

#### **Recommendation 4: Encourage More Fruit and Vegetable Purchases with Food Stamp Dollars.**

The 2007 Farm Bill should authorize up to \$100 million annually for states to operate demonstration projects that provide incentive payments to Food Stamp Program participants who buy fruits and vegetables with their food stamp dollars. These bonus payments should be designed to encourage and enable a shift from calorie-dense foods to nutrient-dense foods.

**Rationale:** Fruits and vegetables are an essential component of a healthful diet. Their consumption is linked to a lowering of risk of hypertension, cardiovascular disease, diabetes and cancer. Higher intake of fruits and vegetables is associated with better health status and with lower health costs in older age. Yet Americans consume less than five servings of fruits and vegetables per day, well below the nine daily servings recommended by the *Dietary Guidelines for Americans 2005*. Low-income households consume even less. A 2004 study by the USDA's Economic Research Service (ERS) showed that in 2000, low-income households spent \$3.59 per capita per week on fruits and vegetables while higher-income households spent \$5.02.

The cost of fruits and vegetables remain an important factor for low-income consumers. They purchase food based primarily to ensure that no one in the household complains of hunger. This creates a powerful impetus to maximize calories per dollar spent. When calculated on a per-calorie basis, fruits and vegetables (especially fresh ones) are much more expensive than fats and refined carbohydrates.

Food Stamp Program (FSP) benefit levels are based on a USDA-constructed national standard (the Thrifty Food Plan) for a nutritious diet at a minimal cost. For a household of four with no income, the TFP provides \$500 a month (\$16.67 a day) for food purchases. When the TFP was last field tested by Penn State University in 1999, it found most of the dollars were needed to purchase energy-dense foods. Enough money was left to provide only the following fresh vegetables for a family of four over the course of one week: 1 large tomato, 10 leaves of lettuce, 1 medium pepper, 1 medium zucchini, 8 leaves of cabbage and 10 medium carrots.

It is highly doubtful that the TFP provides enough grocery-buying dollars to meet the 2005 dietary guidelines. A recent study by the Boston Medical Center addressed that question. It found families of four living in the Boston metropolitan area would spend approximately \$650 a month on groceries were they to follow the *Dietary Guidelines*. This is 30 percent higher than what is provided by the TFP. Under such circumstances, it is not surprising that FSP participants shift their dietary choices toward high-energy food that provide maximum calories at the least cost.

In summary, our national goal to increase fruit and vegetable consumption are very challenging for low-income consumers to achieve. If this challenge is not met, low-income consumers will continue to be at increased risk of obesity and chronic disease.

**Description:** Needed are economic incentives that enable FSP participants to make dietary choices based on nutrient density, not only energy density. Such incentives, when combined with appropriate nutrition education, would lead to increased fruit and vegetable consumption.

This can be achieved within the parameters of the existing Electronic Benefit Transfer (EBT) system. For example, under a 10 percent bonus payment demonstration project, FSP consumers who purchased \$20 of fruits and vegetables while doing their weekly grocery shopping would subsequently receive a “bonus refund” of \$2 that could be used for additional food purchases. This bonus would be credited to the EBT account of the FSP participant by the EBT service provider; the grocer would receive full payment for the initial purchase.

Currently, the FSP funds \$30 billion in food purchases annually. Approximately \$4.5 billion (15 percent) is used by consumers to purchase of fruits and vegetables. A 10 percent bonus payment system operating throughout the national program would cost about \$450 million a year in bonus payments (\$4.5 billion over ten years). If the bonus had the desired impact, causing fruit and vegetable purchases to increase, this share of FSP spending used to purchase fruits and vegetables would increase over time.

**How it Would Work:** States committed to increased fruit and vegetable consumption among FSP households would seek competitive funding from the Food and Nutrition Service of the USDA to operate multi-year demonstration projects. Funding would be sufficient to fund such demonstration projects for 10-20 percent of all FSP participants.

Qualified proposals would provide incentives to make fruits and vegetables more affordable to FSP participants. Permitted costs would include bonus payments, the costs of EBT system changes, consumer education and project evaluation. To qualify for funding, a state’s proposal would commit at least 75 percent of project funds to bonus payments to FSP participants. In addition, all proposals would need to ensure that the project design could be implemented without causing FSP participants to be identified as FSP participants at grocery store check-out.

Demonstration projects would be evaluated by their impact on aggregate FSP household purchases of fruits and vegetables.

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