



Prepared Testimony and Statement for the Record of  
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Hearing on

“Nutrition Programs: Perspectives for the 2018 Farm Bill”

Before the

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Good morning Chairman Roberts, Ranking Member Stabenow, and distinguished Members of the Agriculture Committee. My name is Jimmy Wright, and I am the owner of Wright's Market in Opelika, Alabama. It is an honor and a privilege to be before you this morning.

I have been asked to testify today by the National Grocers Association on behalf of the independent supermarket community. NGA is the national trade association representing the retailers and wholesalers that comprise the independent sector of the supermarket industry, including full service supermarkets such as Wright's Market, and multi-state regional chains. The independent supermarket industry is accountable for close to one percent of the nation's overall economy and responsible for generating \$131 billion in sales, 944,000 jobs, \$30 billion in wages, and \$27 billion in taxes. Defined as privately held, family owned, or an employee-owned business, independent supermarket operators run businesses of all formats and sizes, serving a wide range of customers in their local communities. Having often been in business for generations, independent grocers are dedicated to their customers, associates and communities.

Wright's Market is a family owned business. My store originally opened as a small 2100 sq. ft. convenience store in 1973. I worked there as a student in high school, and purchased the store from my previous employer in 1997. My store has expanded over the years to its current size of 22,000 sq. ft. We are a full-service supermarket and have accepted SNAP as a form of tender essentially since the store opened. Independent grocers like Wright's Market are uniquely positioned to serve their communities, and I am grateful to have the opportunity to give back in many different ways to my hometown.

During my testimony, I will share with you my experience on how retailers are serving low-income populations enrolled in the SNAP program. Primarily, I will detail Wright's Market's involvement with the SNAP Online Purchasing Pilot and share my thoughts on how online home delivery can be an effective solution that will address the problem of limited access to healthy foods in rural food deserts. I will also share some recommendations on how the SNAP program can be improved to most effectively serve low-income Americans while maximizing its value to the taxpayer.

In an effort to better serve our customers, we began a shuttle service three years ago called "Wright 2 U" for our customers who are unable to get to the store due to a lack of transportation. We launched an online ordering and home-delivery shuttle service for our customers in August of 2016. I have been very pleased with our success in the first year of operation. We currently serve the Opelika and Auburn areas of East Alabama. While much of the food industry has focused on pickup at the store, we have focused on home delivery.

Our success has given us a unique opportunity to participate in the SNAP Online Purchasing Pilot program. We are honored that we were selected in April of this year to participate in the program. I would like to thank USDA and FNS for the opportunity to be a part of this important work. I am very confident that we can execute in this model efficiently and effectively once the program goes live given our success with online and home delivery and our experience serving SNAP customers.

Almost 40 percent of the retail sales at Wright's Market are to SNAP customers. My employees and I understand the needs of SNAP beneficiaries extremely well. We meet many SNAP recipients who are struggling financially that are thankful for the safety-net the program offers. In my experience, most SNAP customers are hardworking people striving to get themselves off government assistance. We find that senior citizens often forgo SNAP benefits because of a generational attitude that generally eschews help from the government. No matter what the form of payment may be, we feel that each customer should be treated with the same respect and level of service.

Once the pilot is officially launched, I am excited for the prospect of using our online program to address the issue of food access and food insecurity in the rural areas of East Alabama. When people hear the term "food desert", they typically think of large urban settings such as Chicago or Philadelphia, where there may be areas with thousands of people without access to a full-service supermarket. In urban areas, the population density will support a full-size brick and mortar supermarket. However, in Alabama, we find ourselves facing a very different situation. We have many areas in our state that are true food deserts, with only a few hundred to a thousand residents. Even though these numbers are small compared to the urban areas, the need for access to fresh and healthy foods is the same. The challenge is that small towns in rural areas do not have the population density to support a profitable full-service brick and mortar grocery store. These areas typically feature small convenience stores that are unable to supply a variety of fresh meat and produce due to supply chain issues. My plan is to use online technology to afford rural customers the ability to order online and have full access to our store's entire inventory of over 12,000 items including a full variety of fresh meat and produce.

To make this delivery model a reality, I am working with the Hunger Solutions Institute and the Alabama Cooperative Extension Community Health Coordinator for SNAP Education at Auburn University to develop two delivery routes. One route will serve the Opelika/ Auburn area and the other will serve the surrounding rural areas that I have described. These areas are in a 20-30 mile radius of Wright's Market. We plan to identify central delivery points, such as churches or community centers, where volunteers and employees will later drop off orders to residential locations. Prior to the launch, we plan on having community meetings to offer training on how to use the program and address any issues with access to technology. The Cooperative Extension Service and SNAP Education Coordinator will offer SNAP recipients classes on smart, cost-effective shopping and healthy meal planning.

In addition, we're hopeful that we can add a healthcare component to this model. While access to fresh food in rural communities is a huge issue, access to healthcare can often be worse. With many of the rural hospitals and clinics closing, patients are often left miles away from the nearest healthcare provider. Unfortunately, many of the residents in these areas will forgo preventive checkups and treatments due to lack of available care until they become sick and find themselves in the Emergency Room. Many serious and life-threatening conditions can be prevented through regular checkups with a healthcare professional, so we are working on a partnership with East Alabama Medical Center, our local hospital. We plan to have a Physician Assistant, Nurse Practitioner, or RN accompany our delivery vehicle and provide health screenings and disease treatment at food delivery locations.

My goal with the online pilot program is not only do a good job with getting food to SNAP recipients by being a good steward of the opportunity the USDA and FNS have given me, but also to develop a more holistic model. Along with the food and health care components, I believe we could even expand its mission to include job skill training for the unemployed and programs to strengthen educational offerings for children.

I have always looked at my business two ways. The first is the transactional side. We compete against the biggest and the best and must execute, efficiently and effectively, to be profitable and survive. The second is the relational side. This is where I feel we can succeed the most using this online pilot. I am confident that we can develop a model that is both High Tech and High Touch. We can use technology to be economically sustainable and also have a positive impact on the citizens and communities we serve in ways other than just delivering food.

As soon as we get the signal from USDA, we stand ready to begin implementing the online pilot program. While I understand there are complicated issues at play on the technology side, I am confident that we can resolve these technical problems if we all put our heads together and push forward on our shared goal.

As the Committee continues to explore ways to address food insecurity, I would like to share some other ideas for SNAP program delivery improvement from the independent grocer's perspective. In my opinion, we could be doing more to speed up the approval process for new SNAP authorized retailers, especially in food insecure areas. For example, back in 2012, I formed a relationship with Focused Community Strategies (FCS), an Atlanta based non-profit ministry that is working to revitalize a neighborhood in south Atlanta. In 2015, I worked with them to open the Carver Neighborhood Market in an area that was previously a food desert. FCS wanted to convert an old thrift store into a small grocery store. Prior to the opening of Carver Neighborhood Market, the nearest supermarket was three miles away. This short distance was often a three hour round trip bus ride for many residents of the neighborhood. From the beginning, we knew we would struggle to supply the store. Contracting with a traditional wholesaler wasn't going to be an option available to Carver since the projected sale volume would be fairly low in comparison to a larger store, so I offered to serve as their supplier. I have one truck that travels between Opelika and Atlanta to deliver to Carver Market. With Wright's Market's buying volume, it allows Carver Market to offer products to the residents of the neighborhood at affordable prices. This helps solve the two biggest issues in the food deserts of America -- accessibility and affordability.

Carver Neighborhood Market had a difficult time getting their SNAP license. To me, this represents a problem with how retailer applications are processed. Carver is a store that services an economically depressed area in a food desert, so participation in the program is essential to Carver's success. Representatives from Carver had their SNAP application pending for two months without response from USDA. NGA got involved in the process helped get the application approved after about three additional weeks of processing time.

I understand and appreciate that the USDA should not grant SNAP licenses to all businesses that request them, but I believe that an nearly three month wait time for approval, especially for a store opening in a food desert, is unacceptable. Carver was unable to open prior to receiving their

license since so many members of the community they serve are SNAP recipients. I would encourage the Committee to consider creating an expedited application process for applicants opening stores in a food desert. These business owners are working against many obstacles and taking on a lot of risk to open supermarkets in underserved areas, so I would like to see USDA be a better partner in this regard.

We also believe it is important for the USDA to become more efficient in processing applications for supermarket owners in good standing with the program who are opening additional store locations. It seems inefficient to force retailers in good standing at USDA to go through the same rigorous application process as stores initially entering the program. NGA has worked with stores that have been SNAP retailers for over 30 years without incident and still have to go through the same long application process when opening an additional location. NGA appreciates the work the USDA is currently undertaking to make this process more efficient for those operators with over ten stores, but would ask them to also prioritize streamlining this process for operators in good standing who own less than 10 stores. We would appreciate any improvements USDA can make to ease this process in the future.

As the Committee begins the hard work of reauthorizing nutrition programs in the Farm Bill, I'd like to offer a few more perspectives from the independent food retail community. We understand there's a desire from some Members of Congress to restrict the food choices of SNAP recipients. NGA believes this type of policy may make food insecurity much worse. SNAP choice restrictions would require federal government's identification, evaluation and tracking of the nutritional profile of the thousands of foods that are available in today's grocery stores, resulting in a "food code" as complicated as the tax code and unnecessary expanded bureaucracy in Washington. The dietary habits of SNAP and non-SNAP customers have been shown to be nearly identical by USDA. Good nutrition is important for everyone, but designating the government to prescribe Americans' food choices would likely have no significant impact on our waistlines or health. 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 approximately more than 20,000 more introduced each year, creating those standards would be difficult, if not impossible. Restricting choice will not reduce the cost to taxpayers. Quite the opposite: according to USDA, identifying, evaluating and tracking the nutritional profile of every food available would be a substantial undertaking. This expanded bureaucracy would mean increased, not decreased, administrative costs. 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. Defining foods as "in" or "out" means federal bureaucrats picking winners and losers on grocery shelves and in grocery carts, increasing their influence over private enterprise and making decisions about what Americans can buy.

Federal action on SNAP choice could have far-reaching repercussions for independent supermarkets. 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. 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.

Similarly, NGA believes that proposals to block grant or to give states the ability to define SNAP benefits are also ill-conceived. If the SNAP program is turned into block grants, retailers will face a patchwork of at least fifty different SNAP programs, each with a different set of rules with different restrictions on eligible foods. Today's SNAP program is interoperable – participants can receive benefits in one state and make SNAP purchases in a neighboring state. This flexibility is crucial when the nearest store is across state lines or in times of disaster when residents are displaced from disasters, like millions of Americans are currently facing in the wake of Hurricane Harvey and Hurricane Irma.

NGA believes that policies designed to promote healthier eating and food choices should focus on providing incentives to low-income populations and expanding access to healthy foods. In addition to the SNAP Online Purchasing Pilot program, the Committee should work to reauthorize and expand programs like the Healthy Food Financing Initiative (HFFI) and the Food Insecurity Nutrition Incentive (FINI) program, which have been effective tools grocers use to combat food insecurity.

HFFI has been successful in getting grocers to invest in both rural and urban food deserts. It's important to remember that HFFI projects are by no means a government handout. To the contrary, a typical HFFI project has a grocer coming to the table with a significant investment of personal capital and through one-time resources such as a loan guarantee, grant or other expertise assistance that help make previously unworkable project turn into a viable investment that can service a low-income community. The Pennsylvania's Fresh Food Financing Initiative is a success story that we believe can be replicated on a larger scale. This program created or retained over 5,000 jobs in Pennsylvania, helped over 88 supermarkets and other fresh food retail, and resulted in projects totaling \$190 million, all with \$30 million in state seed money. This type of public-private partnership yields significant public health and economic benefits from a relatively small amount of public funding. While the 2014 Farm Bill authorized up to \$125 million for HFFI, very little funding for this program has been provided through the appropriations process. NGA urges the Committee to either commit mandatory funding to the program, or to work with the Appropriations Committee to approve additional funding.

The FINI program has also been a tremendous success in incentivizing healthy eating without mandating the purchase of healthy food. Participating NGA members have seen a dramatic increase in fruit and vegetable purchases among SNAP shoppers. In 2015, USDA reported that SNAP families used almost every incentive dollar they earned to buy more nutritious fruits and vegetables. More than 75 percent of shoppers reported they were eating healthier products. Participants reported that they spent almost 50 percent more on produce during the 2015 incentive program than they did over the same period in 2014. In addition to its public health benefits, the FINI program has increased many grocers' connection to local and regional agriculture producers. Many NGA members have developed relationships with local fruit and vegetable distributors that didn't exist in the past. Initially, the program was piloted at local farmers markets. While successful, there was a realization that offering the program at retail grocery stores would reach more SNAP customers and provide an opportunity to better evaluate SNAP recipients' purchasing habits over time because many grocers have the capacity to retain customer purchase data. We encourage the Committee to work with NGA staff to improve the

FINI program in a way that increases participation by grocery stores, and expands the geographic presence of the program so that it reaches more SNAP recipients in food insecure areas.

As I mentioned previously, the supermarket business is an extremely competitive and low margin enterprise. NGA is committed to ensuring the industry remains competitive, so we believe that adequate safeguards are needed to protect confidential commercial or financial information. That is why NGA recently filed an amicus brief with the 8<sup>th</sup> Circuit Court of Appeals in support of an appeal by the Food Marketing Institute in the *Argus Leader Media vs. USDA* lawsuit. The Argus Leader newspaper in South Dakota had sued USDA for SNAP retailer redemption sales data by store location. NGA has long fought release of this data arguing that retailer sales data is proprietary and confidential and should be exempt from Freedom of Information Act (FOIA) requests. We believe that our members, especially small retailers like Wright's Markets, would be at a competitive disadvantage if this information were to be made public. Without question, sales data, including SNAP redemption data, cuts to the core of the food retail industry and there is little doubt that some retailers will rely on this information to the financial detriment of other retailers. If store-level SNAP redemption data are disclosed, retailers will use that information in combination with existing data tools to reverse engineer total sales at competitor's stores. And gaining access to a competitor's store level data is the holy grail of the retail food industry. The result would be a windfall to big box retailers who would utilize this information to their advantage and crowd out smaller ones in markets where they do not currently have a presence. The release of store-level redemption data is also likely to harm the effectiveness of the SNAP program because many retailers are likely to withdraw from participation, thereby making it more difficult for beneficiaries to redeem their benefits. While we hope this issue will eventually be resolved in the Courts, NGA requests the Committee to consider legislative language clarifying that SNAP sales data is confidential financial information not subject to FOIA requests.

Finally, NGA remains concerned about efforts to undermine the existing prohibition on charging interchange fees on SNAP transactions. At least one State contracted SNAP Electronic Benefit Transfer (EBT) contractor is attempting to charge authorized retailers a fee to process SNAP transaction. In addition, we have learned that MasterCard is attempting to advocate for the removal of the the statutory prohibition on charging interchange fees to replace current EBT card with EMV chip cards. Their pitch rests on a complete lack of understanding of the SNAP program and offers solutions to problems that do not exist. First, EMV chips are designed to protect against bad actors counterfeiting credit and debit cards. We are unaware of a single incident in which an EBT card has been counterfeited, and there is no evidence to suggest this proposal would have any impact on efficiency and security of the program. Secondly, MasterCard says it will offer "data insights" and the ability to "add rewards for healthy eating," but reporting data that retailers provide the government is simply sales data that does not include information on what each customer bought. Therefore, there is no additional data to be obtained by the government. Finally, adding an interchange fee on SNAP transactions will have an inflammatory effect on the cost of goods, thereby reducing the buying power of a population that is most vulnerable to price fluctuations. NGA encourage the Committee to strengthen the statutory prohibition on the charging of interchange fees as it begins drafting the next Farm Bill.

The SNAP program, in my opinion, is one of the most important and efficient programs our nation offers. In our business, it creates jobs. In our community, it helps those who are in need. I appreciate your oversight of the program and your service and leadership of our nation.

Thank you for your time and I look forward to your questions.

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