

July 19, 2022

Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Re: White House Conference on Hunger, Nutrition, and Health

Dear President Biden:

The National Grocers Association (NGA) submits the following comments in response to the request for ideas and stories regarding the forthcoming White House Conference on Hunger, Nutrition, and Health.

About The National Grocers Association

NGA is the national trade association representing retail and wholesale grocers that comprise the independent sector of the food retail and distribution industry. An independent retailer is a privately owned or controlled food retail company operating in a variety of formats. Independents are the true “entrepreneurs” of the grocery industry and dedicated to their customers, associates, and communities. Much of NGA’s membership is comprised of family-owned and family-operated small businesses. Nearly half of NGA’s members are single-store operators, and another quarter operate less than five stores. Independent retail and wholesale grocers are an important part of America’s economy. Independent community grocers account for 33 percent of all grocery sales, exceeding \$250 billion, and more than 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. Having often been in the business for generations, independent grocers are dedicated to their customers, associates, and communities.

Comments on the White House Conference Pillars

NGA is pleased to have the opportunity to provide thoughts on behalf of its members on the White House Conference pillars and questions related to each pillar. NGA supports your efforts to end hunger and increase healthy eating by 2030 and we know that independent retailers are critical partners in achieving those goals.

Independent retailers are a key partner on the path to ending hunger and supporting healthy diets. Retailers are community economic hubs, and they have the opportunity to become community health hubs moving forward. Our members care deeply about their communities and as such have worked hard to increase access to food and healthy food options for their customers. Below we will share five recommendations on three of the conference pillars and stories of innovation in the nutrition and hunger food retail.

NGA's Recommendations to Address Hunger, Nutrition, and Health by 2030

1. Incentivize Opening Grocery Stores in Areas with Limited Access to Healthy Food
2. Improve the Function of Federal Nutrition Access Programs
3. Increase Food Access by Promoting Competition and Enforcing Antitrust Laws
4. Incentivize grocers to act as community health hubs in high need areas
5. Expand nutrition incentives programs and programs that support access to healthy foods

Below we have described our recommendations in detail by pillar. We look forward to working with the Administration and Congress to address hunger, nutrition, and health in the United States.

Pillar One: Improve food access and affordability

Recommendation One: Incentivize Opening Grocery Stores in Areas with Limited Access to Healthy Food

NGA believes that independent grocers are a strong partner in revitalizing communities and increasing access to nutritious foods. Independent grocers provide a critical service to underserved communities by making a variety of fresh and packaged foods available at affordable prices. They often reach tribal, rural, and urban communities and are successful in increasing food access. Our grocers look for innovative solutions to bring food to communities in need and work with the communities to listen to those needs.

Our grocers have the infrastructure and experience to create sustainable businesses in communities throughout the United States. Many communities have identified the need for increased food access but lack the experience and knowledge to establish lasting solutions. Independent grocers have been working in all types of communities for generations, learning what is needed to make a business successful to support their communities.

For example, the Homeland grocery chain opened a full-size grocery store in northeastern Oklahoma City which is a predominantly Black neighborhood and food desert. The store participates in the Gus Schumacher Nutrition Incentives Program and offers Double Up bucks for its SNAP participants. It increased food access and created jobs by working directly with the community and learning their needs. The store is also employee-owned, so all employees hold shares in the company. Additionally, the grocery store partners with a nonprofit that employs cognitively disabled adults to run the coffee and wine bar. The community is proud to now have grocery store to call their own.

But this store was decades in the making, which is far too long for food insecure families to wait. The main barrier to independent grocers expanding into low food access communities is capital funding and the assurance of steady business. It is difficult in this very low margin business to develop capital and sustain a business without outside support. We propose the USDA provide two types of financial support for grocers looking to expand into rural and agricultural communities.

First, the USDA should devote funding to provide capital specifically for supporting experienced grocers looking to expand into low food access areas through programs like the Healthy Food Financing Initiative. These grocers should carry nutritionally important foods like fresh produce and meat. This critical funding would help provide healthy foods and grow economies in rural areas.

Second, the USDA should also look at creating a support program for grocers in these areas. While independent grocers have the expertise to sustain a successful business, many communities are not large enough to support this low margin service. **The USDA should explore outcomes-based financial supports for grocers providing healthy foods to low access communities.**

Additionally, Congress should pass legislation to provide tax incentives for businesses that open stores in low food access areas. This will limit the initial startup capital to open new stores.

The USDA should work with states and localities to determine areas of the highest need for targeted placement of stores. States and local governments are acutely aware of the needs of their communities and should be included as a partner when targeting resources. Standardized measures of food access do not always paint the full picture and should not be used as the only determining factor when targeting resources. Partnering with localities will help determine the need and desire for expanded resources and build buy-in from community members.

Because every community is different, NGA believes the USDA should create a technical assistance center where grocers can go when looking to start new or expand into low food access areas. NGA has a proven track-record of providing high quality technical assistance to independent grocers who are seeking to incentivize nutrition in their stores. **NGA would welcome the opportunity to provide technical assistance for grocers looking to expand into low food access areas through the Healthy Food Financing Initiative.** Our grocers have a history creating successful businesses that increase access to healthy foods in low food access areas and are committed to continuing this work moving forward.

Recommendation Two: Improve the Function of Federal Nutrition Access Programs

Federal nutrition programs are a critical resource to struggling families and grocery stores are an indispensable partner in these programs. Retailers take pride in participating in the SNAP and WIC programs to support their communities and local families. Making several improvements to these successful programs can help increase retailer participation and increase food access for participants. Independent grocers are committed to advancing access to healthy food in an equitable manner and the following suggested program improvements would help them do so.

SNAP is a shining example of a public-private partnership. In 2020, SNAP was responsible for nearly 200,000 U.S. grocery industry jobs earning wages totaling more than \$6.7 billion. 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 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.

For example, Balls Food Stores has six stores with a high percentage of SNAP customers. Last year they, opened a new store in an area that was previously described as a food desert, and the people who use it are grateful to have it available to them. Balls Food Stores relied on a dependable SNAP program when making that investment choice and it is important that other independent grocers can do the same.

SNAP online purchasing is an important innovation in the program and will help the program keep pace with private partners. 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.

It is important 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 use their benefits online are through large retailers. 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 rural areas and operate at higher rates in counties with a large share of Black and Hispanic citizens.

NGA strongly supports legislative proposals to improve online SNAP programs including the Expanding SNAP Options Act, advanced by the House of Representatives. 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. Additionally, we support the USDA's recent announcement about 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 USDA Online SNAP TA Center sharing accurate, accessible information with the public about which local vendors participate in SNAP online purchasing. **We urge the streamlining of the online SNAP purchasing so that independent grocers may continue to furnish essential goods to the members of our communities most in need.**

In addition to technological advances, grocers are dealing with increased fees from payment processors. These fees are quickly becoming one of the biggest operational costs for retailers. It is important to note that grocers operate on very thin margins. While grocers 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 urges Congress to continue the prohibition on EBT processing fees included in Sec. 4006 (d) of the 2018 Farm Bill and asks that it be made permanent. 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.

Processing fees are becoming so expensive that stores are struggling to keep up. Grocers have been a faithful partner in increasing food access, and they should not be charged excess fees, or essentially taxed, for their participation in these important programs.

Minimizing processing fees is not the only way to ensure grocery retailer participation and expansion in SNAP. Continue allowing the freedom for customers to choose which foods they purchase with SNAP, just as non-SNAP customers do, is critical to maintaining efficient grocery operations and lower prices. 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.

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. **We urge you to maintain SNAP choice as you are working to increase the health outcomes of SNAP participants and oppose proposals that increase the cost to provide SNAP.**

Additionally, allowing customers to choose their foods is critical during supply chain shortages like the ones we have experienced since the beginning of the pandemic. SNAP's ability to be responsive to supply chain disruptions is huge advantage to the program for both retailers and

participants. But WIC participants have not been so fortunate. While we wholly support the need to supplement specific nutrients for moms, babies, and children, WIC's rigid rules have made it difficult for the program to be responsive to critical shortages throughout the pandemic and, now during the infant formula crisis. Our members have struggled to access formula since the shortage began and the situation is exacerbated in rural and urban communities.

Substitutions must be made easily available when situations like this arise. Retailers have experienced difficulties keeping WIC-approved foods and formula in stock after natural disasters due to infrastructure and transportation issues, and during the onset of the COVID-19 pandemic due to high demand. This created situations in which WIC participants were unable to purchase certain products on their prescription lists until a waiver request has been submitted by the state WIC agency and approved by the U.S. Department of Agriculture (USDA), which takes time. Unfortunately, this often leads to WIC participants walking away from the store without their prescribed products in hand.

To prevent this issue from happening in the future and to create a more efficient product substitution process, **Congress should allow WIC vendors operating during severe supply shortages, disasters, or public health emergency areas be provided flexibility by permitting substitution for certain WIC-authorized items that are unavailable immediately.** The flexibility should be automatic and limited to WIC-approved items impacted by supply chain disruptions. The USDA should direct states to include product substitutions for WIC in their emergency preparedness plans. These changes would have allowed families to immediately switch to another formula in states with shortages contracts allowing for the smooth continuation of feeding for infants.

Supply chain disruptions need to be seriously considered as the USDA looks to redesign the WIC food package. Supplemental foods are not useful to families if they are not available. **We urge the USDA to critically think about the supply of the foods they include in the package and acceptable substitutions during supply chain disruptions.**

An additional WIC issue that if addressed would increase access to participants is the lag time between a new grocery store opening and their approval by the state WIC agencies to become a WIC retailer. The WIC licensing process for retailers can be slow, resulting in well-equipped retailers being left out of the WIC program for periods of time, including retailers in good standing that have already been granted a SNAP license, as well as multi-store retailers that are approved for WIC at other store locations. **We ask the USDA to speed up the licensing process by removing duplicative paperwork for retailers, requiring states to provide approval or denial to stores within 30 days of applying for a license, requiring states to expedite licenses for retailers already approved for WIC at other in-state locations, states should be required to consider licenses on an ongoing basis, and retailers should only be required to submit information on the WIC application that is supplemental to information already provided in the SNAP application.**

Finally, **we urge Congress to expand SNAP benefits for Puerto Rico by creating a pathway to transition them to a SNAP program like other states.** Puerto Rican grocers and SNAP participants deserve the same access to SNAP as other program participants.

The independent grocers are committed to continuing these strong public-private partnerships and expanding access to healthy foods across the United States. SNAP and WIC are essential to feeding families, raising healthy children, and supporting local economies. We urge you to keep these programs strong and work to continue improving the functioning and processes for retailer participation.

Recommendation Three: Increase Food Access by Promoting Competition and Enforcing Antitrust Laws

Independent supermarkets and their wholesalers compete at a disadvantage due to lax enforcement of U.S. antitrust laws. The Robinson-Patman Act (RPA) was passed by Congress in 1936 to protect competition and ensure small businesses are not subject to discriminatory terms of trade such as price discrimination. Unfortunately, this law is no longer enforced by law enforcement agencies – it has been more than 20 years since federal enforcers have filed a lawsuit alleging an RPA violation. As a result, dominant players in the grocery marketplace can effectively use their “buyer power” to impose conditions on manufacturers and suppliers that disadvantage smaller rivals and impair their ability to compete. This issue of economic discrimination – in addition to growing concentration in the grocery supply chain – significantly impacts both independent grocers and American consumers.

In the last 25 years, grocery storefronts have shrunk by a third according to the US Census Bureau. As recently as 1997, American consumers bought only 20 percent of their groceries from the then-largest four retailers. NGA estimates that in 2022, five retailers control more than 65 percent of all grocery sales in the United States. Unfortunately, regulators have not taken seriously increasing consolidation and as a result the supermarket industry has experienced a rapid acceleration in concentration of economic power. Anticompetitive practices by these dominant retailers will only worsen unless Congress or the antitrust enforcement agencies act. Consequently, consumers will face reductions in diversity in the marketplace, and choices will be limited to what the few remaining mega-retailers find most profitable.

For decades, independent grocers have not had equal access to pricing, promotions and packaging deals that are provided to large firms. For example, dominant retailers have imposed arbitrary “channels of trade” classifications on manufacturers to justify discrimination against independent grocers and wholesalers on price and product availability, arguing, contrary to real world behavior, that grocery stores don’t compete with grocery sections of big box stores or ecommerce sites. Anticompetitive buyer power has also impacted the private label supply chain, reducing independent grocers’ access to products. Just like branded product manufacturers, private label manufacturers are forced to cater to the demands of dominant retail players over independents. As a result, budget-conscious consumers lose access to affordable alternatives at their convenient local grocer. This discrimination in product packaging or packaging sizing can confuse consumers, who may mistakenly believe that independent grocers are charging more than big box stores for the same products.

NGA argues for strong and effective enforcement of US antitrust laws that are essential to preserving a vibrant marketplace and ensuring small and mid-size businesses can compete

and flourish to the benefit of all Americans. More robust competition in the food retail space will also benefit food insecure areas, as independents will be more inclined to invest in low food access locations if they have an opportunity to compete on price and product availability.

Antitrust enforcement should recognize and promote the critical role played by small and independent business—including in the grocery and other retail sectors—in promoting consumer choice, convenience, customer service, product quality, and well-paying jobs—important dimensions of competition that have been all too often neglected under the past antitrust consensus. Power buyers must not be allowed to get away with anticompetitive terms placed on producers that harm the competitiveness of smaller industry participants.

Pillar Two – Integrate nutrition and health

Recommendation Four: Incentivize grocers to act as community health hubs in high need areas

Grocery stores are increasingly acting as health and wellbeing hubs. With pharmacies, dietitians on staff, and in-store health clinics, grocery stores are the next frontier of preventive and community health care. As mentioned in Recommendation One, independent grocers can revitalize rural communities and increase access to healthy foods. In doing so, these stores also have the opportunity to act as rural health hubs.

We urge you to create a pilot program incentivizing nutrition education and nutrition therapy in the retail experience in low food and health access communities. The pilot should be targeted to areas with limited access to preventive and primary health services. Dietitians would partner with retailers and local SNAP-Ed programs to provide both general and personalized nutrition interventions in the store. The partnership of dietitians in retail settings increases access to health care and provides a resource to communities that is often lacking, evidence-based nutrition guidance.

We hope to continue developing the partnership between health and grocery retail. Especially in rural areas where access to health care and food can be limited, we request you put your support behind creative ways to bring communities together.

Pillar Three – Empower all consumers to make and have access to healthy choices

Recommendation Five: Expand nutrition incentives programs and programs that support access to healthy foods

NGA members have been on the frontlines of implementing the Gus Schumacher Nutrition Incentive Program (GusNIP). Many have found the program is a wonderful way to support the health and wellbeing of their communities. While we know that dietary habits of SNAP and non-SNAP customers have been shown to be nearly identical by USDA, SNAP participants that utilize the nutrition incentives program purchase more fruits and vegetables than average consumers. This program is such an important addition to SNAP and is truly effective in achieving its goal.

Research has found that it is far better to provide incentives and support such as GusNIP and the Healthy Food Financing Initiative (HFFI), than restricting purchases. 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.

Grocers participating in this program know it works and want to continue expanding access to healthy foods. While hundreds of retail food stores, farmers markets, supermarkets, and convenience stores participate in the GusNIP program, grocery stores can reach more SNAP customers and the capacity to analyze and evaluate SNAP purchasing habits over time due to their ability to retain customer purchase data. But, as it is currently set up, the program can be difficult to implement for grocers.

The main barrier that retailers often run into is that it is technically challenging to develop a point-of-sale system (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 prevented many retailers from even pursuing GusNIP projects since it becomes so technically difficult to set up a program at the register. The NGA Foundation has been proud to play a critical role in providing technical assistance for retailers wanting to participate in nutrition incentives. When looking for long term solutions to increase retailer engagement, **we urge the USDA to find a way to allow EBT cards to provide GusNIP benefits automatically to simplify program administration.** We applaud the USDA's decision to use \$25 million to support SNAP technology improvements to modernize the delivery of incentive programs through SNAP's electronic benefit transfer (EBT) technology.

We also urge Congress to increase funding for GusNIP and HFFI. These programs have the potential to make a real impact on the diets and health of SNAP participants and communities across the United States. GusNIP should be expanded nationwide, but we understand resources are limited. States and localities should be utilized as a partner in identifying areas of need and targeting resources for EBT GusNIP benefits. Additionally, the government should continue focusing its efforts on incentivizing the healthy choice rather than restricting options, this can include programs like the Healthy Fluid Milk Incentive pilot program.

Understanding these programs are in different branches, it is important they work together in conjunction with SNAP-Ed to provide individuals with the education and opportunities to make the best choices for their families. SNAP-Ed provides an opportunity to increase the impact of both HFFI and GusNIP. The use of technology can expand SNAP-Ed's impact and reach consumers where they are, in the grocery aisle. Apps that help plan meals based on foods in the shopping cart and based on tools consumers kitchens will help the fruits and vegetables they purchase make it to the family table.

Conclusion

Thank you for your attention and effort to address hunger, nutrition, and health in the United States. There is so much great work happening around the country that we can learn from and scale to reach more people than ever.

We look forward to working with you to increase access to healthy foods and reach your goals for 2030. Thank you for this opportunity to comment on these important issues. If you have any questions, please contact Stephanie Johnson at sjohnson@nationalgrocers.org.

Sincerely,

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Stephanie Johnson, RDN
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CC: Senator Cory Booker
CC: Senator Mike Braun
CC: Congressman Jim McGovern
CC: Congresswoman Jackie Walorski