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**STATEMENT OF**

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**FOOD MARKETING INSTITUTE**

**BEFORE THE UNITED STATES SENATE**

**COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY**

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Y O U R   N E I G H B O R H O O D   S U P E R M A R K E T S

Mr. Chairman:

Thank you for the opportunity to provide testimony regarding the Reauthorization of the Special Supplemental Program for Women, Infants and Children on behalf of the 26,000 retail food stores represented by the Food Marketing Institute (FMI). Retail food stores are proud to partner with state and federal governments to ensure that recipients of our nation's food assistance programs, particularly pregnant mothers and their young children, are able to access benefits without difficulty in our stores.

FMI is in full agreement with the important mission of the WIC program and supports its goals 100%. In preparation for the reauthorization of the WIC Program, we reconvened our WIC Task Force to compile recommendations for consideration by the Congress. We have identified areas for improvement for both the customer and the retailer experience. Today, the administrative process from the initial authorization of a store, to customer checkout and retailer reimbursement is incredibly complex and needs to be more user friendly and efficient.

It is also important to note that our recommendations will not cost money. Certainly, in a tight budget year this will prove important to a Committee Chairman who is also an appropriator. Additionally, we propose that these recommendations should achieve savings and certainly efficiencies and improved customer service.

The FMI WIC Task Force identified six areas that need to be addressed from a grocer's perspective: retailer authorization, retail operations, reimbursement issues, penalties, electronic benefits transfer (EBT) and infant formula theft. Certainly, each of

these recommendations, if implemented, would impact the recipient positively as well.

The complete FMI WIC Task Force report has been submitted for the record.

From this comprehensive report, a top 10 list of priority items was developed. It is those items, I will highlight today.

- 1. The store owner/manager should be notified after each incident and prior to another compliance visit.** A store owner/manager strives for nothing less than 100% compliance with WIC rules at all times. However, if a human error is found during a compliance visit, the owner/manager needs to be notified immediately. Unfortunately, under the current system, the WIC undercover shopper may come back to the store a second or third time to see if there are further mistakes, but the owner/manager has still not been informed of an initial problem and thus has not had an opportunity to correct the problem. Fines could be levied in excess of \$30,000 over not enough money to buy a cup of coffee. Three visits may have taken place before the owner/manager was notified of a problem and then with the next problem they could be disqualified from participation in both the WIC and Food Stamp programs for 1-3 years.
- 2. An interim WIC license should be available for a short period of time, after change in store ownership, while the new owner's application is being reviewed by USDA.** Currently, the license is immediately lifted when ownership changes hands and often it is 9-12 weeks for a new license even when the new owner is authorized at another location. This has a very significant impact on WIC customers who can no longer purchase products at a store where they have been shopping previously.
- 3. WIC Retail Advisory Panels should be authorized and required in every state to address operational issues on an ongoing basis.** They have been very helpful in each state where they are being utilized. Currently, more than half of the states have advisory panels.
- 4. Private label products should receive approval provided the items maintain the nutritional integrity of the current WIC food products.**
- 5. The WIC program needs to be more flexible with minimum inventory, particularly with some of the specialty infant formula products.** For example, a recipient may be given a prescription for 10 cans of Alimentum or Nutramigen, a specialty formula. The inventory may be depleted after one customer. If 2-3 customers come in to the store with similar prescriptions, the inventory may not be available in the required 48 hour window.

6. **The prescriptions need to be more attuned to the manufacturers' changes in packaging of products.** For instance, an authorized product of the same measurement is approved in can but not in plastic bottles. The prescription is provided in non-traditional sizes -- 64oz plastic bottles are the standard size in juice, however the prescription may provide for 46oz cans which are difficult to find and sometimes more expensive because they are a non-traditional size.
- 7 **Line-item rejection for vouchers should be permitted, rather than throwing out the entire voucher when a single item is not eligible for reimbursement.**
8. **The WIC Program should incorporate language stating that WIC EBT should be cost neutral to authorized retailers. Similar language was included in the Food Stamp program prior to beginning the electronification of benefits.** This is particularly important given the discussion in several states of some very expensive options for electronic delivery of WIC benefits with no identified funding. Costs for some of the approaches being discussed can reach \$1,000 per lane. On the other hand, with strong communication, retailers can upgrade equipment during the natural lifecycle with minimal cost, provided that requirements are standardized across the country and software is available from the state that requires only minimal modifications by retailers.
9. **Retailers are very supportive of a National WIC UPC Database and feel that it is a necessity, and will dramatically decrease the potential for human error, particularly with some states moving to EBT.** Its completion should be expedited and implementation should begin.
10. **Infant formula theft is a real problem for retailers and a potential health risk for young babies.** USDA should require that states develop a contractual agreement with distributors or an audit trail from manufacturers to retailers. Formula could only be purchased from authorized distributors.

Again, we appreciate the opportunity to provide input and look forward to continuing to work with you and your staff as these ideas are considered further in the coming months. We stand fully committed to the goals and mission of the WIC program and ensuring that our customers are able to access these benefits in the most efficient and compassionate way in our stores.

Thank you. I would be glad to answer any questions.