SPUR

Opportunities to Expand Market Match

A Healthy Food Incentive Program for Low-Income Californians

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Problem: Too many California families have difficulty accessing and affording healthy food

Low-income families face various barriers when it comes to accessing healthy foods. Many factors, including cost, geography, and food preferences contribute to the fact that low-income Americans consume just over half the USDA recommended amount of fruits and vegetables per day. Research shows that low-income families spend the *same percentage* of their household budget on fruits and vegetables as the average household, which indicates that increasing purchasing power could be an effective strategy for increasing consumption of fruits and vegetables.

Solution: Expand Market Match to all grocery stores and farmers' markets

One initiative that has had success in improving access to healthy foods is the Market Match incentive program. With Market Match, when low-income families use their SNAP (CalFresh) or other food assistance benefits at participating farmers' markets, the program provides matching dollars that can be used for fruit and vegetable purchases. Research has shown that households who participate in incentive programs such as Market Match significantly increase their consumption of fruits and vegetables.

- One study of farmers' market incentive programs in various locations nationwide found that **90%** of participants increased or greatly increased their fruit and vegetable consumption when offered a dollar-for-dollar match.
- A USDA-funded incentive program piloted at grocery stores in Massachusetts found that a bonus of thirty cents for each dollar spent led to an **11% increase** in spending on fruits and vegetables.

Funding for California's Market Match incentive program is currently based on public and private grants. While this type of funding has allowed the program to grow to more than 234 farmers' markets and other farm-direct retail sites in 2015, grant funding does not provide long-term stability. This spring, SPUR commissioned a study by graduate students at the UC Berkeley Goldman School of Public Policy to examine potential approaches for broadening the reach and financial sustainability of Market Match in California, with the ultimate goal of increasing low-income families' consumption of fruits and vegetables.[1]

The research team compared two expansion options:

(1) Expansion to all California farmers' markets
(2) Expansion to all grocery retailers in California

[1] The goals of the Market Match program, coordinated by the Ecology Center of Berkeley, include increasing the affordability of fruits and vegetables as well as increasing revenue for small and mid-scale farmers, and are broader than the scope of this research project. The impact of Market Match on farmers is an important aspect of the program and deserves further research.

What it will take: cost estimates and funding strategies
Using data from a variety of farmers' markets in California, the USDA grocery pilot in Massachusetts, and California's SNAP (CalFresh) program, the research team estimated ranges for the costs for both expansion options.

	Annual Program Costs (incentives provided to families)	One-time Startup Cost	Ongoing Cost for Market/Retailer
Expanding to all California farmers markets	$1.4 – 6.2 million	$1,500 average per market	$6,000 average per market
Expanding to all California grocery retailers	$133 to 377 million	$14 million	Variable

Because an expansion to all farmers' markets would cost less than $10 million annually, it is possible that with enough political support stable funding could be achieved through appropriations from California's general fund budget.

The exponentially larger cost of an expansion to all grocery stores, however, would require a new dedicated revenue source. One option is to use revenue from a statewide sugar-sweetened beverage tax. The Rudd Center at the University of Connecticut estimates that a penny-per-ounce tax in California would generate $1.1 billion in revenue. These taxes are gaining in popular support, especially if the revenue is designated for nutrition and exercise programs. Another option is to mix revenue from a new statewide fee on grocery stores with potential matching funding from the federal government. The grocery store fee idea is based on the California Hospital Fee Program model, in which hospitals supported taxing themselves. The local funding generated from the fee would be matched by federal funds, and the additional revenue grocers would receive from increased purchases in their stores from the healthy food incentive program would exceed the fee.

Next Steps: Lay the groundwork for expanding Market Match to all grocery retailers and continue supporting expansion at farmers' markets
The research team recommended pursuing an expansion of Market Match to all grocery retailers in California as well as continuing to support expansion to all farmers' markets. Availability at all grocery retailers would help millions of low-income families afford fruits and vegetables, including the vast majority who do not currently shop at farmers' markets. To build support for a grocery expansion of the healthy food incentive program, the research team recommended the creation of a grocery pilot within California to demonstrate its feasibility in a California context.

The full research report referenced in this policy brief will be available in early June at www.spur.org. For more information, contact Eli Zigas, ezigas@spur.org or 415.644.4881.

Note: The research findings and recommendations presented in this policy brief were developed by graduate students of the UC Berkeley Goldman School of Public Policy: Marc Bacani, Alejandra Barrio, Sasha Feldstein, Adam Gorski, and Jacob Rukin. SPUR commissioned the analysis, but the conclusions from the report are those of the research team and do not necessarily reflect SPUR's official position, which is currently in development.