

Testimony of Michael Gay
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On Behalf of the National Grocers Association

Before the U.S. House of Representatives Committee on Appropriations
Subcommittee on Agriculture
Rayburn House Office Building Room 2362-A
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Good morning, Chairman Harris, Ranking Member Bishop, and Members of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Subcommittee. My name is Michael Gay, and I operate Food Fresh, an independent, community grocery store in Claxton, Georgia. It is an honor and a privilege to speak with you.

My store, Food Fresh, is the only full-service grocery store in Evans County, Georgia. I proudly employ 52 people and boost local tax revenues while bringing choice, convenience, and value to hard-working Americans. Food Fresh an oasis in a food desert, and we work hard every day to make our community better. One way we do that is by accepting both SNAP and WIC in our store to ensure food access. As a full-service grocery store, we offer a wide variety of foods to meet the needs of the individuals in my community.

I am proud to be here on behalf of the National Grocers Association. NGA represents the 21,000 independent community grocers and the wholesalers that service them. Independent grocers account for 33 percent of all grocery sales, exceeding \$250 billion, and more than 1.1 million American jobs. We are inherently tied to the strength and vitality of the markets we serve – at the heart of local communities and the U.S. economy. The money spent in local stores stays in those communities, and we often serve the smallest rural towns and biggest cities in this country.

The impact of my store goes well beyond the food I provide. I am bringing in the local high school Culinary Career Academy to do demonstrations for customers on how to make healthy meals. I participate in the backpack program where we help fill backpacks for kids who may not have food on the weekends. My store supports the Rotary Club, Booster Club, provides donations to local churches, and provides free water for city and county fire and police. In June, I have a local physical therapist coming in to teach folks simple exercises they can do at home to stay mobile.

We all share the same goal of improving the health of Americans, and I appreciate you holding this important hearing to explore the best ways to improve public health. My role as a grocer is providing a wide range of options that can meet the diverse dietary needs of all my customers.

We know SNAP already improves the health of participants. Research has found that when compared to low-income non-participants, adults on SNAP have average lower annual health care costs of \$1,400 to \$5,000.¹ Independent grocers take pride as essential partners in the SNAP program and advancing access to healthy food. SNAP choice is critical to those efforts.

Choice and flexibility make SNAP the effective program it is today. A one-size-fits-all approach seems great on paper, but it doesn't work in the real world. A child doesn't have the same nutritional needs as a pregnant mother or a grandparent suffering from cancer and struggling to maintain weight. All Americans deserve the freedom to decide what they feed themselves and their families, including those who rely on SNAP.

In February, nearly 2,500 grocers signed a letter to Congress opposing SNAP restrictions, including piloting this policy. We believe a SNAP restriction pilot would be just as harmful as a

¹ Carlson, Steven, Keith-Jennings, Brynne. *SNAP Is Linked with Improved Nutritional Outcomes and Lower Health Care Costs*. (January 17, 2018).

nationwide policy and we strongly urge the committee to oppose any policy leading to the restriction of SNAP purchases.

As stated in our letter, “Restricting eligible items to those approved by the USDA will quickly drive-up food costs and strangle the program with needless red tape.” Given that grocers operate on a 1-2% net profit margin, we cannot afford to absorb the costs for implementing SNAP restrictions and it could be passed on burdening all of our customers. At a time of record inflation, that is that last thing I want to do to my customers.

The reason SNAP does not currently add to costs is the ease of processing SNAP transactions for retailers and beneficiaries who can make their own decisions on which food items to purchase just like other customers. The vast majority of SNAP transactions are split tender, meaning they are partially paid for out of pocket. If restrictions became the law, foods not allowed on the program could be moved to out-of-pocket purchases and likely not change an individual’s purchasing habits. But this change will still increase my operating costs and the cost of food for all my customers.

In addition to not changing purchasing habits, USDA research shows us that the diet of an individual on SNAP is not significantly different than the average American diet. The dietary needs of the 42 million individuals on SNAP are diverse and no one diet would be appropriate for all participants. Restrictions create the need for different meal plans and nutrition counseling for each participant, like WIC, leading to increased costs for the program. To improve public health, nutrition incentives are more effective and can be targeted to high need communities.

Many NGA members have been on the frontlines of implementing the Gus Schumacher Nutrition Incentive Program (GusNIP), a program established in the 2018 Farm Bill which built upon the lessons of the Food Insecurity Nutrition Incentive (FINI) program that was created in

the 2014 Farm Bill. Many have found incentives to be a wonderful way to support the health and well-being of their communities.

SNAP participants who utilize the nutrition incentives program purchase more fruits and vegetables than the average U.S. consumers.² When administered properly, nutrition incentives are an important addition to SNAP and can be truly effective in achieving the goal of promoting the consumption of fruits and vegetables. Empowering consumers to purchase fruits and vegetables prevents stigma and is a much more successful long-term strategy to improving health than allowing the government to choose winners and losers in the grocery aisle for SNAP participants.

When thinking through a policy to restrict SNAP purchases, it is important to consider the nightmarish and costly logistics of implementation. The government will need to categorize more than 600,000 products and thousands more each year to create and maintain a food code to determine what foods can be purchased with SNAP. Or, more likely, USDA would provide complex guidance and leave grocers to fend for themselves in determining what is in and out of the program. While reviewing complex USDA guidance may be possible for big grocery stores. But one third of all grocery sales happen at independents like mine, and we will have a much harder time making restrictions work. In a pilot situation, each state will be making its own rules, leading to more confusion and a bigger headache for independents.

Piloting this program also puts grocers in border towns at risk of going out of business because SNAP participants are likely to cross state lines to use their benefits as they choose. We have seen evidence of this when other state and local food restrictions have been put in place. In Philadelphia, the city implemented a 1.5 cent soda tax leading to a 25% drop in business for one

² GusNIP NTAE. Gus Schumacher Nutrition Incentive Program (GusNIP): Impact Findings Y3: September 1, 2021 to August 31, 2022. Prepared for U.S. Department of Agriculture, National Institute of Food and Agriculture; 2023. Accessed [date] <https://nutritionincentivehub.org/gusnip-ntae-y3-impact-findings>

NGA member, forcing the store to close its doors. If a grocer goes out of business, the community loses access to food and the locality loses a critical tax base.

If SNAP customers choose to stay and shop with me, instead of leaving the state, they will encounter their neighbor, the cashier, who has just become the food police. My cashiers will now have to tell people what they can and cannot purchase for their families. This will cause embarrassing disruptions at the register impacting every customer that comes into my store. This will disrupt a process that currently runs smoothly and negatively impact relationships within my community.

When talking about SNAP restrictions, WIC is often used as an example of a successful program that restricts food purchases. SNAP and WIC are both important programs for our customers, but very different programs with very different purposes. WIC serves the very specific nutritional needs of pregnant and postpartum women and young children. WIC not only provides a food benefit but also educates participants about nutrition. This program has a different purpose than the role that SNAP plays for low-income recipients which is to improve food security and offset monthly grocery costs.

For retailers, WIC is a very cumbersome program to implement and often is provided as a public service by grocers. When we look at the labor needed to implement WIC, it is often equal to, or more than, the business brought in by the program. The main incentive for participation is supporting the moms and kids in my community.

This is borne out in the numbers. Currently, there are 262,000 stores that accept SNAP in the United States.³ Less than 20%, or 47,000 stores accept WIC.⁴ By making SNAP more like

³USDA. (2024, March 26). SNAP retailer management year end summary FY 2023. USDA Food and Nutrition Service | Food and Nutrition Service. <https://www.fns.usda.gov/data-research/data-visualization/snap-retailer-management-dashboard>

⁴ USDA. (2024, April 7). About WIC - WIC at a Glance. USDA Food and Nutrition Service | Food and Nutrition Service. <https://www.fns.usda.gov/wic/about-wic-glance>

WIC, you would drastically reduce the incentive for grocers to be a partner in this program and therefore reduce access to the program. Additionally, we know that WIC participants only use about 80% of their benefits because of the restrictive nature of the program. Changing SNAP to be like WIC would result in a cut to benefits for participants nationwide.

Finally, SNAP provides the flexibility needed during supply chain shortages. In 2022, I testified before this very committee about how customers could not purchase the WIC foods they needed during the infant formula shortage. There is no such issue with SNAP. Grocers have the flexibility to provide for their communities and are here to meet the need and the moment. We ask that you do the same by keeping SNAP choice.

Instead of trying to fix what's already working, I respectfully suggest that Congress should be investing in programs like nutrition incentives and produce prescriptions. Grocery stores are increasingly becoming hubs for health and well-being as our sector adopts proven public health interventions. With nutrition incentives, produce prescriptions, pharmacies, dietitians on staff, and in-store health clinics, grocery stores are the next frontier of improving the health of communities. Increased adoption of public health initiatives by independent grocers have proven to increase access and consumption of healthy food.

Independent grocers offer so much more than food, they offer community. SNAP choice is critical to the strong bonds we build with our customers and the economic viability of the towns we serve. With SNAP Choice, every American — regardless of their financial situation — has the freedom to feed themselves and their families in the way that works best. That's good for all of us.