Healthy Food Access and Affordability:
“We Can Pay the Farmer or We Can Pay the Hospital”

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INTRODUCTION

On a beautiful summer day, a mother takes her kids to the farmers’ market. A farmer recommends some ingredients for a delicious stir-fry: fresh broccoli, carrots, bell pepper, onion, and garlic. The recipe takes less than 15 minutes to prepare. The mom picks the best-looking veggies, while the farmer makes a goofy face and engages the children by sharing why his vegetables are so good for them. The kids show genuine interest. The farmer offers up a high five. The kids ask their mom to buy some apples and peaches, too. As the saying goes “an apple a day keeps the doctor away.” How could a mother refuse? So they fill up a bag of fruit, and head home to get dinner ready. The kids help mom wash the veggies and cut them up. It’s a family affair. The mom recently has been laid off from her job at a factory and relies on food assistance.

This true farmers’ market story was made possible because of an innovative nutrition-incentive program that doubles the value of food stamps when used at select farmers’ markets in low-income urban and rural areas. What’s fascinating is that this incentive program bears a striking resemblance to program attributes of the original 1939 Food Stamp Plan that was once popular among a majority of Americans. Today, however, a program that for seven decades has helped feed millions of Americans living at or below the poverty level is being challenged.

With the 2012 federal Farm Bill debate underway, lawmakers and advocates are reviewing the potential health and economic impacts of the nearly $100 billion invested annually in American’s food-assistance programs, close to 80 percent of the U.S. Department of Agriculture’s (USDA) overall budget. The debates focusing on the linked problems of diet-related diseases and food insecurity are timely. A lack of affordable, healthful food options in America’s food deserts commonly leads to excess consumption of health-debilitating food, even when those receiving benefits can be considered clinically malnourished.

Two-thirds of American adults are overweight or obese (Ogden et al. 2006). More troubling, obesity rates among children ages six to 11 have increased fourfold since 1960, and tripled amongst teenagers between 12 and 19 years over the same period (Ogden, Carroll and Flegal 2008). In Maine, adults and children are similarly at risk, with levels of obesity and diabetes rising. Obesity costs Maine $0.5–$1.0 billion in health care dollars annually, or roughly $400–$800 per capita per year (Mills 2004).

For the first time in history, our children may have a shorter life expectancy than their parents, as a result of diet-related diseases such as cancer, heart disease, Type 2 diabetes, and high blood pressure (Office of the Surgeon General 2001). These conditions are most prevalent in America’s historically excluded and seriously underserved urban and rural communities.

All Americans are paying a price, and the price is $800 billion spent annually on health care costs directly resulting from the impact of diet- and exercise-related and preventable diseases.

WHO DO WE PAY?

“We can pay the farmer, or we can pay the hospital,” Birke Baehr declared during his
farm business booming? No!

Consider this: The recent surge in awareness around the concept of food deserts has exposed how urban and rural neighborhoods suffer from a lack of access to healthy, nourishing foods, especially fruits and vegetables. What it hasn’t exposed is how America’s small- and mid-sized family farmers are having a tough time feeding their own families. In an ultimate irony, too many farmers who grow food for us cannot afford food for themselves—they must rely on SNAP benefits to help feed their families.

The intent of the original 1939 Food Stamp Plan was to provide additional assistance to those in need so they could purchase surplus agricultural products (pears, cheese, milk, potatoes, snap beans, whole wheat flour, for example). The plan allowed those in need to provide their families with “good, basic foods” paid for by the government, thus providing direct support for American farmers. If the Food Stamp Plan were operating in 2011 the way it operated in 1939, 126,964 Maine households would be feeding their families good, basic foods and the Maine farm economy would be benefitting from a good chunk of $400 million in SNAP and WIC that can be spent only on food. A likely result might be fewer people on food stamps overall—fewer farmers on food stamps, for sure. As a bonus, budget busting health care costs would be reduced as well.

COMMON SENSE GONE AWRY

We all like to view America as a country of common sense. It appears that the original Food Stamp Plan was guided by common sense. The approach
seemed to be, “Since we have an agricultural surplus and it is imperative to help farmers get by, we might as well make sure that surplus gets to the families who need to eat.” It was the perfect combination of good intentions and good sense, or empathy and economics.

Today the vast majority of SNAP benefits are spent on artificially cheap, highly processed prepared foods such as instant rice, instant noodles, hamburger-pasta meals without the hamburger (meat is expensive), and bagged snacks to quiet hungry children before bedtime. The program has lost a good deal of its common sense components.

Advocates continue their debate as to whether SNAP expenditures facilitate healthier diets, or have a neutral or negative health impact. Some maintain that foods and beverages of minimum or no nutritional value should be eliminated because they do not accomplish the original nutritional goals of the program and because health consequences result in additional taxpayer burden. Others maintain the importance of consumer freedom, arguing that such restrictions punish low-income people and that more effective ways to address obesity are available. In short, the government shouldn’t act as “food police.”

With lively and intense debates springing up around food and nutrition policy today, it’s important to look at the early history of the Food Stamp Plan. Why was it called “food stamps?” Why was this plan passed unanimously in the Senate, signed into law and supported by liberals and conservatives alike? Why, over time, did conservatives and liberals join together in sometimes selfless acts of bipartisanship when it came to the well-being of our nation’s disadvantaged families and farmers? Why did the system shift from what seemed to be one forged by common sense, to one that primarily benefits already-subsidized commodity crops and processed-food companies?

Finally, how might we look back to American policy leaders on both sides of the aisle to find ways to recapture some of that common sense to benefit American farmers, the American economy, and American citizens living at or below the poverty level?

**WE ONCE HAD IT RIGHT**

Reviewing the early history of the Food Stamp Plan, its goals, and the foods it intentionally included and excluded is fascinating, especially in light of the similar current policy debates.

A March 14, 1939, article in the *Washington Post* by Walter Fitzmaurice announced the Food Stamp Plan as a farm-recovery program—the unemployed would benefit from being able to eat the nation’s surplus agricultural product. Under the subheadline “$1.50 in Food for Dollar,” the *Post* explained:

- The plan provides the grant by the Government of $1.50 in food orders to the beneficiaries for each dollar of the WPA wages or dole money they expend. For each cash dollar, an unemployed person would get $1 in orange stamps and 50 cents in blue stamps. Orange stamps are good for any grocery item the purchaser elects, except drugs, liquor, and items consumed on the premises. Blue stamps, however, will buy only surplus foods—dairy products, eggs, citrus fruits, prunes, fresh vegetables, and the like.

The first healthy-food incentive program was born. And, from inception, the government had a say in what could be purchased with food stamps. On September 26, 1939, the *New York Times* announced the list of approved foods for blue stamp purchase: “The [food stamp] list, effective Oct. 1, includes butter, eggs, raisins, apples, pork lard, dried prunes, onions, except green onions; dry beans, fresh pears, wheat flour and whole wheat flower, and corn meal. Fresh snap beans were designated as surplus for Oct. 1 through Oct. 31.”
On December 4, 1939, the USDA’s Milo Perkins, coordinator of the Food Stamp Plan, spoke to the Fruit and Vegetable Committee of the American Farm Bureau Federation, saying the new Food Stamp Plan “improves farm income as well as the public health. For fresh fruits and vegetables there is a tremendous potential market” (Perkins 1939: 4). “Given the purchasing power, poor people will buy trainload after trainload of citrus, tomatoes, cabbage, peaches and other fruits and vegetables” (Perkins 1939: 9). Perkins (1939: 10) emphasized the “great deal of hope for farmers… and [said] we are interested in the Stamp Plan as a means of helping local producers in the area around which the program is in effect.”

Maine was an early adopter of the first Food Stamp Plan. Cities had to apply to participate, and the rollout was gradual. Portland began participation in the program on January 16, 1940. According to a story in the January 15, 1940, Christian Science Monitor, city officials estimated it would raise purchasing power of “10,000 welfare recipients 50 percent. This would translate to $200,000 to $240,000 worth of surplus products annually.” By the fall of 1940, food stamps had spread to Bangor, Belfast, Camden, Owls Head, St. George, and to more towns and cities in 1941.

In May 1941, First Lady Eleanor Roosevelt, vacationing in Maine, reported in her syndicated “My Day” column:

There is one piece of information that I discovered in Maine which pleased me very much. Ten cities and towns in that State already have the Food Stamp Plan in operation. The entire State has been designated for this program, which means that in the near future, 125,000 needy people in Maine will have the opportunity to increase their food consumption through the use of the free blue surplus stamps.

She continued, explaining the importance of the program to the nation:

This is an important step in long range national defense. Our nutrition problems have been great and we are only just beginning to understand that the Government must assist people from the economic and educational standpoint, in order that we may remedy some of the defects which we now know exist in the feeding of our children.¹

And what better program to see that children were appropriately fed? Throughout this early Food Stamp Plan, truly fresh produce was highlighted. In July 1941, at the height of the growing season in many states, all fresh vegetables were placed on the surplus list while canned and frozen vegetables were excluded. At the same time, according to an article in The Herald Statesman (of Yonkers, New York) from August 8, 1941, “soft drinks, such as ginger ale, root beer, sarsaparilla, pop, and all artificial mineral water, whether carbonated or not,” were removed from the list, and retail food merchants were warned not to sell those items for orange stamps or blue stamps. However, natural fruit juices, “such as grapefruit, orange, grape or prune” were not considered “soft drinks” and could still be sold for orange stamps.

Newspaper accounts from that era do not reveal any public or political kerfuffle over the removal of soft drinks from the list of items that food stamps could buy. As reported in The Atlanta Constitution, according to a nation-wide poll conducted by George Gallup himself in November 1939, the majority of Americans—rich and poor, Republican and Democrat—overwhelmingly supported the Food Stamp Plan. The poll asked: “The Government has tried out a Food Stamp Plan which lets people on relief buy certain surplus farm products below their regular selling price. The Government makes up the difference to the merchant. Do you approve or disapprove?” Approvals outweighed disapprovals 70 percent to 30 percent. It appeared the Food Stamp Plan was a good idea because it helped solve multiple problems at once.

During the years of World War II, crop surpluses became crop scarcities and unemployment dwindled. Consequently, the first Food Stamp Plan came to an end in March 1943. All seemed well, but as Jan Poppendieck (1985: 241) pointed out in her book Breadlines Knee-Deep in Wheat, “the truly unemployable needed food assistance more than ever as food prices rose sharply under the pressure of wartime scarcities.”

It was not until the late 1950s, with the coupling of hunger and agricultural surplus, that

¹ Reference: Perkins (1939: 10).
food stamps were again politically viable. As a senator, John F. Kennedy was a sponsor of food-stamp legislation. Congress passed a law in 1959, allowing the USDA to resume food-stamp benefits, but it was not until Kennedy was sworn in as president that real momentum resumed.

In his first official act as president, on January 21, 1961, Kennedy issued Executive Order 10914, entitled “Providing for an Expanded Program of Food Distribution to Needy Families.” The order explained that “the variety of foods currently being made available [to needy families] through commodity distribution programs is limited and its nutritional content inadequate” (www.presidency.ucsb.edu).

Based on this Executive Order, using Section 32 funds, the Food Stamp Program pilot began in Paynesville, West Virginia, in May 1961, and shortly thereafter in seven other locations across the country. A study of household food consumption in two of the eight pilot areas showed that families participating in the food stamp program made significant increases in food purchases and in total value of food used since the inauguration of the pilot projects. In the two areas, 85 and 95 percent of the free coupons represented increased food expenditures, with animal products and fruits and vegetables accounting for more than 80 percent of the gains in the value of food consumed” (USDA AMS 1962). Looking at particular expenditures, the study found that in Detroit, in September–October 1961, participants in the food stamp program purchased 11.4 pounds of fruits and vegetables weekly, whereas eligible non-participants only purchased 8.28 pounds of fruits and vegetable weekly (USDA AMS 1962).

According to a USDA web site, by January 1964, the successful pilot program had expanded from eight areas to 43 areas in 22 states, serving 380,000 participants (www.fns.usda.gov/snap/rules).

THE GREAT SOCIETY AND THE FOOD STAMP ACT OF 1964

Building upon Kennedy’s Executive Order, President Johnson supported Congressional enactment of the Food Stamp Act of 1964 during the era of Great Society legislation “to permit those households in economic need to receive a greater share of the Nation’s food abundance.” The House version of the bill initially defined “eligible foods” as “any food or food product for human consumption except alcoholic beverages, tobacco, and foods identified as being imported from foreign sources” (www.fns.usda.gov/snap). The bill was then amended to also exclude from purchase “soft drinks, luxury foods, and luxury frozen foods, as defined by the Secretary.” The House passed that version of the bill on April 8, 1964.

But when the conference bill went back to the Senate, the Senate removed the exclusion of soft drinks (as well as luxury foods) in the belief that those restrictions presented an “insurmountable administrative problem.” In addition, the Senate cited studies showing that: “Food stamp households [in the Kennedy pilot] concentrated their purchases on good basic foods. For example, fruit and vegetable consumption was largely accounted for by seasonally abundant fresh items; potatoes, greens, tomatoes, cabbage, apples, and assorted citrus fruits.” In other words, opponents argued that excluding soft drinks was both unwieldy and unnecessary—food stamp recipients were already buying good basic foods on their own.

Still, Senator Paul H. Douglas of Illinois (who had grown up in Piscataquis County, Maine, and graduated from Bowdoin College) was not convinced. He expressed strong concern that benefits would be used for other than good basic foods, and made an impassioned plea when he fought to exclude carbonated soft drinks from the food-stamp legislation. He warned that if soft drinks were included “this will be used as propaganda against an otherwise splendid and much needed measure.” He explained that soft drinks “have no nutritional value—none at all. They are poor alternatives for milk or chocolate milk. Actually, they are bad for kids, rather than good for them.” Douglas’s proposed amendment to prohibit the use of stamps to purchase carbonated soft drinks was rejected in the Senate version, which passed unanimously on August 11, 1964. President Johnson signed the bill into law on August 31, 1964.

THE ENSUING YEARS: 1965–2011

With Senator Douglas’s concern that benefits would be used for other than good basic foods,
the stage was set for a debate on nutrition. The correlation between the consumption of inexpensive, highly processed foods and obesity (along with obesity-related diseases) was beginning to appear, as was a broader awareness of serious issues of poverty in America’s underserved urban and rural communities.

One evening in 1968, Senator George McGovern watched the first major documentary on hunger in America, *Hunger: U.S.A*. The documentary featured a young boy who told a reporter he was “ashamed” because he could not afford to buy lunch at school as he watched paying students eat. The senator was emotionally moved. In his own words: “It was not that little boy who should feel ashamed, it was I, a U.S. senator living in comfort, who should be ashamed that there were hungry people—young and old—in my own beloved country” (McGovern 2002: 70). The very next day, Senator McGovern introduced a resolution to create the Select Committee on Nutrition and Human Needs, known as the Senate Hunger Committee.

The time was right to properly address hunger, as the program remained popular among both Republican and Democratic citizens. As reported in *The Los Angeles Times*, on April 20, 1969, another Gallup Poll on hunger was conducted and published:

Senator George McGovern’s (D-S.D.) welfare proposal, which would provide Food Stamps for all families living in extreme poverty (incomes less than $20 per week), receives a bipartisan stamp of approval by the American people. Nearly seven in ten (68%) interviewed in a late March survey favored the idea, with majority support coming from rank and file Republicans and Democrats, and persons at every economic level.

Three decades had passed and the program was still as popular as ever.

In spite of popular support, McGovern’s Congressional Senate Hunger Committee faced serious challenges as some politicians joined to portray the program as the poster child for federal waste, fraud, and abuse (Shrum 2007). Despite the opposition’s best efforts, the committee successfully pushed on. The key to success was McGovern’s closest ally, Kansas Republican Senator Bob Dole. Once fierce political enemies, they had become good friends through their work on the Hunger Committee. The two worked tirelessly to craft the Food Stamp Act of 1977 (Shrum 2007). The remarkable difference between this act and previous food-stamp legislation was the change that allowed food stamps to be distributed without the requirement that recipients pay a modest amount to receive the benefits.

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At the same time, the effects of eliminating restrictions of food stamp benefits to the purchase of surplus agricultural product began to show negative impacts on the health of those who so heavily relied on the benefits to feed their families. In April 1975, the American Enterprise Institute released a report, “Food Stamps and Nutrition,” concluding that “Overall, the Food Stamp Program has failed to serve its twin objectives of improving nutrition access for the poor and supplementing agricultural incomes despite the tremendous growth in funding over the past decade” (Clarkson 1975: 65). This was not surprising because the report’s principal author, economist Kenneth Clarkson, had previously called for a “Local Nutrition Incentive Program” to address some of the lack of nutritional balance identified in the report. In the report, economist Yale Brozen wrote about the program’s failure to meet its other original intent, support for family farmers: “As to the second objective of the Food Stamp Program, supplementation of the income of poor farmers, Food Stamps fail, as miserably here as they do
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at eliminating malnutrition.” Certainly money was entering the economy, but “the majority of the food dollars spent at retail (62 percent) goes to transportation, processing, and wholesale and retail handling…. Little of the dollar gets to farmers—and that which does benefits mainly those farmers who are already well off” (Clarkson 1975: 3).

As had Senator Douglas before him, Senator Dole recognized the need for a major change in the food stamp program to improve recipients’ diets. In an August 31, 1975, op-ed in The Los Angeles Times, he reminded readers: “The program’s reason for being presumably is the nutritional enhancement of poor people’s diets.” Senator Dole, cited the American Enterprise Institute report that found, as Senator Douglas had predicted in the 1964 hearings, “vast increases in soft drink purchases and other foods of low nutritional value by program beneficiaries. In one county surveyed, Fayette County, PA, the nutritional level of food stamp users actually declined because the families bought fewer milk products, eggs and grains, and more sweets and fatty foods.” To drive the point home, Dole said, in no uncertain terms, “If these findings should prove generally applicable, they clearly would indict the program.”

There is an old Turkish proverb: “No matter how far you’ve gone down the wrong road, turn back.” Senators Douglas and Dole demonstrated an uncanny ability to predict the future. Had their concerned predictions been heeded, perhaps we might not have steered the food stamp program down the wrong road. Despite growing awareness of the connection between obesity and lack of access to healthier foods, despite release of significant studies and countless recommendations over the ensuing decades, Congress could not find its way to change the food content of the food stamp program. The only major change was administrative, shifting from paper food stamps to electronic benefit transfer cards (EBT) and renaming the program “SNAP.”

In four and a half decades, the food stamp program had morphed from a common-sense program that blended the traditional American benevolence—lending a firm hand to those in need—to a program that was pumping nearly $70 billion dollars into the American economy in sparse $4.45 per person daily increments. Most of those billions end up in the hands of the major food-processing and -distribution corporations, with limited impact on smaller American farmers. From a benefit that was broadly viewed in both 1939 and 1969 by the American public as good and worthwhile, the program became politically painted as a form of welfare abuse. Ironically, growing numbers of the general public, riled by inflammatory campaign statements, began blaming the poor for the program’s high cost and low benefits.

Also, what had been seen as an effective market-support program favoring the consumption of “good, wholesome foods” while benefiting fruit, vegetable, and livestock farmers, has largely turned into a double subsidy for large-scale conventional crops, funded by the American taxpayer. Cereal and oilseed crops are subsidized once in direct payments to large-scale farmers and then again by purchases made by SNAP recipients. American fruit and vegetable farmers receive minimal funding support from the federal government. So, the farmers who produce fruits and vegetables, the very foods originally designated for market support by the blue stamp benefit in the Food Stamp Plan of 1939–43, have been boxed out of both sides of the economic equation. This is especially ironic since the newest USDA Dietary Guidelines for Americans 2010 advise all Americans to “make half your plate fruit and vegetables” (www.cnpp.usda.gov).

THE BIRTH OF WIC (TWO PROGRAMS FOR THE COST OF THREE)

These changes to food stamps, and the double subsidies it created, opened the door for recipients to shift their purchases from good, basic foods towards items such as sugar-laden soft drinks, carbohydrate-laden minute meals, and low-nutrient chips and snack foods. Major soft drink and convenience food companies significantly increased their marketing budgets to capitalize on the new opportunity, resulting in explosive growth of sales and consumption. The price of these “occasional foods” dropped while the cost of good, basic foods rose. The disparity left families with the conundrum of being able to afford only the foods they previously indulged in as occasional treats.

Concerned doctors began to see the negative health impacts as more mothers and their young
children arrived at clinics with health issues related to lack of access to affordable healthy food. These doctors were especially concerned with the health of pregnant mothers and infants, and toddlers in their critical developmental years. Studies regarding the health impacts of dietary choices were just beginning, so little scientifically published data were available. Nevertheless, these doctors were so moved by the evidence before their eyes that they needed no clinical motivation. In 1968, concerned Atlanta doctors established a USDA Food Commissary next to their health clinic. The commissary in this program was stocked with USDA commodity foods.

Experimental programs were launched in Chicago, Illinois, and Bibb County, Georgia, in 1970. On April 5, 1970, in an Atlanta Daily World article titled, “Free Food Program for Babies, Mothers,” Georgia State Welfare Director Bill Burson proclaimed: “We are proud to be part of an experimental program which proposes better health for the nation’s children. At the test stage, it offers immediate help to mothers and babies in Bibb County and, if successful and practical, the national program developed from it will have far-reaching effects for the nation’s children.”

In Baltimore, Dr. David Paige of Johns Hopkins University organized a food-voucher program for mothers and young children at his clinic. Building on Dr. Paige’s model, in 1972 Senator Hubert Humphrey sponsored legislation for a Special Supplemental Food Program for Women and Children as a two-year pilot program (Olivera et al. 2002). Unfortunately, the USDA took little action on Senator Humphrey’s new WIC program until a federal court mandated the USDA to implement the congressionally authorized program.

The first authorized WIC pilot site finally opened in Pineville, Kentucky, in 1974 and by the end of 1974, the pilot program was operating in 45 states. In 1975, WIC was established as permanent program with statutory emphasis “to provide supplemental nutritious food as an adjunct to good health during such critical times of growth and development in order to prevent the occurrence of health problems” (Olivera et al. 2002: 8). The program was organized as additional and supplementary to food stamps.

In effect, an entirely new program had to be created, deployed, administrated, and fully funded in part because of the voids created by shifting the food stamp program away from its initial focus on purchase of more healthy basic agricultural products. The original WIC program was not without its shortcomings, as it focused largely on liquid milk, infant formula, and instant baby food. Fresh fruits and vegetables were overlooked.

**EXPANDING FRESH FRUIT AND VEGETABLE OPTIONS FOR LOW-INCOME RECIPIENTS**

In 1986, recognizing the lack of a provision concerning fresh fruits and vegetables in the WIC program, the Massachusetts Department of Food and Agriculture organized a $17,000 pilot program to provide vouchers for summer and fall fruits and vegetables to WIC families. These vouchers could only be spent at local farmers’ markets in the state. Other states quickly followed, including Iowa, Connecticut, and New York. In 1992, Congressman Chet Atkins (MA) and Senator John Kerry (MA) created and managed legislative passage of the first congressionally mandated WIC Farmers Market Nutrition Program, now operating in 45 states. Although voucher amounts are modest at $20 to $30 per WIC participant annually, an estimated 2.2 million WIC participants benefit each year, with $22 million invested with 17,363 farmers at 3,645 farmers’ markets (USDA FNS 2011a).
In 1989, Massachusetts created a Senior Farmers’ Market Nutrition Program for low-income seniors, modeled on the successful WIC program. In 2000, USDA used authorities under its Commodity Credit Corporation to provide one-year funding nationally for the Senior Farmers’ Market Nutrition Program (SFMNP). To sustain the program, Congressman John Baldacci (ME) initiated funding in the Farm Bill that year. Reauthorized in 2008, this popular program benefits 809,000 low-income seniors and nearly 19,000 small farmers at 2,200 farmers markets (USDA FNS 2011b).

Recognizing the success of these nutrition-incentive programs that use farmers’ markets, the USDA implemented the WIC Cash Vegetable Voucher Program in 2007. The investment of $700 million annually to increase consumption of fruits and vegetables appears significant, but it is thinly spread among one million mothers and seven million infants and children, for an average annual benefit of $97 per person. With nearly tenfold that amount spent on highly processed convenience foods—the only affordable food choices available through the current form of SNAP—WIC cash vegetable vouchers seem destined to provide limited impact.

Hidden in plain sight, the result of all this becomes apparent in the cost to the American economy of diet-related, diet-preventable diseases, such as complications from obesity and Type-2 diabetes. These two conditions cost the American public close to $250 billion annually.

On the surface, it appears suspect to invest nearly $70 billion annually on SNAP benefits that cause a portion of those $250 billion in diet-related medical costs. However, one can imagine that had the list of authorized foods in the original 1939–43 Food Stamp Plan, such as beans, apples, and all fresh vegetables, not been expanded to include and indeed favor nutrient-poor foods in 1964, the need for a supplementary WIC program may have never arisen, and health care costs would undoubtedly be lower.

“GOLD IN THEM THAR HILLS”: FOOD ASSISTANCE AND THE ECONOMY

While much attention is paid to the costs of both food-assistance programs, there has been limited discussion with regard to their impact on the U.S. economy. But indeed, these tens of billions of dollars yield a significant impact. While figures on exactly how much of which products are being purchased using SNAP benefits are not collected by the USDA from retailers, there are studies that indicate the program’s significant economic impact.

A USDA report, The Business Case for Increasing Food Stamp Participation, published during the Bush administration found that every $5.00 in new SNAP benefits generated $9.20 in total economic activity, or $1.84 for every dollar spent (Hanson and Golan 2002). In an independent study, Moody’s Economy.com found that every SNAP dollar spent generates $1.73 in real GDP increase. In fact, the Moody’s study found that “expanding Food Stamps… is the most effective way to prime the economy’s pump (Zandi 2008). The argument is clear that the program creates positive economic impact.

Consider this question: If $1.00 in SNAP purchases creates $1.73 in overall spending when spent in the global food-distribution system, what might it create if spent on basic agricultural products within the producing states where the benefit is spent?

President George W. Bush was a proponent of improved access to the SNAP program. Troubled that only half of eligible recipients were actually participating in the program in key states such as California, he instructed USDA to improve access and established the Office for Strategic Partnership and Outreach in 2007 in an effort to close the gap.

California is at the top of the list where state and local political leaders tend to consider SNAP a blatant example of waste, fraud, and abuse. When the USDA
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encouraged states to develop their own regulations around SNAP sign-up, some implemented mandatory finger printing and other intimidating processes that have resulted in remarkably low participation in the program. SNAP sign-up for eligible California recipients is estimated at 50 percent, leaving 50 percent of its vulnerable citizens uncovered (Cunyngham and Castner 2010). (California could look to Maine for some pointers, as Maine has the best participation rate in the entire nation, at 94 percent of eligible participants actually enrolled.) The resulting loss to California’s troubled economy is an estimated $4 billion in direct SNAP spending. When applying the stimulus match of the USDA and Moody’s studies, the negative economic impact on California in the name of “fraud protection” nears $7 billion. Imagine what the impact would be if the benefits were spent on the agricultural products of California. Realizing the financial impact of only a 50 percent sign up for food stamps, California’s Board of Agriculture passed a “Resolution on Access to Safe, Healthy Foods for All” on May 25, 2011, to foster improved access to SNAP and encourage nutrition incentives.

Economists are beginning to study the economic impacts of purchasing locally produced goods. While conclusive studies have yet to be published, one might assume that if $1.00 in SNAP benefit spent creates $1.73 in GDP when spent in the global food-distribution system, the same dollar will likely create more economic “bang” in the local economy if spent on products grown in the state where the benefit is distributed. It is also important to understand that small- and mid-sized farms are small businesses. With the intense focus of both political parties on the important role of small businesses in spurring meaningful economic recovery, such an approach makes tremendous sense.

BACK TO THE FUTURE

We often wish we could turn back the hands of time when we have either made a questionable decision or realize we might have decided differently if we were fully aware of the decision’s impacts. In the case of the Food Stamp Program, we actually have an opportunity to do just that. There is intense interest in revitalizing the U.S. economy, resisting the shipment of jobs and revenues overseas as a result of intense globalization. Retooling a program that once pumped real money directly into the U.S. agricultural economy, into the pockets of farmers who grew foods that people cooked and ate, might be just what the doctor ordered.

Specialty-crop production (fruits and vegetables) creates more economic value (jobs, equipment, and infrastructure support) than cereal and seed-crop agriculture. A 2010 Leopold Center study found that by converting Midwest conventional crop production to fruit and vegetable production at a level to meet the existing demand for those products, the Midwest would benefit from a $1 billion increase in related economic activity (Swenson 2010). Along the same lines, if Maine had the opportunity to rely on the existing SNAP and WIC funding in the state, it is certain that economic activity would increase.

Today, we have the tools to finance and establish the food-related businesses necessary to convert back toward a more regionalized food system that supports and encourages specialty crops and other viable food production in the region. There are a number of financial sponsors willing to underwrite these investments. Private grants and financing in the form of program-related investments and mission-related investments, along with other instruments from financial institutions that focus on the triple bottom line (or people, planet, profit) can complement the low-interest loans made possible through the Community Development Finance Institutions Fund ($5 billion annually) in rebuilding seriously underserved urban and rural communities.

We have an opportunity to turn back the clock and correct some of our earlier mistakes. To prove the concept, several nonprofit organizations, private funders, and some municipal, state and federal leaders have been supporting programs that offer incentives for healthy foods, directing existing federal food-assistance dollars towards locally grown agricultural products. The programs have been enthusiastically embraced by food-assistance recipients, market managers, farmers, funders, and citizens alike. It seems like following the original intent of the Food Stamp Plan is a promising concept. (See Wholesome Wave sidebar.)

In further exploring how these incentives might be scaled to benefit local economies within the states, there is an opportunity to restore to our farmers and
**Wholesome Wave**

The mission of Wholesome Wave is to empower communities to make better food choices. By creating partnership-based programs in historically excluded urban and rural communities, Wholesome Wave increases access to and affordability of fresh, locally grown food to nourish neighborhoods across America. Initiatives, such as the Double Value Coupon Program (DVCP) and the Fruit and Vegetable Prescription Program (FVRx), demonstrate and support the viability of healthy-food commerce and its ability to rebuild our nation’s food system. Wholesome Wave leverages private and public funds, along with existing federal, state, and local government programs, to foster collaborative efforts through a national network of strategically targeted program partners. This network of partners works in concert to try to transform current realities in the American food system.

Wholesome Wave’s national accomplishments in 2010 include successful expansion of DVCP into 20 states, working through 35 program partners in more than 160 farmers’ markets nationally. These programs were successful in redeeming almost $600,000 in federal benefits, and more than $400,000 in incentives, affecting more than 1,700 American farmers. Wholesome Wave was successful in achieving the elimination of the Demonstration Exception Pilot and Alternative Currency waivers and in streamlining the USDA Food and Nutrition Services FNS application process for farmers’ markets. Wholesome Wave was cited as a model in Solving the Problem of Childhood Obesity With in a Generations: White House Task Force on Childhood Obesity Report of the President, May 2010.

In Maine, with the generous support of a consortium of Maine funders including, John T. Gorman Foundation, Broad Reach, the Jane B. Cook Trust, and anonymous donors, Wholesome Wave brought both the DVCP and FVRx innovations to action in Maine through the work of four talented Maine-based non-profit partners.

**Cultivating Communities** piloted a FVRx program for high-risk consumers in collaboration with the City of Portland’s Minority Health Department, with physicians from Mercy Hospital’s diabetes clinic through participating in the Only Women/Healthy Portland program.

**The Down East Business Alliance (DBA)** implemented DVCP at one market, making this particular market their best “Get Your Veggies” partner for the 2010 season. Two large farms that serve multiple markets throughout eastern Maine accepted DVCP. FVRx benefits were distributed through two health clinics at the two Native American population centers and the local hospital in Washington County. The program successfully attracted patients into the doctor’s office who hadn’t visited in years.

**The Maine Organic Farmers and Gardeners Association (MOFGA)** is the oldest and largest statewide organic organization in the country. MOFGA was instrumental in expanding its community-supported agriculture (CSA) program to include incentives.

**The Skowhegan Farmers’ Market (SFM)** began implementing Wholesome Wave programming in 2010 at a market with an existing electronic benefits transfer (EBT) program. SFM was successful in increasing EBT sales by 100 percent to total more than $7,000. According to Amber Lambke, executive director of the Skowhegan farmers’ market, “It is hard to express how profound the support of WW has been on Skowhegan. The families who embraced the program expressed life-changing impacts on their routines and health habits. The vote of confidence WW has offered to farmers who have worked hard to provide healthy food at a fair price for the last 15 years renewed their energy and commitment to their chosen vocation. In a small town that has faced tough economic challenges, this good news was greeted with a tremendous amount of joy.”

The first monies contributed by the funding consortium triggered matching public and private monies from the State of Maine Department of Agriculture Specialty Crops Program and the City of Portland’s Community Development Block Grant, resulting in the Maine being the first state to match private philanthropy with significant public funds within the first year of the program. Additional private matching funds were made available by the Maine Health Access Fund, Somerset Heart Health (an affiliate of Redington-Fairview General Hospital), Harvard Pilgrim Health Care, Skowhegan Savings Bank, the Jenny Jones Foundation, the Mud Season Pottery Sale and New Balance Foundation. The combined funds totaled more than $200,000.

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our disadvantaged citizens their unalienable rights of “Life, Liberty, and the pursuit of Happiness.” Hyperbole? Maybe not. In truth, life is richer when people have access to a healthful, meaningful diet. Liberty is realized when all people have real choices of what they can feed their families. Happiness is the joy of being able to afford fresh, locally grown foods, cooking them as a family, and sharing a good secure life together.

POLICY IMPLICATIONS FOR MAINE AND NATIONAL NUTRITION-INCENTIVE PROGRAMS

I think it is important for us to recognize that there is a difference between a sometimes food and everyday foods. . . . There are occasions when those sometimes foods are appropriate and okay. And we think the approach ought to be an educational approach and an incentive driven approach.
—Secretary Tom Vilsack in an address to the National Press Club, February 23, 2010.

Private funding from supporting foundations, donor-advised funds, private individuals, and national corporations have been deployed to launch nutrition-incentive pilots in historically excluded urban and rural communities. These incentives were designed to increase the purchasing power for SNAP, WIC, and other food-assistance recipients when spent on local produce at farmers’ markets, farm stands, and in some cases, community-supported agriculture (CSA) programs. These recent incentive programs are similar to the orange stamp-blue stamp food stamp approach in the original Food Stamp Plan that designated additional purchasing power for good, basic agricultural products.

This nutrition-incentive approach has yet to have serious detractors. Perhaps this is because the program allows the recipients to maintain freedom of choice within the existing structure of the program. Recipients can still spend their SNAP benefit on any food they want. If they choose to use them to buy fresh, locally grown fruits and vegetables, the incentive programs add value to their purchasing power. Because these incentive programs afford recipients the opportunity to choose foods they currently cannot afford, they increase choice, along with as the likelihood that recipients will purchase good, basic foods. In areas where programs have been implemented, the programs have been popular among benefit recipients, participating farmers, and the general public.

With data emerging from pilots in more than 20 states, including Maine, and managed by a collaborative of more than 30 nonprofit food organizations devoted to issues of food access and affordability, a series of policy recommendations can be explored. Early evaluations indicate that pilot programs in Maine and nationally have been successful. But scalability remains elusive. After all, providing the cash to create the incentives is difficult in tough economic times.

In exploring options for federal, state, and local governments, and traditional funders and health care foundations, there are a variety of policy options that might effectively address scalability. Recalling the annual allocation of $700 million in WIC Fruit and Vegetable Cash Value Voucher, the policy objectives would be twofold: (1) to improve the nutrition of Americans relying on federal food assistance and reduce future diet-related health care costs generated by SNAP and WIC clients, and (2) to increase income to small family farmers to allow them to stay in business and to create viable job opportunities for the next generation of new farmers.

USDA Specialty-Crop Allocations

In finalizing the upcoming 2012 Farm Bill, Congress should increase funding for specialty crops...
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from the current level of $55 million to $95 million, annually, with guidance that $15 million could be allocated to the states to promote nutrition incentives for SNAP and WIC clients at local farmers’ markets, CSAs and roadside market stands. The funding offset for the $40 million increase would be through Congressional Budget Office recognition (called “scoring”) of future health care savings realized, especially in Medicaid, as a direct result of increased fruit and vegetable consumption by vulnerable families using SNAP and WIC along with nutrition incentives.

While the federal government plays an outsized role in the SNAP and WIC programs, the state of Maine can also implement programs and policies to facilitate a healthier, more economically vibrant and secure Maine.

**USDA SNAP-Ed**

The goal of SNAP-Ed is to improve the likelihood that persons eligible for SNAP will make healthy food choices within a limited budget and choose physically active lifestyles consistent with the current dietary guidelines for Americans and MyPyramid. In reviewing authorities within USDA’s SNAP-Ed programs, USDA should revise guidance to allow states to allocate funding to support local food incentives and their necessary infrastructure consistent with USDA’s Secretary Vilsack’s 2010 National Press Club call for a linked approach coupling nutrition education and incentive programs. The early focus would be on nutrition incentives for SNAP participants to purchase fresh fruits and vegetables at farmers’ markets, CSAs, and roadside stands.

**USDA SNAP Outreach**

Existing SNAP outreach plans historically favor traditional institutions and agencies that participate in helping to enroll those who are eligible in SNAP. Food banks, local health agencies, and hunger-relief agencies are typically included in state outreach plans, which reimburse these agencies and organizations for up to 50 percent of expenses incurred through their outreach activities. Farmers’ markets and other organizations that promote access to local foods have found it difficult to be added to the state outreach plan, even though many groups have shown impressive results through incentive programs. In reviewing authorities with USDA’s SNAP outreach programs, USDA should issue new guidelines to participating states to encourage and enable states to greatly simplify procedures for farmers’ markets that promote SNAP-eligible clients to sign up for SNAP benefits. There should be easier access to USDA and state-provided funding for SNAP outreach and promotion programs at farmers’ markets. It should also be simpler for farmers’ market organizations to be reimbursed for their expenditures on promoting SNAP outreach and SNAP enrollment at local markets.

**CDC Community Transformation Grants: Prevention Funding in 2010 Health Care Legislation**

Funding authorities for health prevention (Community Transformation Grants) allocated to CDC by the 2010 health care reform legislation (The Affordable Care Act, if funded by Congress for 2011), provide no less than $50 million annually for a joint USDA/FNS and CDC competitive pilot program for prevention and outreach in support of nutrition education and incentive programs with emphasis on purchasing fresh fruits and vegetables at participating farmers’ markets and CSAs.

**State Sales Tax Credits for Locally Grown Foods**

Most states legislate sales taxes on foods eaten at restaurants and a number tax foods sold at retail stores. One state is reviewing a reduction in restaurant sales taxes if those restaurants purchase locally grown foods. If other states could encourage legislation to reduce sales taxes for restaurants and other food businesses, including retail food outlets, which procure and sell locally grown foods, such actions could further support a vibrant local food system.
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Healthy Food Finance Initiative

The Administration proposed a national Healthy Food Finance Initiative (HFFI) for the 2011 budget. According to a news release by the U.S. Department of Health and Human Services, if appropriated by Congress, this initiative would “promote a range of interventions that expand access to nutritious foods.” The stated goal is to “eliminate food deserts across the country within seven years”. Because of difficulties in passing the FY2011 budget, no funding yet has been directed to this initiative; however, moneys from the existing Community Development Financial Institutions Fund ($5 billion annually) can be applied to food businesses that improve access to food.

Should HFFI be funded, the resulting loans and grants should be used to help to develop more socially, economically, and environmentally sustainable food systems that provide nutritious food options for all people. HFFI funding should be directed toward development of whole sustainable food systems (agricultural production, manufacturing, distribution, retail, and waste management and composting) that integrate low-income communities in economically and socially meaningful ways, rather than solely toward developing quality food markets in underserved rural and urban communities.

Maine Nutrition Incentive Programs

Now in Maine, a group of private funders including the Broadreach Fund, the Jane B. Cook Charitable Trust, the JTG Foundation, Harvard Pilgrim Health Care, the New Balance Foundation, and an anonymous donor have provided funding for four Maine-based nonprofit organizations to deploy local incentive programs specifically targeting SNAP and WIC recipients. Cultivating Community in Portland and Lewiston reached hundreds of new refugee families and supported a dozen new refugee farmers. DownEast Alliance established innovative nutrition incentive work with Native Americans. In Skowhegan, doctors participated in piloting an innovative program to provide prescriptions for fruits and vegetables to benefit 150 women during pregnancy and through the postpartum period. And in Unity, the Maine Organic Farmers and Gardeners Association (MOFGA) started a unique CSA system allowing double-value coupon incentives to be applied to SNAP benefits for participating vulnerable rural families.

This timely and focused support from Maine’s private foundations was instrumental in triggering successful grant applications through the Maine Department of Agriculture for the USDA’s highly competitive Specialty Crop Program to further leverage funding for these innovative programs. But a few grants have limited impact and don’t last long enough to create long-term change. There are, however, some innovative options for Maine to develop future policies to deepen and sustain these initial successes.

State of Maine Public and Private Initiatives

While the federal government plays an outsized role in the SNAP and WIC programs, the state of Maine can also implement programs and policies to facilitate a healthier, more economically vibrant and secure Maine. The state should (1) develop a strategic three-year program to enable at least two percent of Maine’s annual allocation of SNAP funding to provide incentives for the purchase of healthy, affordable food from local farmers; (2) encourage local community foundations, health care organizations and their foundations, and the medical teams at Maine hospitals and clinics to expand innovative pilot programs such as the farmers’ market fruit-and-vegetable-prescription program; (3) encourage Maine nonprofit organizations to apply for funding from the USDA’s specialty crop program and Farmers’ Market Promotion Program, from SNAP-Ed and CDC’s Community Transformation Grant Program (Communities Putting Prevention to Work) to support staff needed to deploy such incentives at local direct-marketing outlets with access to existing federal food-assistance benefits; and (4) continue to support and fund infrastructure technology at farmers’ markets, CSAs, and roadside markets that underpins these innovative nutrition-incentive programs.

Please turn the page for notes, references and information about the authors.
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ACKNOWLEDGMENTS


ENDNOTES

1. The First Lady’s “My Day column can be found on the following web site: http://www.gwu.edu/~erpapers/myday/displaydoc.cfm?_y=1941&_f=md055895

2. Funds generated from Section 32 in USDA’s budget are derived from tariffs placed on imported food to the United States.

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Michel Nischan is founder, CEO, and president of Wholesome Wave. A James Beard Award–winning chef, restaurateur, and author, Nischan has spent his career working toward restoring local, sustainable food systems and the cultures they support. He was recently elected a lifetime Ashoka Fellow and serves on the board of trustees for the James Beard Foundation and the Rodale Institute, and as an advisory board member for the Center for Health and the Global Environment at Harvard Medical School.

Daniel Bowman Simon is the founder of SNAPgardens.org, which raises awareness that SNAP (food stamp) benefits can be used to purchase food-producing plants and seeds and strives to facilitate successful gardening.

During the election cycle of 2008, he founded TheWhoFarm, a nonpartisan advocacy campaign for an organic farm on the White House lawn.

Gus Schumacher is executive vice president of Wholesome Wave and formerly was commissioner of the Massachusetts Department of Food and Agriculture, served earlier as a senior agricultural project lender at the World Bank and later served as USDA’s undersecretary of farm and foreign agricultural services.

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