



November 6, 2013

Ms. Shanta Swezy
Chief, Retailer Management and Issuance Branch
Retailer Policy and Management Division, SNAP
Food and Nutrition Service, USDA
3101 Park Center Drive, Room 426
Alexandria, VA 22302

**Re: Request for Information: Supplemental Nutrition Assistance Program (SNAP)
Enhancing Retail Food Store Eligibility (Docket No: 2013-20244)**

Dear Ms. Swezy:

The Food Marketing Institute (FMI)¹ is pleased to respond to the U.S. Department of Agriculture's (USDA) request for comments on the Supplemental Nutrition Assistance Program (SNAP) Enhancing Retail Food Store Eligibility. We share your desire to eliminate fraud and abuse in the system and want to help find workable solutions.

The supermarket industry, which FMI represents, is proud to be a private sector partner with federal and state governments in an effective, efficient way of reducing hunger and improving access to food for our nation's poor.

FMI offers the following comments and observations to the agency in response to the *Request for Information*.

Is ensuring that SNAP retailers provide SNAP clients access to healthy food choices a reasonable priority for establishing SNAP store eligibility criteria?

Although the SNAP Program is primarily a hunger program and nutrition counseling and access to health services are provided to recipients through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), SNAP recipients should have the ability to purchase a wide variety of nutritious, economical foods for their families. This is achieved through depth of stock in store offerings and by public nutrition education.

Are there store types that clearly meet all of the Program goals and, consequently, should always be eligible for SNAP participation?

¹ Food Marketing Institute proudly advocates on behalf of the food retail industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org.

When evaluating the types of stores that should be approved for SNAP participation, USDA should consider the availability and affordability of foods in all departments. The definition of a supermarket is a retail store that sells a variety of food products, including some perishable items and general merchandise.² FMI believes that if a retailer wishes to apply for a SNAP license, they should have the right to be evaluated, as long as they adhere to the responsibilities, rules and spirit associated with the SNAP program.

Conversely, are there store types that do not effectively improve access to food choices (e.g. stores that sell low amounts of food when compared to the amounts of distilled liquor, tobacco and/or lottery tickets sold) and, therefore, should always be ineligible for SNAP participation?

It would make no sense to authorize a store without the depth and variety of products needed by a customer. However, a retailer that sells legal products and follows the rules within the scope of the law should always have the right to apply and be evaluated for a SNAP license.

Would a different definition of the “staple foods” required in SNAP authorized stores help to ensure that these stores offer more healthy food choices? If so, what kinds of changes would be most effective? Specifically, almost all foods can be counted towards meeting staple food requirements, including those high in added sugar, sodium or solid fats. Should foods high in these components be counted as staple foods when determining store authorization requirements?

Defining “staple foods” is a daunting task for a program that is geared toward feeding hungry people in a variety of geographic regions and climates. What may be deemed a “staple” in one region may not be in another area, yet to administer a state-by-state list of “staple” products would be next to impossible. As you know, the WIC program already identifies specific special supplemental foods that clients may have nutritional deficiencies in and authorizes their purchase and requires authorized retailers to stock. The mission of the prescription-based WIC program should not be confused with the mission of the hunger focused SNAP program.

Furthermore, FMI opposes any efforts to create a more complicated shopping process for SNAP customers, or to provide potential complexities for supermarkets to determine, program for, and enforce limitations on, the eligibility of products, given the countless number of newly introduced or changing items throughout the store in an ongoing basis.³ There would be policy questions surrounding which entity would make the product determination, maintain a list of ineligible products broken down to the subcategory product level (i.e. a UPC database), and keep that list updated with hundreds of new products entering the marketplace every day.⁴

² FMI Definition of Terms: <http://www.fmi.org/research-resources/fmi-research-resources/food-industry-glossary/%27g%27-supermarket-terms>

³ The average number of items carried in a supermarket in 2010 was 38,718. http://www.fmi.org/facts_figs/?fuseaction=superfact
An average of 20,000 new products are introduced each year.

⁴ The average number of items carried in a supermarket in 2010 was 38,718. http://www.fmi.org/facts_figs/?fuseaction=superfact

Do twelve items (the minimum amount necessary to meet SNAP authorization criterion A, by virtue of needing three varieties in the four different staple food categories) provide adequate variety for a retailer to further the Program's purpose? If not, what would be a more appropriate requirement?

Full service grocery stores provide the greatest variety of food at the most competitive prices so that SNAP recipients may shop as all other customers do. In fact, the average grocery store carries some 38,718 products⁵, which also include thousands of foods that are considered important to maintaining a healthy diet. FMI supports proposals to increase the minimum varieties in the four different staple foods groups. FMI also supports FNS considering the quantity of individual items stocked in the varieties of the staple food groups ensuring customers consistently have access to each item.

Currently, retailers who are authorized under criterion A are required to stock perishable items (e.g., fresh, frozen or refrigerated fruits and vegetables; dairy; meats, poultry and fish; bread or cereal) in two categories. Should perishable items be required in more than two categories?

FMI generally supports increasing the number of minimum perishable items stocked, provided consideration and flexibility is made for stores in areas that may face periodic challenges stocking perishable items.

Are 50 percent of sales in staple foods, as currently required for criterion B, sufficient to ensure that a SNAP authorized store furthers the program's purpose, given the current definition of "staple foods"? Would this percentage be sufficient if the definition of "staple foods" is changed to exclude items high in added sugar, sodium or solid fats?

There are some format stores that may carry thousands of SKU's but because of the size of the store, a fifty percent criterion may not be reached, even though thousands of food products may be available. For example, an 180,000 square foot store may carry 140,000 SKU's, and of those, 35,000 may constitute food items, which is clearly a vast array of products, but would not comply as it would not meet the fifty percent threshold.

Additionally, FMI opposes mandating a certain percentage of foods meeting specific nutritional standards in order to qualify as a SNAP vendor as the time required to calculate both the nutritional content and percentage could be very significant.

Should stores whose primary business (as evidenced by marketing, inventory or sales) is not the sale of food, be eligible to participate in SNAP?

There are some store formats that carry thousands of SKU's in a large range of goods but because of the size of the store, the primary source of inventory may not be food. However, these same stores may carry thousands of food products and should be eligible for SNAP participation.

Restaurants are generally prohibited from being SNAP retailers, and hot foods cannot be purchased with SNAP benefits. However, there are authorized retailers who primarily sell food for immediate consumption, often on premises, but also sell their products cold and

⁵ Food Marketing Institute, <http://www.fmi.org/research-resources/supermarket-facts>

heat them for SNAP recipients immediately after purchase for a nominal fee. These stores qualify today based on the array of raw ingredients, such as unbaked pizza or raw fish. Should such stores be eligible for participation in SNAP?

Any of these formats that do not consistently offer a wide array of ingredient products not intended for immediate consumption should be considered for entry into the SNAP program unless to address a unique situation and with a much greater level of scrutiny.

Should all retailers who meet SNAP eligibility criteria be authorized, even when sufficient store access for recipients is not a concern?

Yes. A company that meets the SNAP eligibility criteria should be allowed to apply for a SNAP license regardless of concerns about store access. This empowers SNAP customers with more choices that could lower their grocery bills and increase the product selection they have available to them. Some grocery stores have the ability to offer private brands, which may enable SNAP customers to stretch their benefit dollars.

Grocers are able to provide consumers with helpful information regarding food choices for their families. This is evidenced by the variety of foods that are offered as well as unique approaches to nutrition education. In fact, today's supermarket registered dieticians plays a growing role in store-level as well as corporate nutrition education. Fifty-nine percent of grocers provide some type of nutrition counseling⁶. In addition, the grocery industry has worked in conjunction with food manufacturers to create new voluntary labeling of "facts up front" that give consumers quick, basic nutrition information about products that is visible on the front of an increasing number of food packages throughout the store. Many grocery stores provide recipes and knowledgeable staff at the deli, bakery and butcher shop that are able to answer a variety of questions about ingredients and nutrition.

If store access were a concern in an area where no store meets basic eligibility criteria for SNAP authorization, how should FNS select the stores to authorize that best serve the needs of the client population? Should FNS employ an evaluation and scoring system? If so, what criteria should make up such a system?

This is an opportunity for USDA to convene a taskforce to gather feedback on the licensing of home delivery services or other unique delivery mechanisms that are currently available through some supermarkets.

How should integrity and management priorities be balanced against healthy food choice criteria in the SNAP authorization process? What elements could be used to assess integrity risks, and how should they be applied?

Integrity of the program and our role as an ongoing partner with USDA to ensure an important, yet vulnerable segment of our population does not go hungry is the most important goal we see.

FMI appreciates the opportunity to provide comments on USDA's request for comments on the Supplemental Nutrition Assistance Program (SNAP) Enhancing Retail Food Store Eligibility. FMI further supports the goal of USDA to eliminate waste, fraud and abuse in the SNAP program.

⁶FMI Retail Food and Pharmacy Health and Wellness Report

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However, FMI believes that any improvements to the program need to ensure that all honest acting retailers continue to be able to be considered for SNAP participation.

Thank you again for the opportunity to comment, and we look forward to continuing to work with FNS to ensure the integrity of SNAP.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Hatcher". The signature is written in a cursive style with a large initial "J" and "H".

Jennifer Hatcher
Senior Vice President
Government and Public Affairs