

Pennsylvania House of Representatives

Human Services Committee

Chaired by:

The Honorable Gene DiGirolamo

and

The Honorable Mark B. Cohen

Testimony Presented on the Supplemental Nutrition  
Assistance Program

Thursday March 15, 2012

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Pennsylvania Food Merchants Association (PFMA) and the

Pennsylvania Convenience Store Council (PCSC)

Good morning members of the Human Services Committee and guests. I would like to thank Chairman DiGirolamo, Chairman Cohen and the staff of the Human Services Committee for allowing our testimony today on behalf of the members of the association, their associates and customers.

PFMA represents about 1,000 Pennsylvania companies. The members operate over 4,500 supermarkets, convenience stores and small grocery stores in the Commonwealth. The stores are successful as long as they address consumer demands for fresh, nutritious, quality products sold at competitive prices. The retail grocery business in America has never been more competitive.

PFMA members employ over 140,000 Pennsylvanians. Retail food sales, not including restaurant sales, exceed \$23 billion annually. PFMA is chaired by Louie Sheetz, Executive VP Sheetz, Inc. in Altoona, Pa. and the PCSC is chaired by Paul Rankin, VP Country Fair, in Erie, Pa.

Other industry facts include the following:

1. Profit margins in the retail food industry are less than 2 cents per dollar of sales after taxes.
2. Retailers collect and remit to the state over \$8.5 billion in sales tax revenue annually. Sales tax ranks second to the personal income tax in state revenue.
3. Pennsylvania retailers support local communities and not for profit organizations with cash, food donations, volunteers and in many other ways. PFMA/PCSC members serve as Directors of food banks and meal delivery charities across the state. When a DPW Deputy Secretary referred to a planned SNAP "asset test" in October 2011, the policy shift was immediately reported to retailers by food banks and service organizations across the state.
4. When it comes to ranking the size of industries/employers in Pennsylvania, a 2009 Schneider Downs compilation reported that:

**Pennsylvania  
Major Industry Update\***

Industry	Companies	Employees	Annual Revenue
Retail & Wholesale	64,000	895,900	\$314 billion
Manufacturing	16,700	715,500	\$181 billion
Health Care	32,700	785,500	\$59 billion
Construction/Real Estate	34,000	317,400	\$53 billion
Finance/Insurance	18,200	310,500	\$41 billion
Professional Services	28,400	306,000	\$37 billion
Transportation/Warehousing	7,500	172,300	\$17.8 billion
Tourism	7,200	132,800	\$9 billion
Agriculture	63,000 (farms)	18,865 (est.)**	\$6 billion

- 2009 Schneider and Downs/First Research Report \*\* USDA 2010 Statistics

Total employee compensation \$565,952,000 / \$30,000 per (est.)

It may be a surprise to some of you to learn that Agriculture has not been Pennsylvania's number 1 industry for several generations.

### The Proposed SNAP Asset Test

When informed of the proposed activation of the asset test, we asked to meet with DPW administrators and then with representatives of the Governor's Budget Office and Office of Policy and Planning. Members of the association met with Secretary Alexander and Deputy Secretary Costa to review the anticipated impact of the test on the number of eligible SNAP recipients, county caseworkers, charitable community organizations, state expenditures and the operation of businesses.

At present we believe that many of the critical issues have not been fully addressed by the administration. Moreover, new proposals to cut services made by Governor Corbett in his recent budget address compound our concerns for your constituents and the customers of retail stores in the Commonwealth.

### New Budgetary Concerns

The administration has initiated or proposed cuts in funding that will significantly impact retail food stores, pharmacies, suppliers, wholesalers and consumers. The Governor has proposed ending the General Assistance Cash Assistance program now serving 68,000 Pennsylvanians. The Department is cutting reimbursement to pharmacies for dispensing Medicaid patient prescriptions. Payment for services provided in neighborhood clinics by nurse practitioners has been suspended without notice. In short, structural changes in programs managed by DPW for Pennsylvanians in great need due to the continuing economic downturn have caused concern to businesses, employees, associates and customers.

### Request

We urge elected and appointed officials to establish a rational process for improving the efficiency of services administered by DPW and other state agencies. We are eager to participate with all stakeholders in seeking cost effective solutions to help those in need properly plan for a secure future. Policy and program changes should not be implemented until a clear plan is developed.

