National Grocers Association

March 24, 2015

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

The Honorable Chris Van Hollen
Ranking Member, House Committee on Budget
134 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price and Ranking Member Van Hollen:

I write to you today on behalf of the National Grocers Association (NGA) regarding our concerns with the proposal included in the House budget resolution that would convert the Supplemental Nutrition Assistance Program (SNAP)—formerly the Food Stamp Program—into state block grants. SNAP is currently administered by the U.S. Department of Agriculture Food and Nutrition Service (USDA FNS) in partnership with state health and welfare agencies, and NGA strongly believes that FNS is best equipped to continue the administration of the program.

NGA is the national trade association representing the retail and wholesale grocers that comprise the independent channel of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some independents are publicly traded, but with controlling shares held by the family and others are employee owned. Independents are the true "entrepreneurs" of the grocery industry and dedicated to their customers, associates, and communities. The independent supermarket channel is accountable for close to 1% of the nation's overall economy and is responsible for generating $131 billion in sales, 944,000 jobs, $30 billion in wages, and $27 billion in taxes.

For over three decades the nation's independent supermarkets have been proud partners in the SNAP food delivery system, serving millions of low-income households, families with children, the elderly, and disabled. Although we saw substantial growth in the program during the recent economic downturn, retailers have been encouraged to see significant improvements be made to SNAP in recent years that have drastically improved its efficiency and integrity. The transition from paper coupons to EBT (electronic benefits transfer) cards was fully implemented in 2004, which has helped to dramatically cut down on error rates and fraud in the program. The 2014 Farm Bill went a step further and prohibited new SNAP retailers from accepting manual vouchers except in the case of an EBT system failure, and required retailers to pay for their EBT equipment. As a result of various program changes, USDA FNS reported an error rate of only 3.2% in FY 2013, the lowest error rate ever seen in the program. While there are still improvements to be made, NGA is concerned that transitioning SNAP to a block grant would reverse the progress made that has decreased this error rate.

In addition, turning the SNAP program into state block grants would result in retailers facing a patchwork of at least fifty different SNAP programs, each with a different set of rules. Given the reality that the average supermarket carries 20,000 – 30,000 food items, block granting the SNAP program

would place retailers in an unfortunate position of trying to manage ever-changing state rules coupled with federal rules, potentially leading to increased errors which could expose supermarket operators to fines and penalties while harming the integrity of the program. This proposal would also dramatically increase the administrative burdens for supermarkets, including many small and medium size grocers.

NGA is also concerned that this proposal to block grant SNAP could result in each state creating their own prescribed food list, restricting SNAP purchases to foods deemed nutritionally acceptable by a government bureaucrat. Today there are over 300,000 food items in the marketplace with over 15,000 new food items being introduced each year. Restricting eligible foods would undoubtedly lead to scenarios where a certain variety of granola bar, for example, is allowed but another variety within the same brand is excluded due to nutritional make-up. This would result in confusion at the checkout stand, costing time and labor to administer, and puts the government, not the individual, in charge of making decisions about what food items are healthy for their family.

Finally, block granting of the SNAP program will also likely lead to the loss of interoperability within the system. For example, a SNAP recipient from Mississippi, displaced by a hurricane to Arkansas, currently has the ability to use their SNAP card out of state since everyone operates under the same federal standards. Under this proposal, that flexibility would likely be lost. This is also a concern for those recipients who live near state borders where the nearest supermarket may be located across state lines.

These are just a sampling of the concerns NGA has regarding the SNAP block proposal included in the budget resolution. NGA simply cannot support a proposal that will increase costs and administrative burdens on independent supermarkets. We urge the House to ensure that SNAP continues to be administered under a single federal standard and we look forward to continuing to work with Congress and the Administration to ensure the program is administered with the utmost integrity and efficiencies.

Sincerely,

Peter J. Larkin
President and CEO
National Grocers Association