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Costco in LIC to accept food stamps

by Willow Belden , Assistant Editor

Costco announced last week that it will begin accepting food stamps at its Long Island City and Brooklyn stores this summer.

The two New York City stores will serve as guinea pigs, allowing Costco to determine how participation in the Supplemental Nutrition Assistance Program, under which food purchases are federally subsidized, affects the company's operations. If all goes smoothly, Costco says it will accept food stamps at stores it plans to build in the city in the future.

"In the past, we have not been convinced that there was sufficient demand among our membership to justify the expense and possible inefficiencies associated with accepting food stamps," CEO Jim Sinegal said in a statement. "However, we are mindful that many of our fellow citizens are facing unprecedented economic challenges at this time, and it seemed to us that it was worth reconsidering our position in that light."

Nearly 32.6 million people — one in nine Americans — receive SNAP benefits, according to the U.S. Department of Agriculture. That number is up 93 percent since July 2000.

New York has an especially large number of recipients, which is why Costco decided to start here with its plan to accept food stamps. The city currently has 1.2 million recipients in the five boroughs, which accounts for nearly 15 percent of the population.

That number is growing. Between February and March of this year, more than 195,000 individuals enrolled in SNAP.

"This decision is a win-win for Costco and for struggling New York City families," Joel Berg, executive director of the New York City Coalition Against Hunger, said in a statement. "Food stamp recipients will be able to benefit from lower prices, the company will earn more income — and hopefully be able to create more jobs."

It's not quite that simple though, because retailers have to deal with a variety of logistical and financial hurdles upfront in order to participate in SNAP.

"Stores must be able to manage SNAP purchases at the front end," said Susan Acker, a spokeswoman for the USDA Food and Nutrition Service, which runs the food stamp program. "For retailer locations such as Costco, this means ensuring that the front-end cash register system can differentiate between items that are eligible and not eligible for purchase with SNAP benefits, and requires programming of the cash register system at some cost."

Items such as alcoholic beverages, tobacco products, vitamins, pet food and household supplies cannot be purchased with SNAP money.

The term "food stamps" is a bit out-dated, as SNAP is replacing paper coupons with "electronic benefit transfer" cards, which function similarly to bank debit cards. The SNAP beneficiary receives an EBT card and pin number with which to pay for groceries, and the retailer is reimbursed with federal SNAP funds.

Costco had recently come under pressure from various elected officials to accept food stamps, especially since many of the store's competitors, such as BJ's and Sam's Club, already participate in SNAP.

City Comptroller William Thompson Jr., who urged Costco to become a SNAP participant, praised the move and added that he hopes the trial run will turn into a permanent policy.

"I am pleased to hear that Costco will expand its pilot program of accepting food stamps from two New York City stores," Thompson said in a statement. "While I am grateful that Costco has decided to take this step, I nonetheless encourage Costco to implement a permanent policy of accepting food stamps at all its stores in the city and nationwide."

Councilman Eric Gioia (D-Sunnyside), who also pushed Costco to accept food stamps, echoed Thompson's sentiments.

"Today is a great day for the 1.2 million New Yorkers who rely on food stamps to buy food," Gioia said in a statement. "By accepting food stamps, Costco will allow more New Yorkers than ever to have access to fresh, healthy foods at wholesale prices — and it will be good for Costco's bottom line."



The Costco store located at 32-50 Vernon Boulevard in Long Island City has announced it will start accepting food stamps this summer. (photo by Michael O'Kane)

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