

Good afternoon, my name is Thomas Murray, and I am employed by my wife at Peter's Deli in Wilkes-Barre. Throughout my fifteen years in the convenience store and deli setting, I have been troubled by a variety of practices that have stemmed from the structure and incentives throughout Pennsylvania's welfare system.

Being that our location is in a declining neighborhood, I am seeing a large influx of out of state access cards. When I had started nearly 15 years ago, the percentage of our business that was food stamps consisted of maybe 2-3%, and the patrons were local individuals. Since then, I have seen that percentage grow to 8-10% with a major influx of out of state patrons. As this has grown, I have noticed several trends and discrepancies from the intended use of the program. I see a lot more people getting out of high end vehicles that I would not expect someone on food stamps to be driving. When they are paying at the counter, and they open up their wallet, there are multiple credit cards and access cards. They choose which access card they want to pay with, and items that are not allowed on the access card are paid with cash, many times, being peeled off from a large roll of high denomination bills.

It is my understanding that there are six agents handling the entire state of PA for enforcement. Through dumb luck, an agent was in my store investigating another retailer nearby to my store. The agent explained to me, that when there is a target store, they investigate around the store to make sure it is just not competition saying one thing and doing another. I do not understand how six agents can be expected to enforce the entire state, even with advanced computer models.

In our eyes, the card has become a counter currency for many recipients that use it. When I see individuals with expensive items such as new iPhones, designer clothing and accessories, and large rolls of high denomination bills, one can only assume that they may have an additional unreported source of income that if known, would result in their disqualification from the program. On the days that food stamps are disbursed twice a month, or what we refer to as the food stamp days, patrons have attempted to sell high ticket items to the Deli such as steak and lobster. I feel that this is not the intended use of the access card.

The purchase of these products may help certain retailers, but instead bolster the laundering of food stamp benefits through the easily portable nature of these products. It is far easier to sell \$100 worth of lobster at five pounds, than \$100 worth of hamburger at 30. The card should be limited to the items that could be purchased so that they cannot buy high ticket items such as steak and lobster but more of your traditional foods as most working families face the challenge of budgeting. Removing the cash equivalence from the system through eliminating high end products will ensure those who need the card can still buy healthy product that sustains their family.

Understanding that since we are in business, and need to stay competitive, we accept the food stamp card. Now that it seems to be in every location, we are constantly pressured by the recipients to use the card in a non-approved way. Although they are always denied, recipients have asked that we allow them to purchase items such as cigarettes or alcoholic beverages on the card. Because of the way the card is handled, it is not that we do not know what they are doing, but there is fear for the safety of our employees as to what they may potentially do.

In an effort to keep the rules of the food stamp card and to avoid confrontation with each potential customer, I feel that the state needs to inform these recipients of the rules. The honesty of myself and my staff is really the only line of defense that prevents the fraud on this card. Currently, any retailer who

properly accepts the food stamp card does so on their integrity. When our store has refused to charge unauthorized items, the cardholder has threatened to take their business to the store up the street who illegally would. There is nothing to stop an employee or owner from placing any value they choose on the card as the process occurs on a manual, unitemized input. Without any other safeguards in place, it makes it extremely difficult on our behalf, and even more so for proper enforcement on behalf of the state. For example, if the card had the picture of the recipient on it, we could also ask for another form of identification similarly to the use of credit cards, or see if the picture matches the person on the card. It would make it easier for our staff to decline the card, as we have positive identification of the person. The reason that this situation occurs is that people will get their card loaded on food stamp day, assume the balance, sell the card to another individual for cash with the pin, then use the cash for products that cannot be purchased. This is how it becomes a currency for these individuals.

As a retailer, the recipient is not required to pay state sales tax on taxable items such as soda, and certain cold prepared food. I, as a businessman, look for a sustainable change to the system that would be unilaterally implemented so that no retailer, large or small, would be then put at a disadvantage financially or compromise the safety of their employees. In order to help the honest retailer, the POS which automatically blocks the purchase would go a long way in preventing confrontation through automatic denials. Improvements such as better terminals and improved enforcement can work to improve this program. For the state to allow this interface to happen can provide for a program that allows accountability for the purchased items. In addition, obscure SKUS and discrepancies in these numbers can be better enforced through an auditing process, and the threat of it that ensures the establishment's participation.

The other difficulty stems from residency. I frequently see access cards from New York and New Jersey, but often from states such as Michigan and Florida as well. During the summer and major holidays, people speak of returning home to their out of state locations. Although I understand that legislative action has been taken, it is my understanding that one parent, living in another state can establish an address while the other parent establishes another in PA, duplicating some of these benefits.

Finally, the other food stamp recipients I encounter are those that I hire. Some of these individuals who could work full schedules choose not to because if they make too much money they will lose their benefits. I feel that the food stamp card has created a black market for both product and labor, as under the table payments allow for a lack of accountability and unfair playing field for those like myself who play by the rules. The guarantee of the food stamp payment has also decreased the dependability of the employee whereas I need to work to feed my family. Many feel entitled to not work because they do not have to. This has become a direct expense to my business as it has caused increasingly high turnover and retraining year after year.

As it may be perceived that the food stamp program is a win-win benefit to both the employer and recipient, it has become my experience that the food stamp card is stressful to implement, and places unnecessary strains on business at the expense of remaining competitive. As a business, I look for a level playing field. Either we all have the same rules or we all don't. Perception is not always reality. We need to level the field.