



655 15<sup>th</sup> Street, N.W.  
Washington, DC 20005-5701  
Tel: (202) 452-8444  
Fax: (202) 429-4519  
E-mail: [fmi@fmi.org](mailto:fmi@fmi.org)  
Website: [www.fmi.org](http://www.fmi.org)

**STATEMENT OF RICH SAVNER**  
**DIRECTOR OF PUBLIC AFFAIRS AND GOVERNMENT RELATIONS**  
**PATHMARK STORES, INC.**

**ON BEHALF OF THE FOOD MARKETING INSTITUTE**

**WEDNESDAY, SEPTEMBER 29, 2005**

Under Secretary Bost and USDA Food and Nutrition Service officials:

Good Morning. My name is Rich Savner. I serve as Director of Public Affairs and Government Relations for Pathmark Stores in Carteret, NJ. I also serve on the Food Marketing Institute's (FMI) Government Relations Committee and in that role have spent a significant amount of time on issues related to Food Stamp benefits.

I want to thank you for the opportunity to speak to you today on behalf of the 26,000 retail food stores represented by FMI. Before I proceed, I would like to take a moment to tell you about my company. Pathmark is one of the top 20 food retailers in the country and is one of the market share leaders in metro Philadelphia, New York City and New Jersey with \$4.0 billion in annual sales. Pathmark services many urban communities and a significant percentage of our customers receive some form of public assistance, including Food Stamps or EBT and WIC.

A considerable portion of my time and that of my colleagues in the industry is spent working to ensure that recipients and those eligible to receive benefits from our nation's food assistance programs are able to access their benefits without difficulty in our stores.

Much has been done under your leadership to improve the delivery of those benefits. First, the transition to electronic delivery has been completed and customers and retailers alike are pleased with the new system and would like to share some of its benefits with the WIC program which still has many modernization and efficiency needs. We also appreciate the work of your department to allow merchants to treat Food Stamp customers just as they would treat other customers paying via an electronic transaction while computer systems are down by utilizing a store and forward process. Pathmark has piloted this process for several years without a single complaint of which I am aware.

While I want to first applaud you and your staff on your accomplishments, I also have a few recommendations to offer. Pathmark, as well as other FMI members have partnered with USDA and local advocacy organizations to do outreach particularly to segments of our communities who

may be eligible for food assistance benefits, yet have never applied and are not aware that they may be eligible. We take our role in the community and our partnership with USDA to deliver benefits very seriously. We have had much success with pre-screening potentially eligible persons directly in the store, often in conjunction with health fairs or other health and nutrition programs, such as Food Change, based in New York City and the Greater Philadelphia Coalition Against Hunger. From this in-store pre-screening, we identify a high number of persons who should be eligible for food assistance benefits, but have not applied. In Philadelphia, through the use of the state's online application system, "COMPASS," we have been able to go a step further and actually help the customer complete an application on site. We would encourage USDA to help all states utilize a similar online application system option. One county in New York, as well as the states of Kansas, Washington and West Virginia are utilizing a similar system, but it needs to be more widespread in order to maximize the resources that are currently being expended to identify eligible persons and actually help them submit applications and receive benefits.

I would also like to suggest more active involvement between the states and the retail community on outreach partnerships. There is an opportunity to reach more eligible participants, though in certain instances our partners on the state level are "distant." Handing us posters and CD ROMs should not be the extent of the public sector involvement. Pathmark views this outreach as a community service and an opportunity. States should embrace this as a responsibility.

Also a state issue, but something I feel is noteworthy, is the condition of EBT cards encountered in the supermarket. Many magnetic stripes on the cards are worn out, rendering the card inoperable, and taking the "E" out of EBT. States should be encouraged to actively seek recipients whose cards continuously need to be manually key-entered and replace their worn out cards. I understand there is an expense involved, but the efficiencies of the card are non-existent for those with faded mag stripes.

I feel that I should also comment on Hurricane Katrina efforts. I know USDA officials worked around the clock to try to see that those who were already receiving food assistance benefits or those who were newly eligible for benefits because of the disaster were able to access benefits as soon as possible. I do think this was one of the success stories of this disaster. However, I also think in this test, we were able to identify areas that could be improved for the future. The keys in this type of disaster for retailers and our customers are (1) consistency, (2) procedures that are known in advance and (3) communication. There were some weak links in these areas because of the nature and scope of Hurricane Katrina. First, we feel that the hot foods waiver for authorized food stores should be automatically triggered with a disaster declaration. It is simply too difficult to communicate efficiently and clearly with the spotty telecommunications and power available after the disaster. It is also very confusing to have county waivers when an entire state has been declared a disaster area. This was finally rectified in Louisiana and Florida, but not until after 10 days or so had passed. Second, WIC vouchers of recipients in federally-declared disaster areas should be automatically accepted by any other state and that should be communicated in advance to authorized retailers. Finally, a federal floor limit of \$25 per card per day should be guaranteed also automatically when a federal disaster declaration has been made and normal verification channels are not functioning. Louisiana had a state floor limit in place that was very effective, particularly in the days immediately following the disaster. Below, I have outlined some additional details in each of these areas.

**Federal Floor Limit on Food Stamp/EBT benefits.** Food Stamp benefits are now delivered nationwide via electronic benefit cards that rely on the computer and telecommunications systems. In the event of a federally-declared disaster when those systems are down or are operating on an intermittent basis, a mechanism is needed to insure that our neediest citizens can access their benefits. A federal floor limit of \$25 guaranteed payment to authorized Food Stamp/EBT vendors on Food Stamp transactions to retailers who cannot complete a voice authorization because of a federal disaster declaration should help to insure that these benefits are available particularly in the event of a disaster. This guarantee applies per card per day.

Retailers can assume the added liability for transactions greater than \$25. States can provide for a higher state floor limit.

**Hot Foods Waiver.**

Without electricity, stoves, ovens, disaster victims, particularly those relying on Food Stamp/EBT benefits could be without a hot meal for a long time and may not have the ability to cook many of the foods available in a retail food store. A statewide hot foods waiver for Food Stamp authorized vendors in states declared federal disaster areas should help to make hot meals available for the disaster declaration in a consistent manner. Retail food stores authorized to accept Food Stamp/EBT benefits should be able to accept Food Stamp/EBT benefits from Food Stamp customers in exchange for hot foods in states declared federal disaster areas during the duration of the disaster declaration.

**Transportability of WIC food instruments.** Unlike Food Stamp benefits, WIC food instruments are generally only accepted by the state where they were issued and only for the month they were issued. In this disaster situation to clear all confusion we would suggestion a declaration that WIC vouchers are transportable/usable in any state for purchases at authorized WIC vendors when presented by recipients displaced from their home state because of the disaster WIC food instruments may be accepted by any WIC-authorized vendor in any State.

Thank you for giving me the opportunity to share this statement.