

Testimony of Mike Beal  
Chief Operating Officer, Balls Food Stores  
Kansas City, KS

On Behalf of the National Grocers Association

Before U.S. House of Representatives Committee on Agriculture  
“A 2022 Review of the Farm Bill: Stakeholder Perspectives on SNAP”  
Washington, D.C.  
June 8, 2022

Good morning Chairwoman Hayes, Ranking Member Bacon, and Members of the Nutrition, Oversight, and Department Operations Subcommittee. My name is Mike Beal, and I currently am the Chief Financial Officer of Balls Food Stores. I also spent six years as our first Chief Operating Officer. Balls Food Stores currently owns and operates 26 retail grocery stores in the greater Kansas City, Kansas and Missouri metropolitan area. We operate primarily under the Price Chopper and Hen House banners, but have other stores as well. It is an honor and a privilege to be here with you today.

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

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

We also make a point of doing substantial business with about 150 local farmers, and have been doing so for more than 15 years. Independent grocers create markets for smaller producers, adding to the partnerships across our communities.

I am very proud to be here on behalf of the National Grocers Association. NGA is the only national trade association dedicated solely to the needs of independent, community-focused grocery retailers and operators. NGA represents the 21,000 independent community grocers and the wholesalers that service them. 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.

*Overview*

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

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

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

SNAP is very important in rural areas. An Economic Research Service report released last November found that SNAP generated larger relative impacts in the rural economy than in the urban economy. Household expenditures of SNAP benefits annually increased rural economic output by 1.25 percent and rural employment by 1.18 percent. For the urban economy, SNAP benefits increased economic output by 0.53 percent and employment by 0.50 percent. SNAP has a positive economic impact on local economies. For every dollar spent locally in the SNAP program, \$1.80 in positive economic benefit is realized. This helps keep local economies stronger and recover more quickly from economic downturns. It also supports local jobs.

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

### ***Online purchasing***

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

NGA strongly supports legislative proposals to improve online SNAP programs advanced by this Committee as part of the reconciliation bill and those contained in H.R. 1413 and S. 313, the Expanding SNAP Options Act. In particular, we support efforts to require the Secretary of Agriculture to implement online SNAP purchasing in all states. We also support providing resources to develop and maintain a secure, easy-to-use online and app-based portal for EBT redemption to support smaller retailers in offering products for online SNAP purchasing. And we support the creation of a USDA Technical Assistance Center to facilitate online purchasing

and use of the portal for smaller retailers, direct-to-consumer farmers and farmers' markets. We also support this USDA Online SNAP TA Center sharing accurate, accessible information with the public about which local vendors participate in SNAP online purchasing.

It is important for the Committee to recognize the challenges that independent grocers face in accessing online systems. Independent grocers wish to offer this service to their customers, and many have applied to FNS to participate. However, barriers to participation include technical challenges, financial constraints to launch and continuously operate the program, and a lengthy application and approval process.

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

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

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

### ***SNAP Incentives***

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

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

Currently no clear standard exists in the federal government for defining foods as good or bad, healthy or not healthy. With more than 650,000 food and beverage products on the market today and more than 20,000 introduced each year, creating those standards would be difficult, if not impossible. Defining foods as "in" or "out" means the government would pick winners and losers on grocery shelves and in grocery carts, increasing their influence over private enterprise and making decisions about what Americans can buy. According to USDA, establishing the

nutritional profile of every food available would be a substantial undertaking. This expanded bureaucracy would mean increased, not decreased, administrative costs, without, we believe, any meaningful benefit for SNAP recipients.

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

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

Let me point out that the main barrier that retailers often run into is that it is technically challenging to develop a point of sale 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 actually prevented many retailers from even pursuing GusNIP projects since it becomes so technically difficult to set up a program at the register. There is an immense need for a national Point of Sale (POS) solution for GusNIP, which will allow the program to expand and become scalable nationwide and get healthy foods into consumers' hands. We also suggest that these additional benefits be provided directly to EBT cards to simplify administration.

NGA strongly supports the USDA's recent announcement to provide \$25 million to support SNAP technology improvements to modernize the delivery of nutrition incentive programs. These improvements will provide certainty for businesses that want to ensure their communities have access to nutrition incentives.

### ***Thrifty Food Plan***

NGA applauded USDA's announcement to permanently increase monthly SNAP benefits by 27% beginning Oct. 1, 2021. The increase was required by the 2018 Farm Bill's provision to evaluate and update the Thrifty Food Plan (or TFP) by 2022. This is the first time that TFP has been updated with a major change since 1975. This benefit adjustment is overdue, and comes at a time when most needed.

### ***Operational Fees***

Two of the most impactful payments trends for grocery and other retail industries have, unfortunately, led to more costs for merchants: the growth in debit card usage and a rise in card-not-present transactions. And with the costs of card acceptance growing, we urge regulators and Congress to renew your interest in identifying the bad actors that continue to

game the system and leave merchants holding the bag. Independent grocers operate on very thin margins. While we all want to make purchasing as convenient as possible, any fee that increases costs to grocers risks being passed on to consumers in the form of higher prices.

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

In conclusion, we want to work to maintain our strong existing public-private partnership with the SNAP program and continue to serve our rural and urban customers. We hope to improve online purchasing and do as much as possible to provide incentives for consumers to make better purchasing decisions. We want to maintain benefit levels as much as possible. And we would like to provide responsible control of operational fees in order to make sure even more retailers are able to provide services.

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

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



## **Michael J. Beal**

Mike Beal is the Secretary, Vice President and Chief Financial Officer of Balls Food Stores, a retail grocery store chain with 26 store locations operating under the Hen House, Price Chopper, Sunfresh and Payless Discount Foods brands in the Kansas City metropolitan area. Immediately after earning his MBA from the University of Kansas in 1981 and prior to earning a J.D. from the University of Missouri at Kansas City in 1989, he managed

stores for Balls Food Stores, created and managed the IT department, and served as programmer and system analyst. After law school, he practiced in the areas of mergers and acquisitions, corporate finance, and general corporate matters for nine years, first with Smith, Gill, Fisher & Butts (SGFB), and then with Bryan Cave LLP after its merger with SGFB. He made partner with SGFB one and a half years prior to their normal seven year partnership track and was selected to become a partner with Bryan Cave before he left that firm to return to Balls Foods Stores to become its Chief Financial Officer, a position he held for 15 years. Mike was selected to become the first Chief Operating Officer of Balls Food Stores in 2012 and served in that role until 2019, when he returned to the CFO position. In the position of CFO, Mike has responsibility for all financial and administrative functions of the company. Mike earned a Bachelor of Science in Civil Engineering from the University of Kansas in 1979 while on a football scholarship

Mike is a Board Member of The Greater Kansas City Crime Commission and a former Chairman, a former Board Member of the Missouri Grocers Association and a former Board Member of the Independence School Board Foundation. In addition, Mike is a Manager/Director of numerous commercial and residential real estate entities and a medical technology company specializing in cardiology.

Mike is married to Debra Beal and has three daughters, Molly (41), Marianne (30) and Morgan (27). He is a life-long resident of the Kansas City area.

## Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)\* of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Agriculture

Subcommittee: Nutrition, Oversight, and Department Operations

Hearing Date: 06/08/2022

Hearing Title :

**"A 2022 Review of the Farm Bill: Stakeholder Perspectives on SNAP"**

Witness Name: Michael J. Beal

Position/Title: CFO - Balls Food Stores

Witness Type:  Governmental  Non-governmental

Are you representing yourself or an organization?  Self  Organization

If you are representing an organization, please list what entity or entities you are representing:

National Grocers Association

### FOR WITNESSES APPEARING IN A NON-GOVERNMENTAL CAPACITY

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

Are you a fiduciary—including, but not limited to, a director, officer, advisor, or resident agent—of any organization or entity that has an interest in the subject matter of the hearing? If so, please list the name of the organization(s) or entities.

I am an officer and a director of Balls Food Stores, a local retail grocer serving the greater Kansas City Missouri metro area.

Please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the source and amount of each grant or contract.

We have not received any grants directly, however, a grant issued to the Mid-America Regional Council (MARC) provides funds for SNAP beneficiaries to eat healthier and our stores participate in that program which allows the SNAP beneficiaries to earn credit towards free produce items.

Please list any contracts, grants, or payments originating with a foreign government and related to the hearing's subject that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the amount and country of origin of each contract or payment.

None

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

- I have attached a written statement of proposed testimony.
- I have attached my curriculum vitae or biography.

\* Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a non-governmental capacity, a written statement of proposed testimony shall include— (i) a curriculum vitae; (ii) a disclosure of any Federal grants or contracts, or contracts, grants, or payments originating with a foreign government, received during the past 36 months by the witness or by an entity represented by the witness and related to the subject matter of the hearing; and (iii) a disclosure of whether the witness is a fiduciary (including, but not limited to, a director, officer, advisor, or resident agent) of any organization or entity that has an interest in the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B)(iii) shall include— (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form 24 hours before the witness appears to the extent practicable, but not later than one day after the witness appears.