



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

**United States House of Representatives
Committee on Agriculture
Subcommittee on Nutrition**

**Hearing on
“The Next Farm Bill: The Future of SNAP”
Tuesday, March 28, 2017**

**Testimony of
Jennifer Hatcher
Chief Public Policy Officer and Senior Vice President
Food Marketing Institute**

Chairman Thompson, Ranking Member McGovern and members of the committee,

My name is Jennifer Hatcher, and I serve as Chief Public Policy Officer and Senior Vice President of Food Marketing Institute¹, a trade association that represents food retailers and wholesalers, as well as their suppliers of products and services. FMI members are located in every congressional district across the country. FMI's tag line when referring to its member companies is "Feeding Families and Enriching Lives," a responsibility we take very seriously.

As this committee considers policies regarding "the Next Farm Bill: The Future of SNAP," FMI very much appreciates the opportunity to testify and the work each of you have already done to understand SNAP and its importance.

First, supermarkets are fortunate to work with some of the world's best farmers and ranchers in the world as supply chain partners to ensure that the products we have on the shelf are safe, top quality, available year round when customers want them, and at the most affordable price possible.

We applaud the detailed review of agriculture policy and SNAP by this committee and would like to share some of the progress we have identified with regard to SNAP, some of the changes we have seen in our customers and stores over the past six years and then will look at the future of SNAP and our partnership with USDA and the Congress.

From the food retail perspective, the Supplemental Nutrition Assistance Program (SNAP) has evolved in a positive way over the past several years. It has become more efficient, more flexible to address unique needs and less prone to fraud or error.

We now have a national program with nationally-approved products that is consistent from state to state. The evolution to 100% interoperable electronic transactions, thanks in large part to the foresight of this subcommittee in 2001, has made the program much easier for operations and compliance and much simpler for customers. It allows states to share and compare data and retailers to look for inconsistencies and fraud.

We have seen tremendous operational efficiencies particularly around fresh product, on-shelf availabilities and fewer out of stocks due to the expansion of the dates SNAP benefits are distributed by state agencies to customers. Only seven states continue to issue benefits on one day in the month, a number we continue to work to reduce (benefits issuance chart attached).

The administrative and licensing function is working extremely well. There is a very competent and responsive team at USDA charged with this responsibility.

¹ Food Marketing Institute proudly advocates on behalf of the food retail industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org.

- SNAP has very adeptly addressed significant fluctuation in the number of eligible beneficiaries via both regular issuance changes due to economic downturns and improvements and Disaster SNAP (D-SNAP) special issuance for major disasters. Following the major economic downturn, in December 2012, there were 47,792,056 people on the program vs. the most recent figures in December 2016: 42,968,525 people (which represents the lowest monthly level since September 2010).

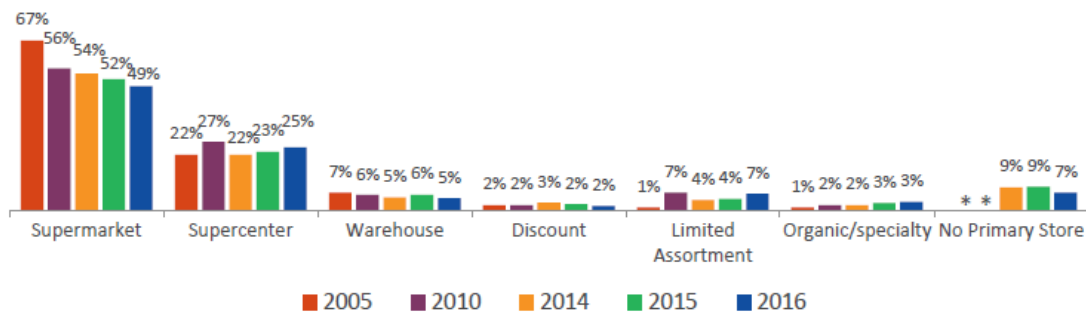
Through this recent positive evolution of program elements, we have also seen significant changes in our customers’ tastes and desires and approaches to shopping.

- Households have moved to shared responsibility for shopping (almost ¼ of shoppers have a 50/50 split in the shopping.)
- Shoppers are visiting a broad array of stores for their shopping.

Shoppers continue to shop multiple channels

Shoppers today are visiting a broad array of stores to get their shopping done. The last ten years have seen a slow but steady shift of shoppers away from traditional supermarkets as primary store to other channels, such as supercenters, club stores and limited assortment retailers. Notably, in the past 3 years, a significant number of shoppers are no longer claiming any one store as their primary store for groceries (see Chart 1.1).

CHART 1.1: CHANNEL OF PRIMARY STORE

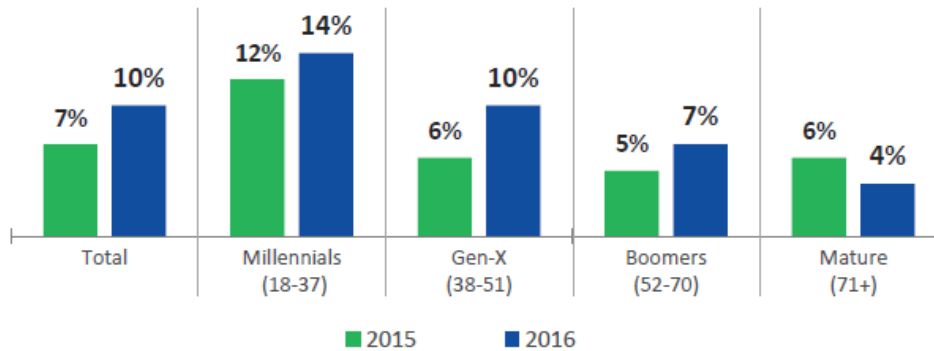


Source: FMI U.S. Grocery Shopper Trends, 2016. Q: “Which store or service do you consider your PRIMARY source of grocery-type items? In other words, where do you spend the most money on grocery-type items for use in your home?” 2016: n=2,061. *No primary store” not measured prior to 2011. Other channels (Convenience, Dollar, Drug, Ethnic, Military and Online-only) account for approximately 2% of all primary store channels selected in 2016. Other channels account for 1% of all primary store channels selected in 2015. (See Appendix: Table A.9)

- Online is growing. We anticipate it starting to grow more aggressively - perhaps reaching 20% by 2025².

² “The Digitally Engaged Food Shopper.” The Nielsen Company and Food Marketing Institute, January 2017.

CHART 1.5: PAST 30 DAY USAGE OF ONLINE GROCERY, TRENDED BY GENERATION



Source: FMI U.S. Grocery Shopper Trends, 2016. Q: "Please indicate the sources where you've purchased grocery-type items, either in person or online in the past 30 days. (Online channel.)" 2016: n=2,061. 2015: n=2,265. (See Appendix: Table A.8)

- Shoppers are using digital tools to be better informed about food, shopping and cooking.

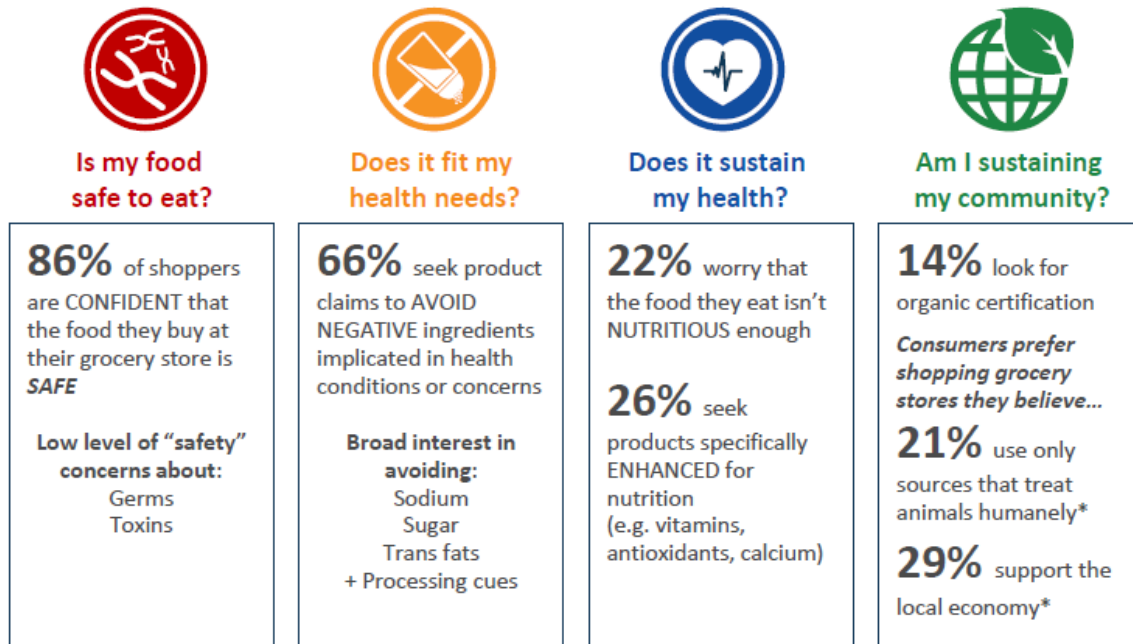
TABLE 1.3: SHOPPER ACTIVITIES USED OCCASIONALLY/FREQUENTLY VIA SMARTPHONE, BY GENERATION

Shopper Online Activities: <i>Occasionally/Frequently</i>	Total	Millennial	Gen-X	Boomer	Mature
Use digital coupons	49%	59%	45%	44%	18%
Look up recipes	47%	66%	47%	24%	8%
Check weekly sales specials at your primary store	46%	55%	41%	41%	25%
Read reviews of products and brands	32%	41%	31%	22%	17%
Scan QR codes or traditional barcodes of grocery type items to compare pricing across stores (for example, with Amazon)	23%	29%	22%	15%	10%
Use the in-store item locator	21%	29%	19%	15%	7%
Scan QR codes or traditional barcodes of grocery-type items to learn more about their nutritional value	20%	23%	19%	18%	13%

Source: FMI U.S. Grocery Shopper Trends, 2016. Q: "While at the grocery store, how often do you use each of the following with your smartphone? (Top-2 Box)" (Among shoppers with smartphones) n=731. (See Appendix: Table A.36)

- With the continued threat to center store, stores have to rethink their focus and space allocations – some are getting laser focused on fresh categories – ready to eats, private brands - and some on pharmacy and expanded health and wellness program offerings.
- With nearly nine in 10 shoppers having confidence in the safety of food at the grocery store, stores are able to focus more of their wellness attention to labels, analyzing nutritional claims and other wellness distinctions.

FIGURE 3.1: HEALTH & WELLNESS CONTINUUM: FROM FOOD SAFETY TO COMMUNITY WELLNESS



Source: FMI U.S. Shopper Trends, 2016. Q: “How confident are you that the food in your grocery store is safe?” (See Appendix: Table A.59).
 Q: “What health claims do you look for on the package when purchasing a product? (Select all that apply)” (See Appendix: Tables A.48–49).
 Q: “How concerned are you about the nutritional content of the foods you eat?” (See Appendix: Table A.45). * The Hartman Group. “Transparency”, 2015.

The factors consumers consider when choosing a store or a product are getting more complex. Where once there were three key factors – cost, taste, convenience – now more than one half of shoppers are also considering additional considerations, including health and wellness, food safety, and corporate social responsibility.

Future

First, there is enormous opportunity for USDA to continue to allow for innovation and flexibility in how we serve the customer, engaging the SNAP customer in a digital format with more product information, menu planning, and better budgeting.

We need to continue our focus on the efficiency of the transmission part of the transaction. We need more and better up time on EBT systems; they are currently not performing at the same level of efficiency as debit and credit card systems. Any system outage results in hours and hours of back-end work matching failed transactions to make sure customers are not double charged when a system returns to functionality.

In spite of the lower performance in some cases, there have been efforts by some processors to charge retailers fees on transactions – a tactic that has been strictly prohibited for decades and needs to be clarified in this Farm Bill. There should be no mandatory fees charged to merchants.

One area where retailers see a growing challenge is the actual transmission of the transaction through the state contracted processors. Currently, states contract with payments processors to handle SNAP and eWIC transactions. Unfortunately, there are very few processors in this space, in fact, until recently only two. This lack of competition has made the systems less reliable, and we have seen a growing frequency of down-times where our members cannot process SNAP transactions and customers cannot buy groceries. This is incredibly disruptive at store level with abandoned baskets and slowing down of checkout lines, all coming at a great cost to our members and a great inconvenience to customers. Even more concerning, the state-contracted processors are now beginning to propose that merchants and their acquirers pay a fee to process SNAP transactions. This tactic has been strictly prohibited for decades by the law written by this committee. FMI and our retail members will be seeking further legislative clarification in the next Farm Bill that there should be no fees charged to grocers for accepting SNAP.

We also need new entrants to the state SNAP EBT contractor pool as competition inevitably leads to greater efficiency and innovation. As mentioned earlier, until recently there were only two processors in the market. Recently we learned of a new entrant, Solutran, currently contracting to process both SNAP and eWIC, and we are excited to work with them in some of these new areas. While three is better than two, we look forward to working with the committee on finding additional ways to attract new entrants into the market.

The demographics of shoppers and how they shop is changing dramatically. In January, USDA announced seven retailers and seven states selected to participate in a two-year pilot currently slated to begin in August. While FMI has not had any additional communication since the announcement about the project, we understand that it is not moving very fast and seems to be limited to very few transactions. Based on industry research, more grocery customers are shopping online. If we wait two years for a small scale pilot and then evaluate data before determining scalability and criteria, there will not be any significant focus on new technology implementation for three years or more, which is likely to be very late in the technology evolution to be able to impact design. One thing we continue to learn is that integrating functionality early in technology design and utilization is far simpler and less expensive than after-the-fact retrofitting. FMI hopes that USDA will move more quickly on a second round in the pilot to allow for more grocer participation across the country.

Responding to consumer interest in having more information about products, the retail grocery industry recently launched the SmartLabel initiative under the leadership of FMI and GMA. Currently covering over 5,000 products and expecting 30,000 products by the end of 2017, SmartLabel is a digital platform that organizes required and voluntary product information and makes it accessible to customers from an app, QR code or website. Through SmartLabel and Facts Up Front, which launched in 2011, the retail grocery industry is working to help consumers make more informed choices about food and their health.

FMI members have a strong commitment to reducing food waste in our supply chain and addressing consumer confusion that can lead to waste in the home for SNAP customers and for all customers. Since 2011, we have worked with the Grocery Manufacturers Association (GMA) and National Restaurant Association (NRA) as part of the Food Waste Reduction Alliance (FWRA), which has established itself as one of the leading industry-led coalitions fighting food

waste in the United States. FWRA provides a forum for sharing innovative best practices and improving the measurement of food waste in our supply chains, and has emerged as a “go to” resource for NGOs, academics and policy makers.

FMI has also worked with our partners at the Grocery Manufacturers Association to reduce food waste by addressing consumer confusion around date labels. In February, FMI and GMA announced a voluntary, industry-led effort to begin reducing the dozen or more different terms currently found on food packages to two consistent phrases – “BEST if used by” for packages where quality is the primary concern and “USE by” for perishable or short shelf-life products. Efforts are already underway to implement this new phrasing.

I would also be remiss if I did not mention one of our proudest resources – the Food Keeper (available as an app or online at <http://www.fmi.org/industry-topics/consumer-affairs/food-keeper-food-storage-database>) – which was developed as part of an innovative collaboration between FMI, USDA, and Cornell University. The Food Keeper allows consumers to look up individual product categories and receive guidance on storage and preparation of the product to maximize freshness, quality and shelf life.

The health and eating habits of SNAP participants is another area I would like to address. There has been a great deal of thoughtful discussion in the committee on what SNAP participants are buying and consuming. FMI’s President and CEO, Leslie Sarasin, recently testified before the committee about how SNAP restrictions would affect the grocery industry and our customers. Additionally, last May, Kathy Hanna with the Kroger Company testified about a partnership Kroger had entered with AARP who received a Food Insecurity Nutrition Incentive (FINI) Grant from USDA. The partnership allows Kroger to incentivize SNAP customers to purchase more fresh fruits and vegetables in their stores. We recently received an update that the program is growing strong with weekly coupon redemptions around \$2,700. Currently the program is active in seventeen of their stores around the Memphis, TN area and will expand to another eight in the coming months.

Partnerships like these and even individual actions by grocers are the creative incentives that are a win-win for local farmers, supermarket and customers. Another example of a successful and growing FINI partnership is the Double Up Food Bucks program operating in 17 Family Fare/ (SpartanNash) stores in Michigan and 51 Price Chopper stores in Kansas City, MO. (article attached).

There is a growing market for grocers to help all of their customers make the right food choices for their families based on both budget and nutrition. An amazing 95% of FMI’s members report employing dietitians at the corporate, regional and store level. Just recently local grocer Giant Food Stores announced an expansion of its in-store nutritionists program by adding three more to their staff.

Grocers like Giant employ in-store dietitians and nutritionists to perform one-on-one consultations for customers with specific dietary needs, store tours and community classes to help educate customers on how to make the right selections for their families and prepare the foods they buy. Additionally, a growing number of FMI’s members are employing in-store chefs

who host cooking demonstrations, help with menu building and provide recipes. These services are provided to all customers regardless of how they pay.

Some have suggested that beyond the incentives, we should look at penalties and restrictions. Thoughts coming from folks on what these penalties or restrictions might look like are all over the map. Some have proposed that penalties should only apply to certain states or counties. Others have suggested that penalties should only apply to certain people. I want to reiterate that the efficiencies and simplicity of the administrative function of SNAP that have achieved easier operation and compliance and a simpler customer experience have happened because of the consistency of a national program. If we put a pilot or a block grant in place in one store or a series of stores or one county, it will require significant IT spending. The impact on the card is also unknown. If a penalty were put in place in one county or stores or state, the customer could simply avoid shopping in the location with the penalties or restrictions in place – penalizing not only the customer, but also the store owner. Another point that some who have suggested a penalty or restriction for purchasing unhealthy foods is that we don't want the penalty to apply to seniors or veterans or the disabled or those with young children. Recent USDA figures indicate that 82% of benefit dollars are currently utilized by those categories of people. If this concept was developed into policy, would some kind of indicator be put on the SNAP cards of those individuals for whom penalties would apply? Would store clerks be charged with enforcement? Would a team of people at USDA be hired to develop and update an electronic product list of those items that would trigger a penalty or restriction and send it to the 260,000 SNAP authorized retailers on a monthly basis? As you can see, an idea that seems relatively simple in theory, would have enormous impact, expense and complexity without a clear benefit.

At FMI, we take the responsibility of providing our customers safe and affordable food and nutrition very seriously. As discussions regarding the future of food and agriculture policy continue, we very much appreciate the opportunity to provide our insight as we learn from our members and our customers.



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State-by-State Monthly SNAP Benefit Issuance Schedule

State	Day(s) of SNAP Benefit Distribution
Alabama	In August 2013, the state expanded their distribution dates, moving from the 4th to the 18th of the month to the 4th through the 23rd of the month. To assist in the transition, recipients received half of their benefit on their original date and half on their new date in the month.
Alaska**	The main SNAP issuance is all on the first day of the month. Smaller supplemental issuances for new applicants and late recertifications occur daily throughout the month.
Arizona	SNAP benefits are distributed over the first 13 days of the month by the first letter of the recipients' last name. For example: last names that begin with A or B are distributed on the first day of the month; 2 nd day of the month: C and D; etc.
Arkansas	Arkansans receive their benefits on these eight days: 4th, 5th, 8th, 9th, 10th, 11th, 12th or 13th of each month, based on the last number of their social security number.
California	California is different in that each county distributes SNAP to those who qualify. The payments go out to all those who qualify between the 1-10 of the month. Others (i.e. new applicants) get paid throughout the month depending on when they were accepted.
Colorado	Food Stamp benefits are distributed on the first ten days of the month by the recipient's last digit of their social security number.
Connecticut	SNAP benefits and cash are distributed on the first three days of the month, by the first letter of the recipient's last name. (A-F are available on the first; G-N on the second and O-Z are distributed on the third day of the month.)
Delaware	Benefits are made available over 23 days, beginning with the 2nd day of every month, based on the first letter of the client's last name.
District of Columbia	Benefits are made available from the 1st to the 10th of every month, based on the first letter of the client's last name.
Florida	All SNAP recipients moved from a 15 day distribution to a 28 day distribution in April 2016. In March 2016, to assist in the new transition, benefits were "split." Recipients received the first half of their benefits on their "old" date and received the second half of their monthly benefits on what was their "new" date going forward. The ACCESS Florida system assigns benefit availability dates based on the case number recipients received when they became eligible for the SNAP program.

Georgia	In September 2012, SNAP benefits in Georgia expanded from the 5th to the 14th, and then finally to the current 5th to 23rd of each month, distributed every other day.
Hawaii	Benefits are made available on the 3rd and the 5th of every month, based on the first letter of the client's last name.
Idaho	Benefits were previously made available on the first day of every month. (Prior to August 2009, benefits were distributed on five consecutive days at the beginning of each month, but this was later moved to one day.) In 2014, H.B. 565 was enacted. The bill requires the state Department of Health and Welfare to issue SNAP benefits over the course of ten consecutive days within a month. Bonus money received from USDA paid for the cost of the change. Currently, and since July 1, 2016, benefits are distributed over the first 10 days of each month based on the last number of the birth year of the recipient; for example, a birthday of 8/25/64 would receive benefits on the 4th day of each month.
Illinois	SNAP benefits are made available on these 12 days of the month: 1st, 3rd, 4th, 7th, 8th, 10th, 11th, 14th, 17th, 19th, 21st, and 23rd of every month, based on a combination of the type of case and the case name.
Indiana	On January 1, 2014, the state implemented an expanded schedule for the distribution of benefits during the fifth through the twenty-third day of each month, to be issued every-other-day, based on the first letter of the recipient's last name. For example: A or B = benefits available on the 5 th ; first Letter of the Last Name is: C or D = benefits available on the 7 th . Previously, benefits were made available on the first ten calendar days each month. (TANF is issued on the first of the month.)
Iowa	Benefits are made available over the first 10 calendar days of every month, based on the first letter of the client's last name.
Kansas	Benefits are made available over the first 10 calendar days of every month, based on the first letter of the client's last name.
Kentucky	Benefits are made available over the first 19 calendar days of every month, based on the last digit of the client's case number. This was recently expanded from the previous 10 day distribution.
Louisiana	Benefits are made available between the 1st and the 14th of every month, based on the last digit of the client's SSN. (Elderly and disabled benefits are made available between the 1st and the 4th of every month.)
Maine	Benefits are available the 10th to the 14th of every month based on the last digit of the recipient's birthday.
Maryland	In January 2016, the distribution schedule was changed. Benefits are now distributed from the 4 th to the 23rd of every month, based on the first three letters of the client's last name. Previously, benefits were distributed from the 6th through the 15 th of the month. This was accomplished through a five month phase-in.

Massachusetts	Distribution is based on the last digit of each recipient's social security number and distributed over the first 14 days of the month.
Michigan	In January 2011, SNAP moved from a seven day distribution to the current distribution, which is from the 3rd to the 21 st , distributed every-other-day, based on the last digit of the head of household's recipient identification number. For example, clients' numbers ending with 0 will receive food benefits on the 3rd of the month; numbers ending with 1, food benefits will be available on the 5th of the month.
Minnesota	Benefits are staggered over 10 calendar days, beginning on the 4th through the 13th of every month, without regard to weekends or holidays, based on the last digit of the client's case number.
Mississippi	Effective February 2017, benefits are made available from the 4th to the 21st of every month, based on the last two digits of the client's case number. Benefits were previously distributed from the 5th to the 19th (15 days) of every month.
Missouri	Benefits are made available over the first 22 days of every month, based on the client's birth month and last name.
Montana	Benefits are distributed over five days by the last number of the recipient's case number, from the 2 nd to the 6 th of every month.
Nebraska	Nebraska distributes benefits during the first five calendar days of the month. The day of distribution is based on the last digit of the social security number.
Nevada**	In Nevada, food stamp benefits are issued on the first day of each month.
New Hampshire**	New Hampshire benefits are available on the 5th of every month.
New Jersey	The monthly SNAP allotment is available over the first five days of the month. The day is based on the number in the 7th position of their case number. Some of the cases still receive their benefits based on the assignment at the time the county was converted to EBT. In Warren County, all benefits are made available on the 1st of the month.
New Mexico	Benefits are made available over 20 days every month, based on the last two digits of the SSN.
New York	The process is twofold as follows: in New York City, recipients receive their SNAP benefits within the first 13 business days of the month, according to the last digit of their case number, not including Sundays or holidays. The actual dates change from one month to the next, so NYC publishes a six-month schedule showing the exact availability dates. For the remainder of New York State, recipients receive their benefits within the first 9 days of the month, also according to the last digit of their case number, including Sundays and holidays.
North Carolina	Effective July 2011, the state expanded its 10-day distribution schedule. Benefits are now distributed from the 3rd to the 21st of every month, based on the last digit of the primary cardholder's Social Security Number.

North Dakota**	Benefits are made available on the first day of every month.
Ohio	In April 2014, Ohio expanded its SNAP distribution from the first ten days of the month to the first 20 days of the month, staggered every two days. This only affected SNAP recipients who moved from one county to another; recipients who experienced a one-day or more break in eligibility; and, all new recipients. Recipients who were on SNAP before April 2014 did not see a change.
Oklahoma	Benefits are made available from the 1st to the 10th of every month, based on the last digit of the client's SNAP case number.
Oregon	SNAP is distributed on the first nine days of the month as such: social security numbers ending with "0" or "1" distribute on the 1st day of the month, numbers ending with a "2" are distributed on the 2nd day of the month and so on.
Pennsylvania	Benefits are made available over the first 10 business days of every month (excluding weekends and holidays) based on the last digit of the client's case number.
Rhode Island**	Benefits are made available on the first day of every month.
South Carolina	In 2012, South Carolina expanded from a nine day to a 19 day issuance. Current recipients stayed within the nine day distribution, but all new recipients were given a date that expanded into the 19 days.
South Dakota**	Benefits are made available on the 10th day of every month.
Tennessee	In October 2012, Tennessee expanded distribution from 10 to 20 days.
Texas	Benefits are made available over the first 15 days of the month, based on the last digit of the client's SNAP case number.
Utah	Benefits are made available on the 5th, 11th, or 15th of every month, based on the first letter of the client's last name: A - G available on the 5th; H - O available on the 11th; P - Z available on the 15th.
Vermont**	Vermont benefits are available on the first of every month.
Virginia	On September 1, 2012, benefit distribution was moved from one day a month to five days, and then eventually to the current 1st to the 9 th day of every month, based on the last digits of the client's case number.
Washington	Benefits are staggered over the first 10 days of the month based on the last digit of the households' assistance unit number. Weekends and holidays do not affect the schedule. However, beginning February 1, 2017 , an expansion of distribution was fully implemented. Going forward, it will be the first 20 days of the month.
West Virginia	Benefits are made available over the first nine days of every month, based on the first letter of the client's last name.
Wisconsin	Benefits are made available over the first 15 days of every month, based on the eighth digit of the client's SSN.
Wyoming	SNAP is distributed on the first four days of the month.

Current as of February 13, 2017; Food Marketing Institute Research

Notes:

▶ **States with asterisks are those that only distribute benefits on one day a month. There are seven that still do so. Warren County, New Jersey distributes only one day a month, although the rest of the state distributes over five days. Also, there are four states that distribute SNAP just two or three days a month.

Additional Distribution Information:

▶ There is no limit on the number of days for stagger. The only condition in regulation is that no single household's issuance should exceed 40 days *between* issuances.

▶ Currently, benefit recipients may only be issued their benefits one time a month, or within 40 days.

This Fre\$h Savings coupon is good for half off your next purchase of fresh fruits and vegetables here at Kroger (up to a \$10 value).



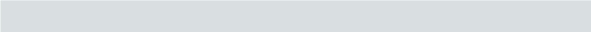
Maximum of two coupons per SNAP household, per month

Kroger

Kroger is the nation's largest grocer with more than 2,700 stores across 35 states and the District of Columbia . 431,000 associates serve 8.5 million customers each and every day.

Kroger is recognized as one of America's most generous companies for its support of more than 100 Feeding America food bank partners, breast cancer research and awareness, the military and their families, and more than 145,000 community organizations including schools.

Partnership



Untraditional partners in common purpose to promote healthy eating and better health

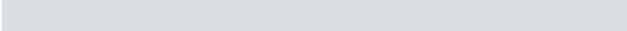
Kroger has implemented the program in 10 stores, with goals to expand into additional stores and states. Kroger provided associate training and developed a scalable, technology-based model.

AARP Foundation committed to match funding and organized grant proposals and execution.

AARP Volunteers staff kiosks in all participating stores and run in-store nutrition education tours.

UnitedHealthcare provided \$1 million in matching funds for 2015, with the option to renew annually.

FINI Grant



USDA awarded a \$3.3MM Food Insecurity Nutrition Incentive (FINI) grant for a 4-year SNAP incentive program through partnerships with state agencies in Tennessee and Mississippi.

Program Summary

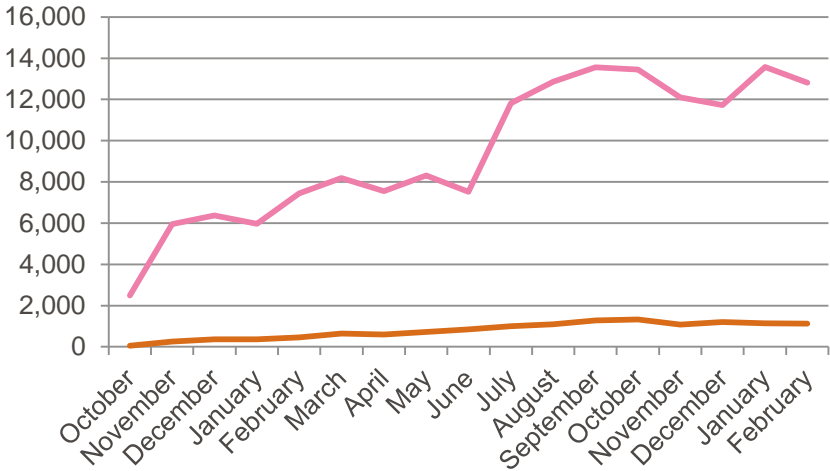
Replicable SNAP incentive program being implemented in select Kroger stores in Tennessee and Mississippi.

For every \$10 spent by a SNAP customer on fresh fruits and vegetables, a coupon will be printed for 50% off their next purchase of fresh fruits and vegetables.

MAKING A DIFFERENCE

AVG COUPON VALUE: \$8.11

13,571 coupons redeemed thru 2/2017



— # of Coupons Redeemed
 — # of Catalina Prints (Coupons) per Month



The Double Up Food Bucks program benefits local farmers while enabling low-income consumers to purchase healthy produce.

PRODUCT CATEGORIES > PRODUCE & FLORAL

Local produce incentive program expands

USDA-backed Double Up Food Bucks rolls out to dozens of retail locations

Mark Hamstra 1 | Mar 16, 2017

An increasing number of food retailers have found that a healthy-eating incentive program that was originally launched at farmers' markets can help drive sales in their stores as well.

The program, called Double Up Food Bucks, offers low-income consumers an incentive to buy local produce and to purchase more fruits and vegetables overall. It

has been growing quickly in the grocery sector, with dozens more stores slated to come online around the country this year.

This spring Double Up will be rolled out to 51 Price Chopper stores in the Kansas City, Mo., market, after launching in just a handful of Price Chopper locations in 2015.

“We’re big proponents of the program, because it helps our customers, it helps local farmers, and it’s good for us, too, so it’s a win-win program all around,” said Michael Beal, chief operating officer, Ball’s Food Stores.



SpartanNash offers Double Up Food Bucks at 17 Family Fare stores in Michigan.

Ball’s

debuted Double Up Food Bucks in four Kansas City-area Price Chopper locations in 2015 and has since expanded it to 14 stores. This spring, several additional Price Chopper operators in the market are planning to launch the program. In addition, a

Whole Foods Market in Overland Park, Kan., and Rollin' Grocer, a traveling store based out of a trailer, also participate in the program in the Kansas City market.

Double Up Food Bucks was launched by the Ann Arbor, Mich.-based Fair Food Network in five farmers' markets in the Detroit area in 2009. Consumers who receive Supplemental Nutritional Assistance Program (SNAP) benefits, formerly known as food stamps, can earn \$1 toward the future purchase of any produce item for every \$1 they spend on local produce at participating grocery stores.

The program received a boost through \$100 million in funding that was included in the 2014 Farm Bill, some of which was awarded last year to local organizations supporting Double Up Food Bucks. The Food Insecurity Nutrition Incentive (FINI) grants program was created to support healthy food incentive programs like Double Up Food Bucks across the country.

"It has energized this field, and incentivized more partners to bring this program into their communities," said Emilie Engelhard, communications director at the Fair Food Network, of the FINI program.

Beal said the Double Up Food Bucks program has driven up sales of local produce in double digit percentages at Ball's Price Chopper stores and has increased transactions among SNAP customers.

The local organization driving the program in the Kansas City area, called Double Up Heartland, has a goal of expanding the program to 117 retail locations and 68 farmers' markets in the region by 2019, according to Engelhard.

In addition to Kansas and Missouri, the Double Up Food Bucks program has also been rolled out to grocery stores in Michigan, Arkansas, New York, Colorado and New Mexico, and just last month was introduced in California. The program launched in the San Jose, Calif., market in three retail locations — two Arteaga's Food Centers and one location of Food Bowl 99.

This summer it is slated to debut at Schnuck Markets in the St. Louis, Mo., area, according to the Double Up Heartland website.

“We really do see grocery as being an important next tier for incentive work,” said Engelhard.



Retail banner D&W Fresh Market reflects SpartanNash's commitment to fresh.

SpartanNash, based in Grand Rapids, Mich., in 2014 became the first major retailer to offer Double Up Food Bucks in multiple stores when it launched in two Family Fare supermarkets in Michigan. The program was expanded to five Family Fare locations in 2015, and last year it expanded the rollout to 17 Family Fare stores in Michigan.

In 2016, 80% of points earned toward produce were redeemed, SpartanNash said. The company said it was in the process of “significantly expanding its program for 2017.”

“I love that we can offer the Double Up Food Bucks program at our store for the fourth year in a row,” said Renee Harris, store director of the Family Fare Supermarket in Battle Creek, Mich. “Through the program, we can support local products while helping our customers stretch their food dollars and encourage healthier eating.”

SpartanNash said the program exemplifies its commitment to corporate responsibility, including environmental sustainability and social responsibility.

Fair Food Network said both Ball’s Food Stores and SpartanNash have been important to the growth of the program at retail.

“The partnership with SpartanNash significantly raised the profile of the work within the grocery sector at large,” said Oran Hesterman, president and CEO of Fair Food Network. “SpartanNash understood early on the power of this work as a means to better serve its customers and the broader community.”

SpartanNash and Ball’s Food Stores both have long had a commitment to local produce, and SpartanNash recently expanded its capabilities in this area with the acquisition of Caito Foods Service, a distributor of fruits, vegetables and prepared foods.

“We are excited to join forces with SpartanNash and increase our footprint in providing local fresh products,” Tony Mitchell, VP of sales and procurement at Caito Foods, told SN. “This acquisition will serve to enhance our reach to a greater number of regional family farms and consumers.”

He said consumer interest in local product, which is being driven in large part by Millennials, continues to gain strength.

“We understand that customers have a growing appetite for locally grown items, and SpartanNash has an equally strong appetite for supporting local farmers,” said

Mitchell.

Beal of Ball's Food Stores said he continues to see growth in demand for local produce as well.

“Our consumers are telling us they want fresh, and its almost to the point where there's a perception by consumers that it's as important as organic,” he said, noting that many of the local farmers who supply Ball's locations do farm organically.

“Local farmers want to get their goods to market, and we have been doing that with local farmers for 18 or 20 years,” said Beal. “This is just another benefit of working with local farmers, and we continue to help them grow that business.”

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