the digital divide impact SNAP enrollment? How does the digital divide impact balance checking and benefit management by low residents of the study area?

Poverty forces many families to take drastic measures.

Each month in 2022, 45% of the families using the Providers app said they were out of or running low on most things they needed at home like food and household products. More than a quarter of families cut down on food consumption to cope. On average 28% of households reported skipping meals each month and even more–34%--reported eating less in 2022.

Unfortunately, families don't just eat less. 13% of households report going without prescription medicine each month and 14% say they didn't go to the doctor because of the cost. Of course, food insecurity itself leads individuals to further compromise their health by not following recommended diets.

> *"I'm usually a very thrifty person and I do the best I can with what I got but seeing as my daughter has [celiac] her food can be expensive. My boyfriend is on two different diets due to his health. He has diabetes and is in stage four renal failure so he has specific things he has to eat. Me, I usually eat maybe once or twice a day and I eat whatever they have."*

While the vast majority of Providers users currently receive food benefits such as SNAP, P-EBT, and WIC, they still spend a significant amount out of pocket on food each month. 58% of Providers households spend $100 or more on food beyond benefits each month.14% spend $300 or more.This research raises essential questions that FNS should explore in this study, including:

1. What are the differences in material deprivation, hardship, and food insecurity between SNAP and non-SNAP households?
2. How much do study area participants spend out of pocket on food each month? How does this vary by benefit receipt?

It takes a village to make it through the month.

For many households with low incomes, margins are tight. The monthly cycle often begins and ends near $0. 57% of Providers app users were starting the month with less than $25 on hand in 2022.

Thin margins mean low-income households lean on other supports to get by. The top source of help is their social networks–family and friends. On average, 41% of Providers app users say they borrowed money from family or friends in the past 30 days to cover expenses.

> *"My girlfriend and I have been homeless for a few months now, so we stay where we can, with friends, in a motel when we can afford it, but mostly in our car… But when we stay*

> *with friends, we do whatever we can to help them with stuff around the house. Even when we don't have enough food, we will still share what we have with anyone around."*

Community support goes beyond the financial though, as Providers app users need more than money to make it through the month. In addition to financial support, their social networks help with a variety of needs such as childcare, emotional support, services, and advice.

Providers users seek support from people they know personally but also rely on resources from people they don't know. Social media has enabled low-income households to connect with one another and share their know-how. Each month we see families reaching out across social media to ask about missing payments, seek help with a financial emergency, and how to navigate a complex social safety net. This research raises essential questions that FNS should explore in this study, including:

1. How does SNAP participation impact financial cushions?
2. What role does borrowing between family and friends play in supporting household financial well-being?

Money management is different from budgeting.

There's always the threat of an unexpected cost or variable bill looming over low-income families. "Budgeting" implies that there is choice, which there often isn't a lot of for many Providers app users. These households, especially those with fixed incomes like those that are retired or receive disability benefits, have little choice in how they spend their money beyond the bills.

> *"The easiest part [of managing money] is the fact that I don't have none. You know, so I don't have to manage every dollar I get. I know where it's going."*

But most months there is something unexpected to cover that disrupts whatever financial balance a household has worked to achieve, which makes money management stressful. Most Providers users are on top of all their bills. They can recall amounts and due dates at the drop of a hat in interviews-- but a surprise car repair, a big birthday, or the insidious creep of inflation adds uncertainty.

> *"As soon we moved into this house our car got hit and run while we were sleeping. It was the very next week that our stove broke...*
>
> *I cut into the rent to pay for these [unexpected expenses]. And I got flack for it. The landlord started talking about we can't afford to live here. My roommate paid him back by the end of that month plus the fee for paying late."*

As a result, Providers app users are extremely security-aware. Dollars lost to fraud, theft, or unexpected fees can lead to rippling negative consequences. Providers users will often store money on multiple debit or prepaid cards, creating a complicated financial system. Others will collect "extra cards" just in case something happens with their other debit/prepaid card(s).

This research raises essential questions that FNS should explore in this study, including:

1. What is the prevalence and impact of benefit theft in the study area?
2. What tools would recipients like to see applied to help protect their benefits?
3. How do households manage financial shocks? What policy changes would best help them to manage financial shocks?

Borrowing and carrying debt is a part of everyday life.

Most low-income households don't want to borrow money as borrowing adds another layer of uncertainty to their financial situations. However, 56% of Providers users say they've borrowed money or used credit in the previous month. 51% of Providers users ranked friends/family in their top two preferred borrowing methods. They cited poor credit scores or fear of bigger consequences (like jail time) as risks of borrowing through more formal methods.

> *"If I have a bill that's hanging over me that really stresses me out because I don't like to owe. I would rather neglect certain things for myself just to make sure I get XYZ bill paid."*

Unsurprisingly the majority of Providers users are carrying debt. The top category is owing on utilities or other bills. 59% of Providers users owe in this category on average. Another 40% owe back rent or mortgage.

No matter their circumstances, Providers users want to make more money to cover these surprises. We've interviewed users in a variety of life circumstances who are seeking to make more money to minimize the impact of unexpected expenses. This research raises essential questions that FNS should explore in this study, including:

1. What types of debt are most commonly held by residents of the study area?
2. What percentage of area residents are unbanked? Underbanked?

Recent challenges

While the trends highlighted above have been fairly consistent over the past couple of years, there are emerging challenges that have deeply affected our user base. Chief among them is rising prices.

Over the past year, we asked Providers users if it cost more, the same, or less than a year ago to cover basic food, non-food items, transportation, and utilities. Over 70% of users said that it cost more to cover their needs in all these categories, though food has consistently ranked highest. 88% of Providers users reported that it cost more to make their basic monthly food purchases than it did a year ago.

“I have had to pawn all my jewelry to survive the cost of food and gas has gone up so much. Friends have helped with pawn renewals.Nobody has extra right now most are struggling hard. Most of have tapped our savings its gone”

Rising prices means that families not only struggle month-to-month but that their windfalls also don’t go so far. Each year around March or April, we observe Providers users financial security and debt fall as tax refunds come in. The rising tide of tax refunds only lasted a couple of months in 2022, and did not bring down most of these categories as much as it did in 2021.

Another issue low-income households are now facing is a reduction in benefits after nearly three years of expanded nutritional and financial support due to the COVID pandemic. Expanded SNAP benefits have been the most consistent aid, with emergency allotments of SNAP delivering the maximum amount of SNAP benefits per household size or at least $95 more than a household’s regular benefit each month. However, states have slowly begun to roll back these benefits. To date 17 states no longer issue emergency allotments, and food insecurity has been consistently higher among Providers users who reside in these states.

“It’s difficult to keep up with non-food items and laundry and gas. I have been able to handle the food because I have been getting the max. If they stop though I don’t know what I’m going to do. Where I spent $20 now it’s $50.”

In November 2022, 39% of Providers households in states no longer issuing emergency allotments of SNAP reported eating less, compared to 33% of their counterparts in states still issuing these benefits. 32% skipped meals, compared to 29% in states still issuing emergency allotments. Beyond cutting down food consumption, those in states no longer issuing these benefits also relied on others for food at higher rates. 28% reported visiting a food pantry compared to 22% of their counterparts; and 25% said they relied on family and friends for meals, compared to 20% of their counterparts.

Conclusion

Our research at Propel has helped us substantially deepen our understanding of the the lives of those we seek to serve. We are excited that FNS is taking on this course of research into the lives of Americans living in persistently poor counties, it will undoubtedly contribute a great deal to our communal understanding of the importance of SNAP. We urge FNS to include key elements in it’s study, including:

1. Exploring the tools used and preferred by recipients to check their balance and transaction histories and the impact of those services, including the frequency of balance checking.

2. The availability of wi-fi, cellular service, and home internet, and the impact of that availability on benefit management, including choice of benefit management tool, balance checking frequency, and benefit duration.
3. Banking access, including the likelihood of residents being unbanked and underbanked.
4. The role of borrowing, particularly informal borrowing, on financial well-being.

We appreciate the opportunity to provide input on this important study, and look forward to seeing the results of this work in due course.