

Testimony of Mike Beal
Chief Operating Officer, Balls Food Stores
Kansas City, KS
On Behalf of
The National Grocers Association
Before
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Good morning Chairwoman Hayes, Ranking Member Bacon, and Members of the Nutrition, Oversight, and Department Operations Subcommittee. My name is Mike Beal, and I am the Chief Operating Officer of Balls Food Stores. Balls Food Stores currently owns and operates 27 retail grocery stores in the greater Kansas City, Kansas and Missouri metropolitan area. We are primarily under the Price Chopper and Hen House banners, and have other stores as well. It is an honor and a privilege to be here with you today.

Balls Food Stores is a locally-owned, third generation, family owned company started by Mollie and Sidney Ball in 1923. Our company is currently led by David Ball, who follows his father, Fred Ball, a person who was known nationally in the grocery industry for his innovation, character and charity to our community. Our stores are all full-service supermarkets and have accepted SNAP as a form of tender essentially since each location opened.

SNAP is a very important program for Balls Food Stores. Six of our stores have a high percentage of SNAP customers. We opened a new store in an area that was previously described as a food desert, and the people who use it are very proud to have it available to them. We relied on a dependable SNAP program when making our investment choice and believe other independent grocers can do the same.

We also make a point of doing substantial business with about 150 local farmers, and have been doing so for fifteen years. Independent grocers create markets for smaller producers, adding to the partnerships across our communities.

I am also very proud to be here on behalf of the National Grocers Association. NGA is the only national trade association dedicated solely to the needs of independent, community-focused grocery retailers and operators. NGA's over 1,700 retailer members are independent, privately-held or family owned supermarket operators, and the wholesalers and cooperatives that support them. Nationally, the independent supermarket channel includes nearly 21,000 of the 36,000 U.S. supermarkets and generates \$254 billion in annual sales, representing nearly 25% of the total domestic market. Our industry provides nearly 1,150,00 jobs, nearly \$42 billion in wages, and over \$36 billion in taxes. Having often been in the business for generations, independent grocers are dedicated to their customers, associates, and communities.

Overview

My purpose today is to share with you the independent grocer's perspective on the value of SNAP and the importance of continued support for the program. In 2020, SNAP was responsible for nearly 200,000 U.S. grocery industry jobs earning wages totaling more than \$6.7 billion.

SNAP is a shining example of a public-private partnership. SNAP not only works as it is intended but it also features one of the lowest error rates of any federal program in existence. Independent community grocers are the key private partners with the federal government to administer SNAP and can attest that the program is critical to the health of local communities.

If it were not for SNAP, many grocery stores would simply not exist in areas that need them most. Numerous rural areas throughout the country are home to high concentrations of SNAP participants who rely on local grocery stores to access healthy and affordable foods. In many small towns, the local independent grocer is the only store in town and provides an anchor to the community.

SNAP is very important in rural areas. An Economic Research Service report release last November found that SNAP generated larger relative impacts in the rural economy than in the urban economy. Household expenditures of SNAP benefits annually increased rural economic output by 1.25 percent and rural employment by 1.18 percent. For the urban economy, SNAP benefits increased economic output by 0.53 percent and employment by 0.50 percent. SNAP has a

positive economic impact on local economies. For every dollar spent locally in the SNAP program, \$1.80 in positive economic benefit is realized. This helps keep local economies stronger and recover more quickly from economic downturns. It also supports local jobs.

SNAP was a crucial lifeline during the pandemic. The additional benefits provided to recipients help them get needed foods in a variety of ways. Many did so at traditional grocery stores. Others took advantage of the growing ability to redeem benefits with online purchases. NGA supports continued access to SNAP for needy, hungry Americans.

Online purchasing

While 47 states have launched SNAP online purchasing, independent retailers face significant barriers offering the program to customers. Establishing a system to accept online SNAP payments is a lengthy and expensive process, requiring certain point-of-sale technology and website functions. Additionally, the system requires USDA approval and must go through a testing process.

NGA strongly supports legislative proposals to improve online SNAP programs advanced by this Committee as part of the reconciliation bill and those contained in HR 1413 and S. 313, the Expanding SNAP Options Act. In particular, we support efforts to require the Secretary of Agriculture to implement online SNAP purchasing in all states. We also support providing resources to develop and maintain a secure, easy-to-use online and app-based portal for EBT redemption to support smaller retailers in offering products for online SNAP purchasing. And we support the creation of a USDA Technical Assistance Center to facilitate online purchasing and use of the portal for smaller retailers, direct-to-consumer farmers and farmers' markets. We also support this Technical Center's provision of accurate, accessible information to the public about which local vendors participate in SNAP online purchasing.

It is important for the Committee to recognize the challenges that independent grocers face in accessing online systems. Independent grocers wish to offer this service to their customers, and many have applied to FNS to participate. However, barriers to participation include technical challenges, financial

constraints to launch and continuously operate the program, and a lengthy application and approval process.

For many SNAP participants, the result is that the only options to apply their benefits online are Amazon and Walmart. Yet, according to USDA Economic Research Service (ERS), independent grocers play an important role in helping to ensure food access for consumers, particularly in low-income and rural areas. ERS found that independent grocers outnumber chain grocery stores in remote rural areas and operate at higher rates in counties with a large share of Black and Hispanic citizens.

NGA has had to expend significant effort and resources helping our members through the online purchasing program set up because of limited help from the government. NGA has developed a “SNAP Online Purchasing Toolkit” that outlines the steps retailers may take to accept SNAP Electronic Benefit Transfer (EBT) payments online. The purpose of the toolkit is to provide guidance to independent supermarket retailers in adding SNAP online purchasing as a payment they can support.

We ask for the Committee’s support to streamline the difficult process that is preventing independent supermarkets from enabling SNAP for online grocery purchases so that we may continue to furnish essential goods to the members of our communities most in need.

SNAP Incentives

NGA supports increasing incentives for the use of SNAP benefits for the purchase of a variety of foods, including fruits and vegetables, a better solution in our view than attempting to impose restrictions on choice. The dietary habits of SNAP and non-SNAP customers have been shown to be nearly identical by USDA. Consequently, we do not believe that restricting choice will advance important public health goals.

Additionally, SNAP choice restrictions would require the federal government to identify, evaluate and track the nutritional profile of the thousands of foods that are available in today’s grocery stores, resulting in a complicated “food code”.

Currently no clear standard exists in the federal government for defining foods as good or bad, healthy or not healthy. With more than 650,000 food and beverage products on the market today and more than 20,000 introduced each year, creating those standards would be difficult, if not impossible. Defining foods as “in” or “out” means the government would pick winners and losers on grocery shelves and in grocery carts, increasing their influence over private enterprise and making decisions about what Americans can buy. According to USDA, establishing the nutritional profile of every food available would be a substantial undertaking. This expanded bureaucracy would mean increased, not decreased, administrative costs, without, we believe, any meaningful benefit for SNAP recipients.

Managing a SNAP eligible foods list would be a difficult task that would have to be staffed, maintained and communicated to retailers, customers, and manufacturers on a real-time basis. NGA members typically operate on a 1 to 2 percent profit margin, so the added cost of such a policy would be extremely difficult for supermarkets that serve a low-income population. The added cost to the retailer and inevitable stigma it would create for our SNAP customers would cause many of NGA’s members to drop out of the SNAP program entirely.

It is far better to provide incentives such as the Gus Schumacher Nutrition Incentive Program (GusNIP) included in prior Farm Bills, as well as the Healthy Food Financing Initiative. Empowering consumers to purchase healthy fruits and vegetables prevents stigma and is a much more successful long-term strategy to encouraging healthy eating than allowing the government to decide which food items a SNAP consumer may purchase.

Let me point out that the main barrier that retailers often run into is that it is technically challenging to develop a point of sale. (POS) system that automatically triggers a discount on produce based on the EBT payment tender that SNAP consumers use to purchase items using their monthly benefits. This issue has actually prevented many retailers from even pursuing GusNIP projects since it becomes so technically difficult to set up a program at the register. There is an immense need for a national Point of Sale (POS) solution for GusNIP, which will allow the program to expand and become scalable nationwide and get healthy foods into consumers’ hands. We also suggest that these additional benefits be provided directly to EBT cards to simplify administration.

Thrifty Food Plan

NGA applauded USDA's announcement to permanently increase monthly SNAP benefits by 27% beginning Oct. 1, 2021. The increase was required by the 2018 Farm Bill's provision to evaluate and update the Thrifty Food Plan (or TFP) by 2022. This is the first time that TFP has been updated with a major change since 1975. This benefit adjustment is overdue, and comes at a time when most needed. As I discussed earlier, the pending loss of the pandemic benefit will have an adverse impact on recipients, and hopefully will be corrected.

Operational Fees

Two of the most impactful payments trends for grocery and other retail industries have, unfortunately, led to more costs for merchants: the growth in debit card usage and a rise in card-not-present transactions. And with the costs of card acceptance growing, we urge regulators and Congress to renew your interest in identifying the bad actors that continue to game the system and leave merchants holding the bag. Independent grocers operate on very thin margins. While we all want to make purchasing as convenient as possible, any fee that increases costs to grocers risks being passed on to consumers in the form of higher prices.

NGA supports the prohibition on EBT processing fees in Sec. 4006 (d), and urges its extension. We believe this provision will prevent State EBT processors from imposing excessive fees and strengthen the ban on interchange fees. Additionally, EBT outages damage retailers' ability to sell food to low income SNAP customers, who are impacted the most during outage scenarios. Little evidence suggests that state EBT processors have taken the appropriate steps to resolve this problem and outages are only becoming more and more frequent. We hope that Section 4006(d) can serve as a solution to restore competition to the contracting process so that more reliable firms have a shot at state EBT processing contracts.

In conclusion, we want to work to maintain our strong existing public-private partnership with the SNAP program and continue to serve our rural and urban customers. We hope to improve online purchasing and do as much as possible to provide incentives for consumers to make better purchasing decisions. We want to maintain benefit levels as much as possible. And we would like to provide

responsible control of operational fees in order to make sure even more retailers are able to provide services.

We commend Congress for recent efforts to support a White House Conference on Food, Nutrition, Hunger, and Health. NGA plans to participate in this conference and we expect to support these SNAP reform proposals as part of our recommendations for the conference.

Madame Chair, you have the special opportunity to serve on both this committee as well as the Education and Labor Committee with jurisdiction over the child nutrition programs. We all know that a good breakfast is the best way to start the day, and that a good evening meal can be a reward for a day well spent. Let us do all that we can to allow as many people as possible to share in these blessings.