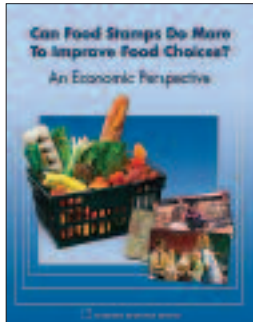


ERS *Report Summary*

Economic Research Service

September 2007

U.S. Department of Agriculture



*This is a summary
of an ERS report.*

Find the full report at
[www.ers.usda.gov/
publications/eib29](http://www.ers.usda.gov/publications/eib29)

Can Food Stamps Do More To Improve Food Choices?

An Economic Perspective

The Food Stamp Program served almost 1 in 12 Americans in fiscal year 2006 at a cost of \$32.8 billion. The increase in food purchasing power provided by the program has helped low-income Americans solve the basic problem of getting enough to eat. Whether it improves the nutritional quality of the food choices of program participants is less certain.

What Is the Issue?

Food stamp recipients, like other Americans, struggle with nutrition problems that are associated with choice of foods, as well as amounts. The prevalence of obesity and diabetes is increasing. Underconsumption of fruits and vegetables—healthful foods that are rich in nutrients while relatively low in calories—is a particular problem. This series of ERS reports help answer the question of whether the Food Stamp Program can do more to improve the food choices of participants. The research considers the influence of income and prices on food choices. It also assesses the economic evidence for the likely success of any policy targeted at getting food stamp recipients to make different food choices through food stamp bonuses or purchase restrictions. The research also examines other approaches, including nutrition education and innovative new strategies suggested by behavioral economics, to motivate recipients to make different food choices.

What Are the Major Findings?

Meaningful improvements in the diets of food stamp recipients will likely depend on a combination of many tactics. Some appear to be more promising than others:

Untargeted increases in food stamp benefits may not improve the nutritional quality of food choices. A general, untargeted increase in food stamp benefits, while increasing household income and food spending, may not improve the nutritional quality of food choices. Besides nutrition, households have other competing preferences, such as convenience. Consumer expenditure data indicate that these other competing preferences appear to take priority over spending on fruits and vegetables.

Targeted price manipulation through bonuses or coupons for food stamp participants to purchase fruits and vegetables may be more successful. Offering a bonus to purchase targeted foods essentially lowers the price of the foods. ERS estimates of low-income consumers' response to changes in the price of fruits and vegetables indicate that a 20-percent price reduction would raise fruit and vegetable consumption to 2.2 cups per day—an improvement, although still not meeting current Federal recommendations for typical adults.

Restricting purchases of “unhealthful” foods and beverages does not appear to be a promising strategy for dietary improvement. Policies that prohibit the use of food stamp benefits for purchasing specific foods, such as candy or soft drinks, may or may not limit purchase of these

*ERS is the main source
of research and analysis
from the U.S. Department
of Agriculture, providing
timely information on
economic and policy issues
related to agriculture,
food, the environment,
and rural America.*

www.ers.usda.gov

foods. Most food stamp recipients use some of their own money as well as food stamp benefits to purchase foods and may simply change the mix of foods they purchase with cash versus food stamp benefits. Even if food stamp recipients stop buying prohibited items, given the diversity of food products available for sale and the ingenuity of the food industry to develop new ones (for example, a prohibited candy bar adapted into a chocolate “granola bar”), many near substitutes are likely to be available. The consumer would still make the decision to choose either more healthful foods, such as fruits and vegetables, or foods and beverages that, although not restricted, are essentially similar to the prohibited items.

Nutrition education can improve food choices, but consistent improvement is difficult. Behavioral economics may suggest some strategies that can help. Nutrition information can prompt consumers to change their food choices—for example, to shift from whole to low-fat milk. However, consistent dietary improvement is difficult because the individual’s desire for the longrun benefits of nutrition and health can conflict with short-term preferences for taste or convenience. Behavioral economics research has generated new ideas for how policies and environments might be modified to help individuals with such competing preferences act more consistently in their long-term best interest. Some of these ideas, such as allowing participants to pre-commit to buying a certain amount of healthful foods with their food stamp benefits, warrant further investigation.

Improved evaluation data and methods are needed to assess the effects of policy changes. Without adequate evaluation, policymakers will never know whether any changes in Food Stamp Program policies are effective. ERS is working to enhance program evaluation through expanded data and improvements in measures and analytical methodology.