



*Your Neighborhood Supermarkets*

## **Testimony of Jennifer Hatcher**

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Food Marketing Institute**

**Supplemental Nutrition Assistance Program**

**The United States House of Representatives  
Committee on Agriculture  
Subcommittee on Department Operations, Oversight,  
Nutrition, and Forestry**

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Good Morning. Chairman Baca and Ranking Member Fortenberry, on behalf of the Food Marketing Institute and the families served by the 26,000 stores operated by our retail and wholesale members, I want to thank you for the opportunity to testify today on the Supplemental Nutrition Assistance Program (SNAP).

My name is Jennifer Hatcher and I am Senior Vice President of Government Relations at the Food Marketing Institute (FMI). I have served as the primary staff contact for FMI's Electronic Payments Systems Committee for the past 11 years through the transition from paper Food Stamps to electronic benefits transfer and now the new program name, SNAP.

SNAP EBT is a very positive example of a public-private partnership that works and that has added efficiency for all stakeholders in the program – the state agencies, the retailers and the customers. Supermarket retailers are proud of our partnership with USDA and the state agencies to deliver safe, healthy and affordable foods to customers in need of assistance.

FMI testified before this Subcommittee in 1999 and urged that you pass the Interoperability and Portability Act to ensure that EBT recipients could use their benefits across state lines, just as they had been able to use paper coupons in any state. You passed this provision, and it was successfully tested and was critically important to hundreds of thousands of people displaced by Hurricanes Katrina, Rita, Ike and Isabel.

In the previous reauthorization of the Farm Bill, you protected the SNAP program from expensive, but unnecessary interchange fees. The SNAP program is 100% electronic and runs successfully without any interchange fees charged to the state, merchants or consumers and serves as a strong model for other government programs. This was yet another step this Committee took to ensure continued efficiency.

Our analysis of the SNAP program is that it is working very efficiently, particularly when you consider the many new and first time recipients who have received benefits in the past two years. With 1 in 8 Americans currently enrolled in the SNAP program – more than ever before in the history of our nation – it is critical that we continue to increase efficiencies in this already smoothly operating program in order to ensure low benefit administration costs, and most importantly to continue to ensure access to healthy and affordable foods for participants enrolled in the SNAP program.

Today in my testimony, I will highlight examples of the efficiencies that have been achieved, and I will share some recommendations on ways to continue to improve the retail operations side of the SNAP program.

## **Electronic Benefit Transfer**

One of the greatest efficiencies in the SNAP program has been the conversion to Electronic Benefit Transfer (EBT) delivery systems as EBT transactions reduce the time in lane and cut down on the potential for human error by cashiers.

Additionally, EBT is an affordable payment solution that helps keep costs low throughout the system compared to other electronic payments, such as credit and debit cards, which have high-cost fees associated with them.

EBT has also been a positive development in the fight against SNAP fraud because it creates an electronic record for each transaction that makes fraud easier to detect. Prior to EBT, paper vouchers were easily exchangeable for cash or other goods since they could be used anonymously. SNAP EBT transactions are protected by a user's personal identification numbers (PIN) so they are much more secure than paper or even credit cards, which do not require this added level of identification.

One area in need of improvement in the EBT system would be to lessen the number of processor or carrier outages. When a carrier, such as AT&T, who helps facilitate the processing of SNAP transactions, experiences technical issues, or their systems fail to remain up, retailers have problems running EBT transactions at the checkout. Problems with system uptime, or availability, and lack of a back-up solution puts merchants at greater risk for fraud. We would encourage the enforcement of 99.99% uptime standards and the implementation of a back-up solution by the state to help correct this inefficiency. A retailer would ensure availability by running redundant systems, and a processor or carrier should be required to do the same.

## **Portability and Interoperability**

One of the greatest benefits to SNAP EBT users is that they have the flexibility of shopping across state borders. Take for example, the DC, Maryland and Virginia area. A working mom on SNAP benefits may live in Maryland, but commutes to Virginia for work. If right after work is the only time that day she can run to the grocery store, she will still be able to use her SNAP benefits in Virginia. Portability in the SNAP program provides a great convenience to SNAP benefit users, and puts SNAP customers on a level playing field with customers paying with every type of tender. Additionally, flexibility in shopping location also affords SNAP benefit users greater flexibility to shop in stores where they feel they are able to stretch their dollars the farthest.

Portability and interoperability are critical components of the SNAP program everyday, but they are also invaluable assets to the program when regions of our country deal with natural disasters, such as hurricanes, floods or snowstorms. For example, during Hurricane Katrina, SNAP benefit users from Louisiana were able to redeem benefits in

Texas, Missouri or even Washington, DC where they were relocated or were staying with relatives.

A few additional steps would enhance the efficiency of these portable benefits in the event of a disaster:

1. Provide a floor limit of \$25 per day for SNAP EBT transactions with guaranteed payment to an authorized store when EBT systems are not functioning as a result of a disaster.
2. Provide an automatic hot food waiver for SNAP recipients in disaster relief areas. Without electricity, recipients can not cook many of the foods available in a retail food store, and waivers issued while computers or telecommunication systems are unavailable may not be effectively communicated.
3. Release SNAP benefits early to ensure that storm-impacted residents have an adequate food supply during the disaster aftermath and recovery period.

### **Benefits Distribution**

If all SNAP customers were issued benefits on the first day of the month, stores would have significant inventory issues with widely purchased perishable products like milk and bananas.

To address this, many states issue benefits over staggered days on the first 7-10 days of the month based on the case number, a digit of the user's social security number, a card number or by other means. All but ten states stagger benefits, and while the staggering of benefits distribution is helpful to retailers to spread inventory needs over a series of days, we encourage states to provide enhanced staggered issuance of benefits each month. Benefits in states such as Missouri and New Mexico are made available throughout a period of around 20 days every month, as opposed to just the first 7 -10. This allows for greater convenience for SNAP participants and helps address retailers' inventory concerns. A chart detailing the current benefit distribution schedule by state is attached in the appendix of my written testimony.

### **Food Choice**

Another area that could work to decrease efficiency would be limiting food choices for SNAP recipients. An average store contains in excess of 40,000 items; roughly half of those items are currently eligible to be purchased with SNAP benefits. All items are coded electronically as either eligible or ineligible and there is very little confusion about what is eligible and what is not eligible. We rarely have a customer – even a first time SNAP recipient – who comes through the line with an ineligible item. SNAP is at its

core a hunger program and recipients need to be taught both how to stretch a dollar and how to do this in the most nutritious way possible.

We are beginning to collect survey data from our members on the purchasing habits of customers paying for their groceries with SNAP benefits versus all payment types. The initial results show that the purchasing habits are very similar. While our current data is based on periods of time that are not the same for each company and are thus not able to be consolidated, our initial findings are worth reporting. We also believe a more comprehensive study on the buying habits of customers, controlled for time of month and time of year, and how to better incent them to healthier choices should be considered.

Two products were on every list for both SNAP and non-SNAP customers – bananas and milk. Some of the milk purchased was whole milk, which could be fine if it was purchased for a 1-2 year old child, but whole milk would not be the best choice for an adult. Strawberries, cucumbers, corn and avocados were on several lists for both SNAP and non-SNAP customers when the store reported data from a summer collection time period. An earlier collection time period produced a list that included canned green beans and canned corn. White bread was on a few of the lists for SNAP purchases, and while that may not be the most nutritious choice, it may be a very economical option for a family who is working to ensure that they are not hungry.

Rather than imposing penalties or a ban on a particular food or category of food, we believe in educating and encouraging positive choices. It would cause much confusion and inconsistency to impose food limitations without a USDA-managed, comprehensive, real-time Universal Product Code (UPC) database that could be downloaded directly into an authorized retailer's computer system. A SNAP database would be an expensive and challenging undertaking. For the last ten years, USDA has been working on designing a UPC database for a much smaller list of eligible products for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and has not yet gotten the database to be fully operational. While USDA appears to be making significant progress now, the task has proved to be a significant and demanding project. USDA is beginning the set up of the Healthy Incentives Pilot that has encouraging positive choices as its goal, and they will announce the location of the pilot in August. Several of our member companies are working on ways that they can participate in the pilot of this program.

### **Summary: Recommendations for Continued Efficiency**

1. Improve uptime and require redundancy for processors and carriers.
2. Establish \$25 floor limits for disasters.
3. Allow automatic hot foods waivers for disasters.
4. Release benefits early if a disaster is anticipated.
5. Encourage enhanced staggered issuance of benefits.
6. Incent/encourage/educate rather than penalize food choices.

In closing, thank you for inviting FMI to share our thoughts on our experiences with the SNAP program. Our industry is committed to ensuring a pleasant and smooth shopping experience for our SNAP customers, and we welcome the opportunity to work with the Committee to move toward additional efficiencies in the SNAP program. Thank you.

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State	Day(s) of SNAP Distribution
Alabama	Benefits are made available from the 4th to the 18th of every month, based on the last two digits of the client's case number.
Alaska	Benefits are distributed on the first day of the month. Smaller supplemental issuances for new applicants and late recertifications occur daily throughout the month.
Arizona	Benefits are distributed over the first 13 days of the month by the first letter of the recipients' last name.
Arkansas	Recipients receive their benefits on the 4th, 5th, 8th, 9th, 10th, 11th, 12th or 13th of each month based on the last digit of the client's Social Security Number (SSN).
California	Benefits are made available over the first 10 days of every month, based on the last digit of the client's case number. Others (i.e. new applicants) get paid throughout the month depending on when they were accepted.
Colorado	Benefits are distributed on the first ten days of the month by the recipient's last digit of their SSN.
Connecticut	Benefits and cash are distributed on the first three days of the month, by the first letter of the recipient's last name.
Delaware	Benefits are made available over 7 days, beginning with the 5th day of every month, based on the first letter of the client's last name.
Florida	Benefits are available the 1st to the 15th of every month, based on the 9th and 8th digits of the Florida case number, read backwards, dropping the 10th digit.
Georgia	Benefits are made available from the 5th to the 14th of every month, based on the last digit of the client's case number.
Hawaii	Benefits are made available on the 3rd and the 5th of every month, based on the first letter of the client's last name.
Idaho	Benefits are made available on the first day of every month.
Illinois	SNAP benefits are made available on the 1st, 3rd, 4th, 7th, 8th, 10th, 11th, 14th, 17th, 19th, 21st, and 23rd of every month, based on a combination of the type of case and the case name.
Indiana	Benefits are made available on the first ten calendar days each month, based on the first letter of the recipient's last name.
Iowa	Benefits are made available over the first 10 calendar days of every month, based on the first letter of the client's last name.
Kansas	Benefits are made available over the first 10 calendar days of every month, based on the first letter of the client's last name.
Kentucky	Benefits are made available over the first 10 calendar days of every month, based on the last digit of the client's SSN.

Louisiana	Benefits are made available between the 5th and the 14th of every month, based on the last digit of the client's SSN.
Maine	Benefits are available the 10th to the 14th of every month, based on the last digit of the recipient's birth day.
Maryland	Benefits are made available from the 6th to the 15th of every month, based on the first letter of the recipient's last name.
Massachusetts	Distribution is based on the last digit of each recipient's social security number and distributed over the first 14 days of the month.
Michigan	Benefits are made available from the 3rd to the 10th of every month, based on the last digit of the client's recipient ID number.
Minnesota	Benefits are made available from the 4th to the 13th of every month, based on the last digit of the client's case number.
Mississippi	Benefits are made available from the 5th to the 19th of every month, based on the last two digits of the client's case number.
Missouri	Benefits are made available over the first 22 days of every month, based on the client's birth month and last name.
Montana	Benefits are distributed by the last number of the recipient's case number, over a five day period.
Nebraska	Nebraska distributes benefits to individuals during the first 5 calendar days of the month. The day of distribution is based on the last digit of their SSN.
Nevada	Benefits are issued on the first day of each month.
New Hampshire	New Hampshire benefits are available on the 5th of every month.
New Jersey	The monthly allotment is available over the first 5 days of the month.
New Mexico	Benefits are made available over 20 days every month, based on the last two digits of the SSN.
New York	Benefits are generally made available over the first 9-14 days of every month, based on the last digit of the client's case number.
North Carolina	Benefits are made available from the 3rd to the 12th of every month, based on the last digit of the primary cardholder's SSN.
North Dakota	Benefits are made available on the first day of every month.
Ohio	Distribution is a staggered schedule between the first and tenth days of the month.
Oklahoma	Benefits issue on the 1st of each month.
Oregon	Benefits are distributed on the first nine days of the month based on the last digit of the SSN.
Pennsylvania	Benefits are made available over the first 10 business days of every month.
Rhode Island	Benefits are made available on the first day of every month.
South Carolina	Benefits are made available from the 1st to the 10th of every month, based on the last digit of the SNAP case number.
South Dakota	Benefits are made available on the 10th day of every month.
Tennessee	Benefits are made available on the first ten days of the month, based on the last two digit's of the head of house hold's SSN.



Texas	Benefits are made available over the first 15 days of the month, based on the last digit of the client's SNAP case number.
Utah	Benefits are made available on the 5th, 11th, or 15th of every month, based on the first letter of the client's last name.
Vermont	Vermont benefits are available on the first of every month.
Virginia	All recipients are paid on the 1 <sup>st</sup> of the month.
Washington	Benefits are staggered over the first 10 days of the month based on the last digit of the households' assistance unit number. Weekends and holidays do not affect the schedule.
West Virginia	Benefits are made available over the first nine days of every month, based on the first letter of the client's last name.
Wisconsin	Benefits are made available over the first 15 days of every month, based on the eighth digit of the client's SSN.
Wyoming	Benefits are made available from the 1st to the 4th of every month, based on the first letter of the client's last name.

2010

Note: Highlighted states are those that only distribute benefits on one day a month. There are 10 that still do so.



## **JENNIFER HATCHER**

Jennifer Hatcher serves as Senior Vice President, Government Relations for the Food Marketing Institute (FMI) focusing all public policy, legislative and political issues impacting the supermarket industry. She is a primary staff liaison with the FMI Electronic Payment Systems Committee and served as part of the NACHA EBT Council during the transition to electronic benefits. Jennifer chairs the legislative subcommittee of the Merchants Payments Coalition, an effort to bring fairness and competition to the credit card interchange fee system.

In her role, Jennifer represents supermarket industry interests before the United States Congress and various federal government agencies including the Department of the Treasury, the Federal Reserve and the Department of Agriculture.

Prior to coming to FMI, Jennifer served as Chief of Staff to United States Congressman Spencer Bachus (AL), currently Ranking Member of the House Financial Services Committee.

Jennifer also served as Special Assistant and White House Liaison at the Department of the Treasury during President George H.W. Bush's Administration.

Jennifer has an undergraduate degree in Political Science and Communication from Vanderbilt University, a Masters in Government from Johns Hopkins University and is a native of Tennessee. She lives in Arlington, VA with her husband, Christopher and two daughters.