

The Distribution of Funds under the Supplemental Nutrition Assistance Program (SNAP)

Senate Majority Policy Committee

Pennsylvania Senate

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Testimony of Redner's Markets, Inc.  
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Good afternoon Chairman Argall and members of the Committee. Thank you for having Redner's here today to testify on the issue of the distribution of funds under the Supplemental Nutrition Assistance Program ("SNAP"). My name is Jason Hopp and as Vice President and General Counsel of Redner's Markets, Inc., I am pleased to be here to discuss how a common sense change in the way SNAP benefits are distributed in Pennsylvania benefits SNAP recipients and non recipients alike as well as retailers.

First, I would like to give everyone some background on Redner's. Redner's Warehouse Markets is a Pennsylvania based, employee-owned supermarket chain founded in 1970 by Mary and Earl Redner. Today, Redner's is in its 3<sup>rd</sup> generation with Richard Redner serving as its President and CEO. We operate 45 Warehouse Markets, 18 Quicke Shoppe convenience stores and gas kiosks, and 2 distribution centers, all located in Pennsylvania, Delaware and Maryland. Thirty-five Warehouse Markets and 16 Quicke Shoppes are operated in Pennsylvania and we employ a total of 4,700 employees, approximately 4,000 of whom are Pennsylvanians. Last fiscal year, Redner's served approximately 30,000,000 customers.

One unique aspect to Redner's is that we offer an Employee Stock Ownership Program or ESOP. We were the second grocery ESOP in the nation and the first in Pennsylvania. Employees who are part of this plan have an interest in making Redner's a great place to work and shop, and in turn, have stock/ownership for the great work that they do. We have had 30 year employees retire with an ESOP balance approaching \$1,000,000. Our employee owners live in the communities they work and we have provided a list of where our Redner's markets are located (Exhibit "A"). We have a vested interest as owners to ensure Redner's is a top shelf, socially responsible, community grocery store. In return, our customers enjoy low prices and outstanding customer service. Our business philosophy is simple. We are able to offer our customers everyday low prices because we are willing and able to accept lower profit margins than our competitors. Our goal is to turn fast nickels instead of slower quarters. Therefore, our operating costs need to be lower, which leads to smaller, less extravagant stores. No sushi bars or internet cafes will be found in a Redner's.

I am also very proud of the community involvement of Redner's. Redner's gives back to the communities it serves in numerous ways. Our 1% Save-a-Tape has returned over \$4.9 million to local non-profits since 1999; our U.S.M.C. Toys for Tots has donated over \$1 million just over the last 15 years; and Redner's also actively supports the American Cancer Society's Relay for Life, local and U.S. food banks, and numerous other community support programs, including Crime Alert Berks County, and the Greater Reading Fair.

Thanks to our hardworking employees, our low prices with a wide degree of selection, and our community involvement, Redner's has been able to compete with the big box stores that have crept into our neighborhoods.

SNAP, formally known as the food stamp program, provides approximately 1.8 million low income Pennsylvanians with money to purchase food. It is the largest food assistance program in the Commonwealth. Currently in Pennsylvania, benefits for SNAP are **potentially** made available over the first ten business days of every month, based on the last digit of the client's case number. The monthly benefit issuance schedule is attached (Exhibit "B"). Nevertheless, even though the United States Department of Agriculture (USDA) holds Pennsylvania as issuing SNAP benefits over the first 10 business days of each month, each county varies in the way those SNAP benefits are distributed.

SNAP benefits are distributed at the county level either over one business day, two business days, or ten business days. The county disbursement of SNAP benefits schedule is attached (Exhibit "C"). Sixteen counties, or 24 % of the Commonwealth's counties, issue SNAP benefits over ten business days.

These counties are as follows: Philadelphia, Allegheny, Montgomery, Bucks, Delaware, Lancaster, Chester, York, Lehigh, Northampton, Erie, Dauphin, Schuylkill, Cambria, Fayette, and Lebanon.

Thirteen counties, or 20 % of the Commonwealth's counties, disburse SNAP benefits over two business days. These counties are as follows: Berks, Westmoreland, Luzerne, Lackawanna, Washington, Centre, Franklin, Lycoming, Mercer, Lawrence, Clearfield, Jefferson, and Clinton.

Finally, 37 counties, or 56% of the Commonwealth's counties, disburse SNAP benefits on a single business day each month.

**All in all, 65.9% of all SNAP beneficiaries in the Commonwealth live in counties that disburse benefits over ten business days.**

When one analyzes the various county disbursement schedules, there is an irrational and impractical result. Various counties with smaller populations in some parts disburse them over a ten day period such as: Schuylkill, Cambria, and Fayette. However, you have counties such as Berks, which in some instances is double or triple the population of counties that disburse over a ten day period, only disbursing over a two business day period.

Philadelphia and Allegheny counties distribute SNAP benefits over a ten day period, as well as the suburban Philadelphia counties. Most rural counties in central and western Pennsylvania distribute SNAP benefits over a single business day per month.

Redner's operates ten grocery stores in Maryland and Delaware. In Maryland, starting in January of 2016, the SNAP issuance schedule changed from ten days to 20 days per month, with a phase in over a five-month period. That SNAP issuance schedule is based on the first three letters of the client's last name. Benefits are distributed beginning on the fourth day of the month lasting until the 23<sup>rd</sup> day of the month.

In Delaware, SNAP benefits are made available over 23 days per month, beginning with the second day of every month, based on the first letter of the client's last name. The SNAP distribution schedules for Maryland and Delaware are attached (Exhibit "D").

One can assume that a fundamental goal of the SNAP program is to provide nutritious, healthy food to those most in need. By having a SNAP distribution schedule that condenses the distribution benefits to one or two days fundamentally conflicts with that goal. As reviewed above, many counties within the Commonwealth, especially in the mid-state and rural counties, distribute SNAP benefits one day per month. Furthermore, Berks County, a third class county with substantial SNAP recipients within the City of Reading and surrounding area, only distributes SNAP benefits two days per month.

Having all your SNAP recipients on the same day, or 50% of all your SNAP recipients shopping on two different days, creates inventory pressures on grocery retailers that have negative nutritional consequences. The healthiest foods to eat are generally the most perishable. Grocery stores are unable to stockpile large amounts of perishable products at their stores. Consequently, where you have a large influx of shoppers on one or two days per month, the offerings of those healthy, perishable products reduce rather quickly due to the influx of shoppers. For example, Redner's has a 50,000 square foot store in Muhlenberg Township, Berks County, which on SNAP distribution days, approximately 50% of all shoppers are SNAP recipients. The limited SNAP distribution in Berks County of only two days per month puts great stress on our Muhlenberg Township store as well as our other stores in Berks County due to the large influx of SNAP recipients shopping at the same time. Inventories diminish quickly, creating de facto food deserts for healthy, perishable products.

In the grocery industry, we are mindful of the concept of a food desert in inner cities and/or rural areas in Pennsylvania where there are at times limited offerings, or for that matter, stores that provide healthy grocery products to residents. An unintended consequence of limiting the distribution of SNAP benefits over a one or two day period are that de facto food deserts can be created for the healthiest products solely because grocery stores cannot keep up with the stocking of those products due to the demand combined with onsite refrigerated storage limitations.

### Conclusion

Consequently, Redner's is requesting, **at a minimum**, that the SNAP distribution schedule be uniform across the Commonwealth so that all counties consistently distribute SNAP benefits over a ten business day period. Redner's also supports a further widening of the distribution schedule beyond ten business days consistent with Redner's trading areas in bordering states such as Delaware and Maryland that distribute SNAP benefits over 23 and 20 days respectively. A more balanced distribution schedule is not a political issue. It is good policy that other states have implemented, which ensures that the healthiest products for SNAP recipients are available in stores while balancing the operational needs of the retailer to serve all of our customers.