



March 24, 2015

Chairman Tom Price M.D.
House Committee on Budget
100 Cannon House Office Building
Washington, DC 20515

Ranking Member Chris Van Hollen
House Committee on Budget
1707 Longworth House Office Building
Washington, DC 20515

Chairman K. Michael Conaway
House Agriculture Committee
2430 Rayburn House Office Building
Washington, DC 20515

Ranking Member Collin Peterson
House Agriculture Committee
2204 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Price and Conaway and Ranking Members Van Hollen and Peterson;

As Congress considers the budget resolution, we wanted to explain why FMI¹ does not support efforts to transform SNAP from a federally-run program to a state block grant program. Over the past 15 years, a consistent federal standard for SNAP has served to improve administrative efficiencies, decrease human error and improve the ability to identify and prevent fraud.

For years, the supermarket industry has worked to create a more efficient system for processing SNAP transactions that includes our strong support of the *EBT Interoperability and Portability Act* (P.L. 106-171), authored by Chairman Bob Goodlatte, that was signed into law in 2000. Prior to this law, there were a number of regional alliances and a patchwork state system that was less efficient, more expensive and created numerous questions that had to be raised state-by-state. Under the current system, EBT transactions operate uniformly from state to state. This law reduces the opportunity for clerical error, improves our ability to identify fraud by sharing data, and also allows shoppers living in border state regions to shop for the best prices to stretch their SNAP benefits even if they go across the state line.

^{1 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.

Additionally, the portability of benefits has proven essential during times of natural disasters when families are displaced from their homes, as seen recently in the aftermath of Super Storm Sandy and federal disasters from severe snow storms, tornadoes and flooding.

Fraud rates and error rates have fallen and efficiencies have increased as one system allows eligible product lists to be downloaded electronically and cashiers to be trained consistently, eliminating much of the potential for human error. Trafficking rates in the 1990's prior to a national EBT standard and program were 4%, but have been reduced significantly to 1.3% in 2009-2012 (the latest available).

Currently USDA issues SNAP licenses to authorize retail food stores. They have a team of trained experts to license stores in a consistent manner and compare licenses and possible abuses by state. If this consistency and expertise were lost, the licensing procedure, particularly for legitimate retailers would become needlessly more complicated, and the potential to identify inconsistencies that could become errors would be unnecessarily reduced.

Under the current USDA rules, store associates can easily verify an individual's authority to use a SNAP card by requiring every participant enter a PIN in every SNAP transaction significantly reducing the potential for fraud on a lost or stolen card. This method is widely recognized in the commercial card world to be the most secure current form of payment. Under the block grant scenario, states will be allowed to implement their own verification process.

A consistent federal standard for SNAP over the past 15 years has served to improve administrative efficiencies, decrease human error and improve the ability to identify and prevent fraud and we encourage Congress to continue with this approach.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Hatcher". The signature is fluid and cursive, with the first name "Jennifer" written in a larger, more prominent script than the last name "Hatcher".

Jennifer Hatcher
Senior Vice President
Government and Public Affairs