

Frequently Asked Questions

The “Healthy Purchase” Pilot Program AB 2384

Assembly Member Mark Leno has introduced legislation to launch the “Healthy Purchase Pilot” Program (AB 2384). The goal of the legislation is to increase access to fruits and vegetables in small neighborhood grocery stores and to make fresh produce purchases a smart economic choice for those with very limited food budgets. The following seeks to answer common questions about this initiative.

General Questions

Why should fruits and vegetables be a priority?

In California, more children and adults are overweight or obese than ever before. While obesity imposes tremendous costs upon the state as a whole, its impact on low-income communities—including people who are food insecure—warrants special attention. Research shows that eating fruits and vegetables can also help prevent heart disease, stroke, and certain types of cancer—yet few Californians are meeting the recommended nine servings of fruits and vegetables per day (for those who need a 2,000 calorie-a-day diet). One way California can respond to the obesity epidemic is to take steps to help Californians increase their consumption of fruits and vegetables.

Why should fresh fruits and vegetables be a priority?

Fresh produce presents unique challenges for both buyers and sellers. Selling fresh produce is labor intensive and requires more time, money, and technical expertise than selling canned, dried, or frozen produce. These challenges are particularly acute for small retailers, who often have minimal time to spend maintaining produce displays as well as insufficient resources to purchase display cases and pay the high energy costs associated with selling fresh produce. As a result, fresh fruits and vegetables in low-income neighborhoods are often either too expensive or unavailable, making it difficult for low-income shoppers to make them a regular, significant portion of the diet. Given these challenges, it’s clear that California—and the nation—could benefit from innovative thinking on strategies to increase the sale and consumption of fresh fruits and vegetables.

Do low-income people have a problem getting enough fruits and vegetables?

On average, adult food stamp recipients need to double their intake of fruits and vegetables to meet current recommendations. Since food stamp benefits work out to about \$2.70 a day, it can be difficult to fit fresh produce into such a tight budget. The pilot program would increase the purchasing power of food stamp recipients by addressing both cost and access barriers. Large chain grocery stores often have the best selection and prices of fresh produce, but many are not located in low-income areas. Having to commute to these large grocery stores is a well-documented barrier to purchasing fresh produce, so small grocers in their neighborhood are a better option. While some neighborhoods have numerous small grocers selling fresh produce, other areas are devoid of fresh and affordable produce, putting continuous access to fresh fruits and vegetables out of reach.

Which is really the problem: access to produce or the cost?

Much research has documented the dearth of grocery stores in certain low-income neighborhoods. Whether grocery stores are simply nonexistent or require long transit to reach, access has been clearly defined as a major barrier to purchasing healthy, affordable food. However, in other low-income communities, residents are satisfied with their level of access to grocery stores but cannot afford to purchase fresh produce because it is more costly. In fact, recent research has linked higher prices of fresh fruits and vegetables with weight gain in children. This body of research suggests price interventions targeting specific neighborhoods could greatly increase low-income communities’ ability to purchase fresh, affordable produce.

How do we know that people will buy fresh produce once it is affordable and accessible?

Research has found that easy access, such as a mode of transportation or a corner store, to fruits and vegetables increases consumption. In a pilot WIC Program, economic incentives greatly increased participants' purchases of fresh fruits and vegetables. Food stamp recipients already purchase perishables, such as milk, from local corner stores, which makes them a convenient outlet for fresh produce as well.

Isn't the price of fresh fruits and vegetables driven by the demand?

Demand is just one factor. The high price of fruits and vegetables in certain corner stores reflects the significant barriers small grocers face in selling fresh produce: high start-up costs and lack of technical expertise. "Big box" grocery stores, which often have the lowest prices for produce, have the scale, financial and technical advantage. Particularly when nutrition education is combined with new offerings of fresh fruits and vegetables, increased demand can be sustained over time.

How will nutrition education be incorporated into the pilot?

The *California 5 a Day Campaign* will work with grocery stores participating in the pilot to increase the purchase of fruits and vegetables in their communities through in-store merchandising, such as point-of-sale materials and recipe cards, and promotional activities, such as food demonstrations and retail sponsored community events. California 5 a Day also provides retailers with advertising, artwork, and in-store radio announcements to create a produce friendly environment at their store. Education at point of purchase, targeted media campaigns, and the dissemination of educational pamphlets and other literature at food stamp offices, food banks and community health clinics will be used to increase consumption and promote the benefits of fruits and vegetables.

How long will the pilot last?

Since California would be pioneering new approaches to increasing fruit and vegetable consumption, the pilot must be limited in duration. The length of the pilot should allow for sufficient time to promote the pilot in the community, to collect needed data, and to conduct a careful evaluation. A two-year pilot may be sufficient for these activities.

Why not just make the pilot permanent?

This effort should be limited for several reasons. As mentioned above, new approaches are being tested with this pilot – along the way we'll learn a lot of lessons about how to best meet the needs of grocers and how to best utilize the EBT technology. A long-term commitment to this effort should not be made by the state because we may find that the innovative strategies launched and tested here should be picked up by the federal government. Through nutrition programs like food stamps, the federal government should have responsibility for increasing produce consumption. The hope is that lessons learned in this state pilot would inform federal farm and nutrition policy.

How will the pilot be evaluated?

The evaluation of the pilot is critical and will help inform potential national policy. The Department of Health Services will be responsible for designing and implementing the evaluation. Specifically, they will evaluate how the pilot's incentive impacts the quality of food stamp recipients' purchases in stores offering the bonus value. In addition, the department will evaluate the feasibility and cost effectiveness of the methods used to assist retailers (financial and technical assistance). The impact of nutrition education and marketing upon food stamp recipients' purchases will also be considered.

How will the outcomes of the pilot be used to address the systemic problem of obesity and the continuing challenges of the access and cost of fresh produce?

Obesity has complex causes rooted in many social, cultural, and economic factors. Few interventions have been conducted to address the barrier of access and cost in low-income communities. This pilot will be an important first step in addressing the disparities in access to healthy foods in American neighborhoods. The information learned from this pilot can be used to develop larger interventions and to implement sustainable changes in policies at both the state and federal level.

Using the EBT Card to Deliver Incentives to Food Stamp Recipients

Why hasn't this already been done somewhere else?

The electronic benefit technology really just took hold at the end of the last decade. California didn't have the EBT fully operational until just a couple years ago. Given the emphasis on getting the EBT system established, it is not surprising that innovations such as the one contained in AB 2384 have not been pursued. There have been proposals to use paper coupon based incentives for fruit and vegetable purchasers. However, coupons lend themselves to stigma issues for recipients and hassles for retailers. In addition, retailers who offer food stamps are not allowed to receive preferential treatment. As a result, these proposals were not approved by the U.S. Department of Agriculture.

How would the incentive work?

At check-out, a food stamp recipient who makes a purchases with their EBT card would receive a receipt highlighting the amount of fresh produce purchases they made that are eligible for the bonus (similar to the way stores highlight special 'club card' purchases.) The bonus amount would then be placed on the EBT card for future use. Such an approach is dependent on four important factors: The retailer's ability to identify specific purchases, the retailer's ability to generate such a receipt, the EBT system's ability to capture the value of the incentive and make it available on the card, and the ability for the transaction to be completed without creating stigma against food stamp recipients or burdensome steps for retailers.

Which grocers would be able to offer the incentive?

All food stamp authorized markets within the county where the pilot is run could offer the incentive, regardless of the size of the grocer.

Does the needed technology exist? Do small grocers have it?

The EBT technology is adaptable. However, the state is currently operating EBT under contract with the vendor, J.P. Morgan. Making radical changes to the EBT system may not be possible under the contract, however there are certainly approaches that can be taken within the existing EBT system that can make the pilot work. The product scanning systems used in many markets make specific product identification and specialized receipt a simple task. While grocers large and small do use product scanning systems, many smaller grocers, including those targeted by AB 2384, do not. The pilot will need to employ strategies or 'work-arounds,' to test the delivery of incentives specifically in these stores. Having the pilot test several strategies for a number of grocer-technology scenarios will better inform future policy directions.

Why should food stamp recipients be the only ones to receive the incentive?

While fruits and vegetables are important for everyone, families with tight grocery budgets need additional assistance to make produce purchases a smart economic decision. With limited resources, families often have to make an economic choice for cheaper, less nutrient dense foods. In the pilot, food stamp recipients are specifically targeted so that incentives can be placed on the otherwise more expensive, nutrient rich produce to make buying fresh produce a smart purchase from both a budget perspective and health perspective.

Does the federal government need to give its approval?

States are free to use the EBT system to deliver benefits of their choosing, so it does not appear that using EBT would in itself require federal approval. If the pilot were to attempt to use federal food stamp funds, a significant number of federal waivers and approvals would be needed. But as the pilot would be launched with state investment, the need for federal approval would be reduced or eliminated.

Will this program cause food stamp recipients to be identified or singled-out at checkout?

The pilot must be implemented in a way that does not stigmatize food stamp users. The EBT system has done an amazing job of reducing stigma – the pilot must not move us backwards. All transactions needed to implement the pilot will be visually similar to the transactions made by other credit and debit card users.

Won't the incentive free up resources in a family's budget to be spent on junk food? Why not just restrict food stamp purchases?

The bonus value will move healthier items within economic reach of families, particularly with the impact of nutrition education. A retail-based nutrition education strategy and creative marketing will be used to encourage families to use incentive funding for more fresh fruit and vegetable and other healthy food purchases. Implementing restrictions could hurt food stamp participation rates by increasing stigma, imposing different rules from state to state and creating confusion among participants and retailers. California simply can't afford to erode food stamp participation any further. About 2 million Californians are eligible for the program but aren't enrolled, meaning our state is leaving \$2 billion worth of food stamp benefits unclaimed. In contrast, creating incentives for healthy purchases has the potential to increase participation in the Food Stamp Program—a win for currently unenrolled individuals, retailers and the state.

Retailers

What kinds of help will retailers get?

The state will provide financial assistance to purchase a produce display case and to defray the additional energy cost associated with selling fresh produce. Retailers could receive technical assistance reconfiguring retail layout to maximize sales of fresh produce, locating fresh produce distributors, delivering fresh produce to grocers, maintaining the display of fresh produce, and preventing mold and waste.

How can we be sure that the neediest grocers in the neediest communities get the help?

The Department of Health Services will develop eligibility criteria to ensure that grocers in needy areas are the ones who receive assistance. Factors such as the economic conditions of the surrounding neighborhood, the size of the store, and the stores' current offerings may be considered in identifying the target grocers. These factors will also help DHS provide personalized technical assistance to grocers to address challenges as they arise.

What will be required of participating grocers?

The goal of the pilot is to increase access to affordable fresh produce, so grocers should work to meet this goal by keeping the produce cases well-maintained and stocked with fresh produce. They will receive periodic technical assistance to help them address any unexpected challenges in maintaining, promoting and selling the produce. Grocers will be expected to participate in nutrition education through available from the *California 5 a Day Campaign*.

How will supermarkets and larger grocers benefit?

The bonus value incentive will help increase purchases of fresh fruits and vegetables and may help sustain long term changes in buying patterns of food stamp recipients. All stores that accept food stamp purchases will reap the benefits of increased purchases of fruits and vegetables.

How do we know that these grocers want to sell fresh produce?

Despite the challenges involved in selling fresh produce, high quality produce is one of the top reasons consumers choose to shop at their primary grocery store and is a huge draw for new customers. The pilot presents a tremendous business opportunity for small grocers to increase sales and attract new customers. In the past, CFPA and other groups have found that the opportunity to increase sales has compelled small grocers to increase offerings of fresh produce, particularly when financial and technical assistance are provided. Technical assistance will help the grocers learn important industry practices to maintain the fruit and vegetable displays, helping to ensure that fresh produce is attractive to customers and well positioned within their store.

Will some retailers be getting a competitive edge?

Within the county where the pilot is run, all grocers can offer the incentive, but only a few will receive financial and technical assistance to increase offerings of fruits and vegetables. Only the neediest stores will receive the additional assistance, so they won't have a competitive edge, but rather, they will be able to compete at a level playing field with other grocers offering the incentives. The level playing field created by the pilot may even help reduce prices of fresh produce because of the increased competition between retailers.

How will the pilot impact other small grocers that don't receive financial and technical assistance?

The bonus value will stimulate demand in all stores selling fresh fruits and vegetables, regardless of whether they participate in the pilot. Stores participating in the pilot will engage in nutrition education that will help promote interest in fruit and vegetable consumption in all stores selling them. Oftentimes, grocers share their business model with new or existing small grocers in nearby communities. Grocers participating in the pilot will glean skills in selling and marketing fresh produce that they can share with other neighborhood grocers.

Why not just
require retailers who
accept food stamps to
stock fresh produce?

As discussed above, there are significant cost and technical barriers to selling fresh produce that small retailers often cannot overcome. Grocers with limited space who would be forced to offer produce under such a proposal may be forced to drop food stamps entirely.

Won't this pilot
attract more
customers to stores
that sell alcohol,
tobacco, and
convenience foods?

Corner stores are not the only places that sell alcohol, tobacco, and junk food – supermarkets do too. In communities that are often already saturated with unhealthy products, adding affordable fresh produce will boost chances of healthy purchases. This pilot takes an important first step towards making corner stores sources of affordable, healthy foods.

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