



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

September 14, 2017

The Honorable Pat Roberts
Chairman, Senate Agriculture Committee
328-A Russell Senate Office Building
Washington, DC 20515

The Honorable Debbie Stabenow
Ranking Member, Senate Agriculture Committee
328-A Russell Senate Office Building
Washington, DC 20515

Dear Chairman Roberts and Ranking Member Stabenow,

Food Marketing Institute¹ (FMI) was pleased to learn of the Senate Agriculture Committee's hearing entitled, "Nutrition Programs: Perspectives for the 2018 Farm Bill," and would like to submit this letter for the hearing record. FMI members are the private sector partners with the federal government serving as points of redemption for customers receiving benefits under the Supplemental Nutrition Assistance Program (SNAP). The integrity, efficiency and accessibility of SNAP are top priorities for FMI and our participating retail members. We look forward to working with the committee to find areas where we can continue to improve the program while maintaining the efficiencies our members and customers rely on today. FMI would like to take this opportunity to share a very important success story of the program that should be highlighted at this time.

Hurricanes Harvey and Irma have caused great destruction across the south over the past few weeks. Families have lost their homes, FMI members have had stores damaged, infrastructure has been washed away and most sadly, lives have been lost. Through this devastation and great loss, we have also seen inspiring stories of hope and support from across the country and incredible acts of charity and kindness. Many of our members have been on the front lines not only ensuring their employees' safety, but quickly bringing stores back online and delivering much needed lifesaving resources (food, water, batteries, ice) to some of the hardest hit communities. FMI is incredibly proud of the tireless work our members have done both in the

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.

affected areas and nationally in supporting each other. Water, ice and other needed products have been trucked in by other FMI retailers outside of the impacted area to try to keep stores stocked as fully as possible. Adding to these great efforts, affected state government agencies and the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) have been incredible resources and were quick to request, approve and communicate critical waivers and aid to storm victims and this replenishment process.

In the immediate aftermath of Hurricane Harvey, FNS quickly approved a SNAP “hot foods” waiver for the state of Texas. This waiver temporarily permits SNAP customers to buy hot food, or foods ready for consumption with their benefits. As many SNAP customers were displaced and without resources to prepare their own foods, quick actions by the state and FNS ensured that SNAP recipients could feed their families through the disaster. In addition to the hot foods waiver, the state of Texas acted quickly to load all September 2017 SNAP benefits to SNAP households in the 29 counties that received a Presidential Major Disaster Declaration. This move gave SNAP customers in the hardest hit counties the immediate ability to purchase much needed food.

Just this week, FNS announced that it approved the Texas Health and Human Services Commission's (HHSC) request to operate a Disaster Supplemental Nutrition Assistance Program (D-SNAP) in 39 counties that were affected by the storm. D-SNAP allows those who were not previously SNAP customers to qualify for short-term benefits in the immediate aftermath of a disaster event.

In the midst of responding to Hurricane Harvey, FNS and FMI members worked tirelessly to prepare for Hurricane Irma’s landfall. In preparation for the storm, Florida and Georgia issued all remaining SNAP benefits for the month. As in Texas, FNS approved a hot foods waiver for the state of Florida immediately following the storm.

These are only a few examples of the quick response and information sharing between FNS, the states, FMI, and our members. In addition to these successes, FMI would also like to emphasize how crucial the portability of SNAP has been during the past several weeks. Millions of Americans either evacuated or were displaced by these events. Regardless of which state they were living in, SNAP beneficiaries have been able to purchase foods with their benefits seamlessly and the grocery industry has been able to accept benefits issued out of state under consistent operating rules and without challenges. This success is an outcome of congressional action to statutorily ensure the interoperability and consistency of the program across state lines. The EBT Interoperability and Portability Act (PL 106-171), signed into law in 2000, ensures that EBT transactions operated consistently from state to state. This portability allowed Texas and Florida SNAP participants to seek safety in neighboring states and continue to feed their families.

FMI recognizes that the committee has a great deal of work to do in the next farm bill and stands ready to help throughout the process. While there are great successes in SNAP as we have outlined above, retailers are beginning to see new SNAP EBT processing fees put in place by state contractors and attempts to further increase the retail cost of accepting SNAP. It is important to note, the grocery industry invests significantly in order to be a SNAP-authorized retailer, purchasing, installing, maintaining and upgrading equipment and costs associated with the retail transaction, data security and training associates to ensuring strict compliance. That being said, with a 1% profit margin, FMI is very concerned that new mandatory fees being introduced by state contractors or others could significantly increase the cost of accepting SNAP and could result in fewer grocers participating in the program, reduced services or higher food costs for all of our customers.

Similarly, FMI is optimistic about the opportunities the SNAP online pilot offers both retailers and their customers. Opening SNAP to online transactions can help retailers serve those who currently face challenges in accessing their benefits. However, FMI is concerned that with if state contractors and subcontractors are allowed to start charging retailers fees, processing online SNAP transactions could quickly become incredibly expensive and inhibit innovation in that space.

FMI will continue to work with the committee to find constructive ways to bring greater efficiencies to SNAP, while ensuring the integrity of the program.

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".

Chief Public Policy Officer & Senior Vice President, Government Relations
Food Marketing Institute

Cc: Members of the Senate Committee on Agriculture, Nutrition & Forestry