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#HealthyFoodIncentives

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The Economic Benefits of Dramatically Expanding Healthy Food Incentives

Webinar – February 4, 2021



Ideas + Action
for a Better City



FOOD SYSTEMS
COLORADO STATE UNIVERSITY

Setting the stage

- Background
- Context for study
- Research Team
- Advisory Committee



Advisory Committee



ecology center



Field & Fork Network



THE
FOOD BASKET
HAWAI'I ISLAND'S FOOD BANK



Healthiest State
INITIATIVE

¡más fresco!
MORE FRESH
UC San Diego



Reinvestment
PARTNERS
PEOPLE • PLACES • POLICY

sfc
SUSTAINABLE FOOD CENTER

NOURISH
COLORADO
Transforming Food Systems

 **VOUCHERS
4 VEGGIES**

Washington State Department of
Health

**FAIR
FOOD
NETWORK**

 **FOOD SYSTEMS**
COLORADO STATE UNIVERSITY

 **SPUR**

Research Team

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A few words about modeling...



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Conservative Scenario

Fewer people receiving SNAP: Equivalent to 2019 enrollment

Lower participation by food retail outlets currently accepting SNAP:

- 60% of Grocery Stores
- 10% of Corner Stores
- 80% of Farmers' Markets

No local component to program design



Expansive Scenario*

(* still quite conservative)

More people receiving SNAP: Equivalent to 2013 enrollment

Higher participation by food retail outlets currently accepting SNAP:

- 90% of Grocery Stores
- 25% of Corner Stores
- 100% of Farmers' Markets

Local component to program design



**Expanding healthy food
incentives would have a
significant economic return on
investment**



Nationwide Expansion



FAMILIES

\$683M – \$1.41B

Extra in their pockets
to spend on fruits and
vegetables each year

NATIONAL ECONOMIC CONTRIBUTION

\$1.55B – \$3.2B

SUPERMARKET

FARMERS' MARKET

JOBS 10,500 – 21,500

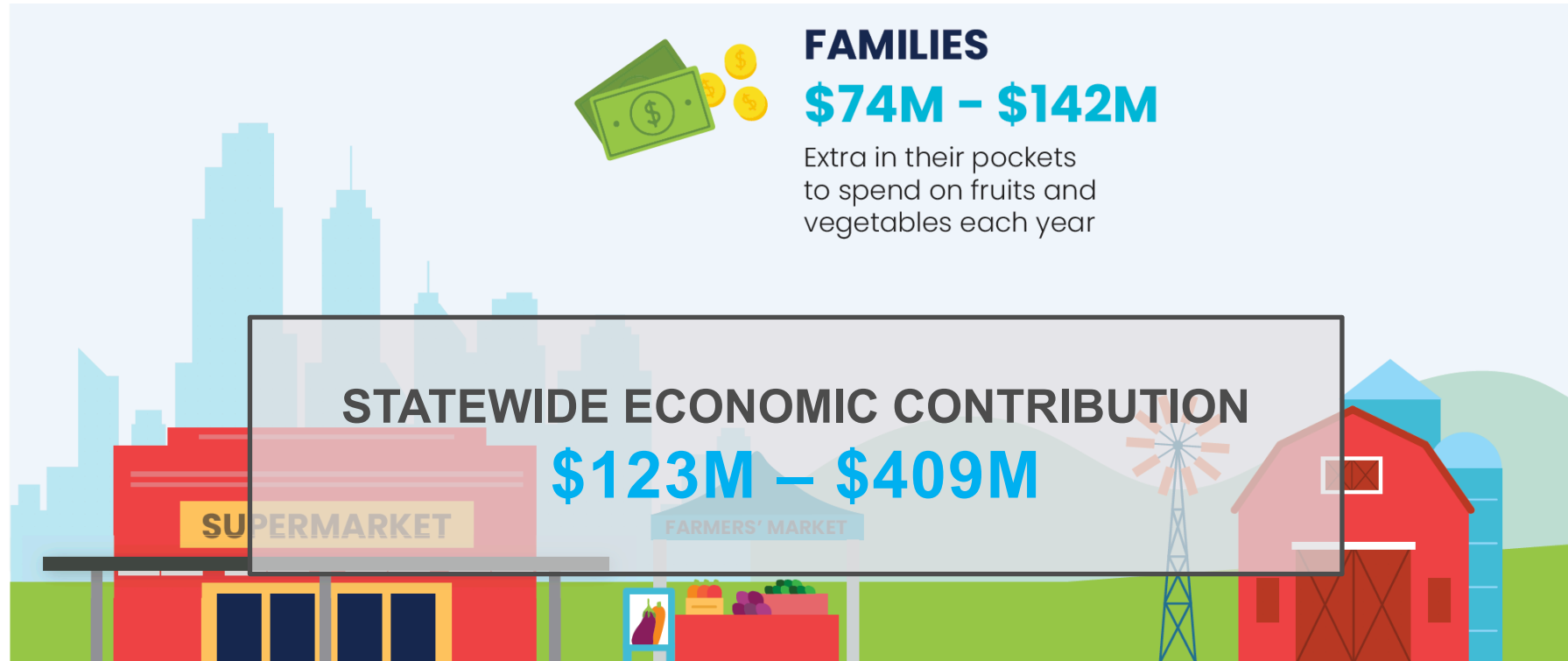
LABOR INCOME \$518M – \$1.1B



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California

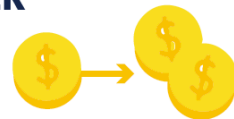


ECONOMIC MULTIPLIER

1.7 - 2.9

Contribution to California's economy for every \$1 spent on incentives

↳ **3.0** to farm direct



LABOR INCOME

\$45M - \$89M

JOBS

855 - 1,682

\$3.4M - \$7.5M

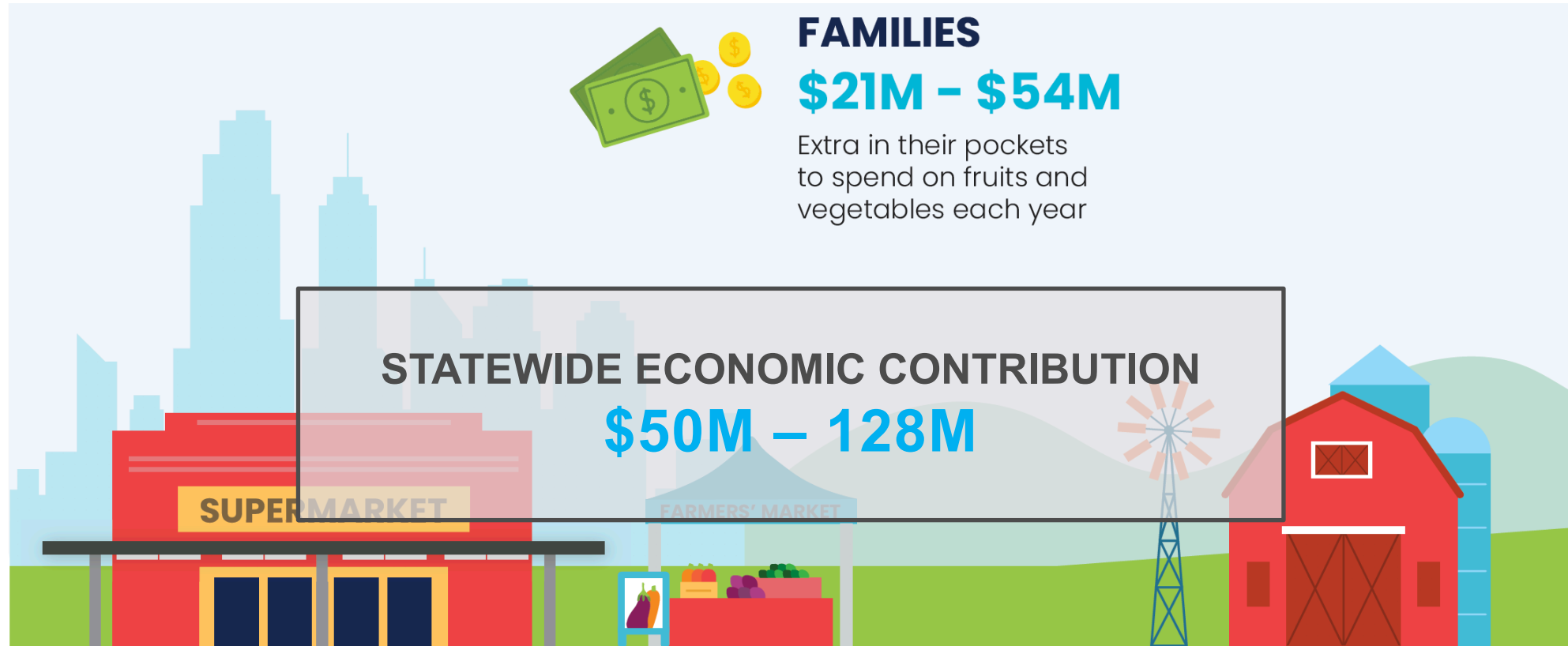
for Agricultural sector

\$3.2M - \$6.2M

for Retail sector



Michigan



Assumptions and Methodology



Key Assumption: Incentive-to-SNAP Ratio

For every \$100 the retail outlet receives in SNAP from customers, we estimate that:

Grocery stores would see:	\$ 2.10	in incentives redeemed
Corner stores would see:	\$ 3.10	in incentives redeemed
Farmers' markets would see:	\$ 82.90	in incentives redeemed



Key Assumption: Substitution Effect

What happens to consumer spending when consumers have more money because of incentives?

Amount spent on groceries before receiving incentives



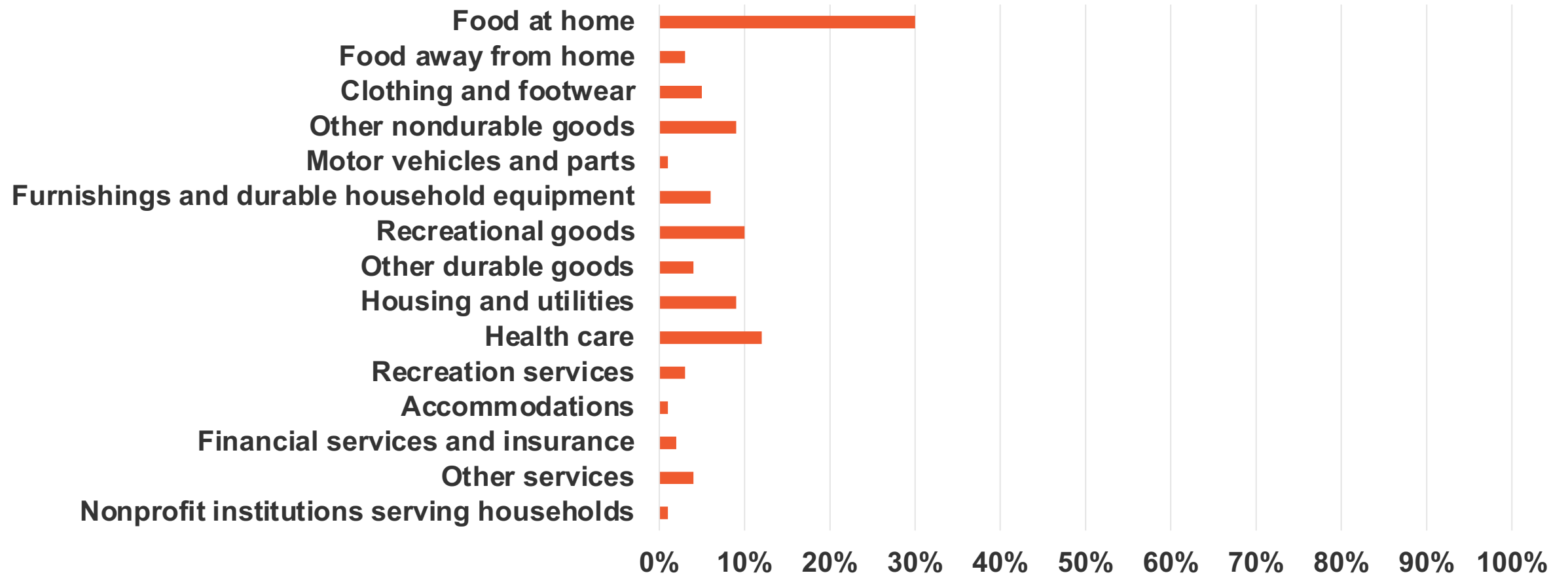
Amount spent on groceries after receiving matching dollar of incentive



Amount spent on other needs



Distribution of Additional SNAP Spending



Data from 2019 USDA ERS SNAP report



Local Component – Modeling Implications

- We assume purchases at farmers' markets, farm stands and CSAs are 100% local (i.e., within the state)
- IMPLAN tells us the proportion of fruits and vegetables the retail grocery sector purchases from within the state (i.e., local)
- To model the local component



% of produce purchased locally by 20%



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Economic Contribution vs. Impact

- Specific language used by economists but with important nuances that are important to what is “gained” by local economies
- “Contribution” analysis does not look at that net result – instead more generally focuses on what an increased investment or inflow of money in one sector would generate (e.g. multiplier and jobs)
- “Impact” analysis represents a net effect: it would take into consideration offsetting losses in other sections of the state’s economy as money is reallocated from one sector to another within the state



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Modeling with IMPLAN

- IMPLAN is a commonly used input-output model (and rich dataset) that provides a framework to track the flow of money from one entity to another throughout an economy over a given period of time.
- It allows us to conduct an economic impact analysis, measuring how existing economy-wide variables (i.e., data embedded in the model) respond to disruptions or changes (i.e., disruptions or shocks to the sector/economy such as this case where additional spending occurs in the economy due to incentive programs).



Main take-aways

- Given the prevalence of food insecurity in the US, there is likely to be greater attention paid to the impacts of the social safety net in coming months
- In terms of the food economy, we show that food retailers, corner stores and farmers markets that adopt incentive programs available to SNAP-participating consumers will experience positive impacts through an increase in sales and expansion of their customer base.
- More broadly, we show positive economic contributions to a state's economy as a result of food incentive programs



Q&A: Part 1 of 2

**Questions about assumptions,
methodology, and main findings?**



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IOWA
NEW YORK

EXPANDING HEALTHY FOOD INCENTIVES ACROSS NEW YORK

THE RETURN ON INVESTMENT

For more than a decade, healthy food incentive programs have increased the purchasing power of low-income families to buy fruits and vegetables at grocery stores and farmers' markets, thereby helping to reduce hunger, improve nutrition and support New York's agriculture and retail.

IMAGINE THE ECONOMIC IMPACT OF HEALTHY FOOD INCENTIVES, IF THEY WERE AVAILABLE ACROSS NEW YORK¹

FAMILIES
\$53M - \$104M
Extra in their pockets to spend on fruits and vegetables each year

DRAFT

ECONOMIC MULTIPLIER
2.2
Contribution to New York's economy for every \$1 spent on incentives

LABOR INCOME
\$27M - \$53M

JOBS
525 - 1,025

\$527K - \$1M for Agricultural sector
\$2M - \$4M for Retail sector

The research highlighted in this brief is based upon analysis conducted by a team of economists at Colorado State University, led by Dr. Dawn Thilmany, in partnership with SPUR, Fair Food Network, and a coalition of ten additional implementing partners across nine states in the US, including Field & Fork Network. For the full details of methodology and findings see: fairfoodnetwork.org/incentivesimpact

¹ The ranges presented here reflect low-bound and high-bound scenarios based on assumptions of annual SNAP participation; the percent of grocery stores, corner stores, and farm-direct retail outlets that would offer incentives; and whether a program encourages purchases of locally-grown produce. ² Revenue to grocers assumes that any substitution effect is captured by other purchases in-store. More information and details about methodology are available in the full report.

FOR MORE INFORMATION:
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Q&A: Part 2 of 2

Questions about policy briefs
and anything else?



More information:

Download the report:

www.fairfoodnetwork.org/incentivesimpact

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Thank you!

