Improving Nutrition for SNAP Recipients:
A Roadmap for the Double Value Coupon Program

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Policy Analysis Exercise
Prepared for Wholesome Wave

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1. EXECUTIVE SUMMARY

Wholesome Wave, through its flagship Double Value Coupon Program, doubles the value of food stamps when they are used to buy farmers’ market produce. This nutrition incentive benefits low-income consumers by making healthy fresh fruits and vegetables more affordable. The program also aids the small and mid-size farmers who sell at farmers’ markets by expanding their customer base. Since its inception in 2008, the Double Value Coupon Program (DVCP) has been widely successful, spreading to 160 markets in 20 states, and significantly increasing the amount of SNAP\(^1\) dollars flowing through farmers’ markets each week. Both public health and local agriculture advocates cite it as the kind of innovative program America needs in order to address some of its most entrenched social problems.

Now, after several years of pilot programs and expansion, Wholesome Wave is poised to take advantage of a strategic pause and decide how to proceed into the next stage. The fundamental questions it might consider include: How should the Double Value Coupon Program grow and expand its influence? How can it become sustainable? What are the greatest opportunities and biggest barriers to sustained performance and social impact?

This Policy Analysis Exercise will help examine these questions and others, and make recommendations for Wholesome Wave. Our central purpose is to assist Wholesome Wave in broadening the Double Value Coupon Program’s value to society.

In Sections 2 and 3 we outline the DVCP logic model and examine evidence of the program’s effectiveness to date—in terms of increasing produce consumption, improving health outcomes, and creating benefits for small farmers. In Section 4 we focus on what lies ahead, considering organizational strategy from three perspectives: (1) The value that the DVCP creates for society, (2) the political support the DVCP will need in order to flourish, and (3) the organizational capacity required to feasibly expand its programs and achieve its goals.

We argue that in addition to health benefits and benefits to local agriculture, Wholesome Wave should highlight other important dimensions of the value created by the DVCP. These include spurring local economies, addressing inner-city food deserts, building social and community capital, and changing eating habits and culture through robust nutrition education. Despite the challenging political and economic climate, we are confident that by creatively leveraging existing funds and by forming partnerships that measure and communicate the potential of the DVCP, Wholesome Wave can achieve even wider success.

We also note that Wholesome Wave’s dual goals of promoting health and supporting local agriculture may come into conflict. As it seeks to expand the DVCP—and transform the

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1. Supplemental Nutrition Assistance Program, formerly known as the food stamp program.
American food system to emphasize locally grown fruits and vegetables—Wholesome Wave should continually refer to its own mission and assess how proposed program changes will improve the lives and health of the most disadvantaged.

Finally, in Section 5 we lay out a number of recommendations for Wholesome Wave’s future efforts to strengthen and expand the DVCP in terms of measuring its success, attracting media attention, garnering political support, and expanding funding sources.

Throughout, we rely on existing literature and data and on dozens of conversations with political staff and strategists, public administrators, food policy experts, lobbyists, nonprofit executives, farmers, and farmers’ market customers.

**Key Findings**

1. The Double Value Coupon Program is a significant driver of increased SNAP purchases at farmers’ markets. Data from the Massachusetts Department of Agriculture suggest that the presence of the DVCP at a market increases its SNAP sales by around 200%.

2. The DVCP is an innovative way of creating localized economic stimulus. Survey data from multiple sources indicate that farmers’ market shoppers don’t just buy fruits and vegetables, but they also patronize nearby merchants. A market operating once each week during six months of the year can create millions of dollars of localized economic stimulus from the combined effects of supporting farmers and other merchants. The DVCP contributes to this stimulus by encouraging SNAP recipients to use their federal food stamp benefits to support local commerce rather than big-box stores.

3. While evidence exists connecting fruit and vegetable consumption to positive health outcomes, and other evidence connects the DVCP to increased produce purchases, Wholesome Wave cannot yet empirically demonstrate that the DVCP alters consumption sufficiently to generate measurable health benefits.

4. Both the SNAP Education and SNAP Outreach funds represent promising funding sources for nutrition incentives at farmers’ markets and for marketing those incentives in low-income communities.

5. The expansion of the DVCP to additional farmers’ markets across the country is limited by the presence of wireless Electronic Benefits Transfer (EBT) machines. Without EBT machines, markets are unable to use SNAP benefits.

6. The scale of farmers’ markets is inherently limiting. Only .008 percent of annual SNAP purchases are made at farmers’ markets, compared to 82 percent at supermarkets. However, an attempt to implement the DVCP in grocery stores across the country would require prohibitive levels of funding and could compromise Wholesome Wave’s commitment to supporting local farmers.
Central Recommendations

Strategy Changes for Immediate Implementation

• Recommendation 1: Market the DVCP based on its twin value propositions of health benefits and local economic stimulus.

• Recommendation 2: Partner with a health care foundation to study and quantify the health benefits of the DVCP.

• Recommendation 3: Seek a partnership with Let’s Move to improve the visibility of the DVCP.

Strategy Changes for the Next One to Three Years

• Recommendation 4: Encourage state Departments of Agriculture to seek Specialty Crop Block Grants, SNAP-Ed funding, and SNAP Outreach resources to support the DVCP.

• Recommendation 5: Form alliances with city mayors to gather political support, and to share strategies and results across municipalities.

• Recommendation 6: Develop guidelines and best practices for DVCP grantees.

Strategy Changes for Long-Term Implementation

• Recommendation 7: Advocate for House and Senate Agriculture Committee Members to set aside SNAP-Ed funds in future rounds of Farm Bill legislation for state-level implementation of the DVCP.

• Recommendation 8: Look beyond food and agriculture to innovation in American health care.
2. THE DVCP LOGIC MODEL

2.1 The Double Value Coupon Program

Founded in 2007, the nonprofit organization Wholesome Wave is dedicated to “increasing production and access to healthy, fresh, and affordable locally grow food.” Wholesome Wave seeks to improve health in underserved communities and support farmers by connecting neighborhoods with fruits and vegetables grown on nearby farms. The organization’s signature program is its Double Value Coupon Program (DVCP), which doubles the value of food stamps (as well as assistance through the much smaller Women, Infants, Children (WIC) and Senior Farmers’ Market Nutrition programs), when recipients use these federal benefits at any of the 160 markets in twenty states where the DVCP is operational.

Underpinning Wholesome Wave’s mission and the DVCP in particular is the assumption that price is a central determinant of how much fresh produce Americans consume. The Food and Nutrition Service (FNS)—which administers SNAP, WIC, the Senior Farmer’s Market Nutrition program—currently provides assistance to over fifty million Americans, or one in seven Americans in 2010. Beneficiaries of these programs then use the cash assistance to purchase approved food items. The DVCP incentivizes individuals to use their federal benefits to buy locally grown fresh produce directly from farmers; it does so by doubling the value of federal benefits when they’re used at farmers’ markets and CSAs (Community Supported Agriculture), thereby reducing effective prices by half. The DVCP is intended to improve health outcomes for nutrition program beneficiaries by creating monetary incentives for purchasing fresh produce, and thereby increasing their consumption of these healthy items. At the same time, the DVCP is also intended to support local farmers, who see an increase in business as a result of a new customer base drawn in to farmers’ markets.

2.2 DVCP Logic: Improving Health and Local Farmer Livelihoods

According to the surgeon general, the obesity problem in the United States now constitutes an epidemic. The Department of Health and Human Services estimates that two-thirds of all adults in this country are overweight or obese, while one-third of all American children are. And while obesity rates have increased among all demographic groups over the past three decades, poor and disadvantaged Americans are the most likely to suffer from this condition.

The constellation of factors that contribute to obesity is complex. Among the many variables

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2. Wholesome Wave, Our Vision < http://wholesomewave.org/about/our-vision/>
that lead to excessive weight gain, diets low in nutritional content and high in fat and sugar are a central contributor. Some researchers have connected the relatively low cost of energy-dense foods—precisely those that are high in fat and sugar—with the prevalence of obesity among the poor. That is, since unhealthy foods are cheaper, poor Americans are more likely to consume the kind of diet that contributes to weight gain, and thus are more likely to be obese.

In their efforts to fight obesity, the USDA, HHS and the Centers for Disease Control and Prevention (CDC) urge Americans to consume a diet full of fresh fruits and vegetables, which are nutritionally rich and less energy-dense than processed foods. The CDC suggests that replacing energy-dense foods with fresh fruits and vegetables will lead to better health as well as weight loss, a claim that is supported by medical literature. Making these healthy modifications to diet, however, may be impossible for poor Americans feeding families on limited budgets. A host of factors beyond affordability also affects individuals’ consumption of healthy fresh produce, further complicating attempts by public health officials to fight obesity by promoting healthful diets. Taste influences what people choose to consume—and unhealthy foods, besides being inexpensive, are full of tasty fat, sugar, and salt. Culture is also a factor; anthropologists document how individuals’ diets are strongly influenced by their cultural surroundings, including peers and family. In addition, many people simply lack the knowledge of what constitutes healthy eating or how to prepare healthy meals at home. And geography and convenience are additional obstacles for many Americans who live in inner cities or rural areas where no full-service grocery store is easily accessible.

*Figure 1* is a logic model laying out the intended health benefits of the DVCP. It illustrates the proposed transformation of inputs—funding, federal nutrition program recipients, as well as marketing and technical assistance for farmers’ markets—into improved health outcomes. While Wholesome Wave currently does not claim to have empirical evidence showing that the DVCP has produced these superior health outcomes, *Figure 1* illustrates the logic behind the program’s design.

Wholesome Wave is also committed to supporting local agriculture, and the DVCP is intended to further this end by making locally grown fruits and vegetables affordable for individuals and families who otherwise could not afford to buy them. This part of the DVCP is also included in *Figure 1*, and is relatively straightforward. The DVCP draws a new customer base into farmers’ markets. These customers generate significant new revenue for local farmers, putting small farming businesses and farmers’ markets on stronger financial footing. And

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there is a positive feedback loop between the two distinct goals of the DVCP; as small local farmers earn a better living, they can expand operations, and new markets can open. Fresh fruits and vegetables become increasingly easier to access for low-income individuals, who become accustomed to eating a healthier diet, generating still more business for local farmers.

*Figure 1: Double Value Coupon Logic Model: Improving health and farmer livelihoods*
3. EVIDENCE AND DATA

3.1 Increasing Produce Consumption by Reducing Prices

According to the USDA, there is conflicting evidence about whether or not low-income Americans can afford to eat healthfully.⁶ As noted in Section 2, unhealthy (“empty calorie”) foods tend to be cheaper. Research has exposed the relationship between energy density and energy cost, calculating that the energy cost in healthy foods is several thousand percent greater than in unhealthy foods, making a healthy diet vastly more expensive.⁷

SNAP benefits are calculated using the Thrifty Food Plan, which assesses the cost of providing nutritious meals in the least-cost manner possible based on average food prices across the country. A 2007 report by Boston’s Food Project found that food prices in that city made it impossible for a poor family to eat nutritiously, even with the maximum food stamp benefits. The diet specified by the Thrifty Food Plan cost nearly 30% more than the maximum SNAP benefits, or $752 per month in food costs compared to a benefit level of $588.⁸ That equates to low-income Boston families of four paying $2,520 over and above their food stamp benefits annually in order to eat healthfully. For comparison, the poverty threshold for a family of four in 2007 was $20,650; an extra $2,520 in healthy food expenses represents greater than 10% of annual income.⁹

Since the Thrifty Food Plan is calculated based on average food prices across the US, actual prices in any single location may diverge significantly from those used to calculate benefit levels. The USDA’s own research indicates that regional food prices vary widely; a 2007 report by the USDA’s Economic Research Service (ERS) found that food prices in the Northeast exceeded the national average by 8%, while prices in the West exceeded the national average by 11%. Lower prices could be found in the Midwest and southern regions of the country.¹⁰ These price differences make eating healthfully on a tight budget nearly impossible in some areas, and more feasible in others. This suggests that programs like the DVCP may create significant value by bringing a nutritious diet within reach for SNAP recipients, especially those living in certain regions of the country.

SNAP recipients shopping at farmers’ markets overwhelmingly report that the DVCP has

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6. Authors’ correspondence with Lucas Knowles, United States Department of Agriculture, 14 December 2010.
7. Drewnowski S37.
strongly and positively affected their families’ eating habits.\textsuperscript{11,12} The Food Project found that 96% of SNAP recipients shopping at Boston farmers’ markets were buying fresh produce because of Boston Bounty Bucks, the local name of the DVCP. Wholesome Wave found that 92% of over five hundred survey respondents across the US said that the DVCP had “made a big difference” on the quality of diet their families were consuming (Table 1). While the Food Project’s sample size was too small for its results to be considered scientific, when paired with Wholesome Wave’s more robust data collection these two surveys offer strong initial evidence that the DVCP is indeed working according to Wholesome Wave’s intentions.

The New York City Department of Health, implementing a program similar to the DVCP called Health Bucks, found that EBT transactions at farmers’ markets in that city increased between 200 and 400% with the advent of the Health Bucks program.\textsuperscript{13} And the Massachusetts Department of Agriculture, which helped to administer the expansion of EBT terminals at farmers’ markets as well as the implementation of the DVCP, reported at the end of the 2010 market season that SNAP redemption at farmers’ markets had increased by 500% over the 2009 season.\textsuperscript{14} The DVCP was an important driver of this increase (Table 2). In 2010, markets that did not offer the DVC had average weekly EBT sales of $867, while that figure for markets with the DVCP was $2,587, or 200% greater. Since far fewer markets offered the DVC in the 2009 season, the explosive growth in EBT sales at markets was in part attributed to the DVCP. Indeed, evidence from multiple sources confirms that SNAP recipients are buying more fruits and vegetables as a result of the DVCP and similar incentive programs.

Findings from a variety of settings also suggest that temporary discounts on healthy items can generate lasting changes in consumption patterns. The Food Project reports that once Boston farmers’ markets offer the DVCP, they build up a reliable and sustained customer base among SNAP recipients. In some cases, funding for the DVCP for certain markets has run out before the end of the market season, and while there is a decline in SNAP redemptions at that time, the bulk of food stamp customers continue to shop at farmers’ markets. This suggests that the DVCP helps many customers to develop new consumption patterns that endure even after the monetary incentive has been removed.\textsuperscript{15}

A randomized study on healthy food discounts and nutrition education interventions in New Zealand found that a 12.5% price discount led to participants purchasing 10% more produce than a control group who faced no discount. The change in purchasing behavior endured among treatment group participants after discounts were removed, though it lessened by half,

\textsuperscript{11} Wholesome Wave internal data collection. 
\textsuperscript{12} Kim, “Boston Bounty Bucks,” 22. 
\textsuperscript{14} Massachusetts Department of Agriculture and Department of Transitional Assistance, Supplemental Nutrition Assistance Program 2010 Assessment.  
\textsuperscript{15} Authors’ correspondence with Cammy Watts, The Food Project, 20 January 2011.
### Table 1: Select Findings: 2009 and 2010 Market Seasons

<table>
<thead>
<tr>
<th>Survey Findings</th>
<th>Wholesome Wave Internal Report 2010 Market Season</th>
<th>Boston Food Project 2009 Market Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNAP recipients who reported eating more produce as a result of the DVC</td>
<td>85% (N = 579)</td>
<td>87% (N &lt; 100)</td>
</tr>
<tr>
<td>SNAP recipients who reported that monetary incentives were important or very important to their choice to shop at a farmers’ market (Wholesome Wave) or to their purchasing produce (Food Project)</td>
<td>96% (N = 2,011)</td>
<td>80% (N &lt; 100)</td>
</tr>
<tr>
<td>SNAP recipients who said the prices at the farmers’ market were important or very important to their decision of where to shop (Wholesome Wave) or better or much better than at a grocery store (Food Project)</td>
<td>92% (N = 494)</td>
<td>75% (N &lt; 100)</td>
</tr>
<tr>
<td>SNAP recipients who reported that the quality was important or very important to their decision of where to shop (Wholesome Wave) or better or much better at the farmer’s market than grocery store (Food Project)</td>
<td>87% (N = 438)</td>
<td>94% (N &lt; 100)</td>
</tr>
<tr>
<td>SNAP recipients who said the amount of produce they could afford at farmers’ markets had made a big difference on their families’ diets</td>
<td>92% (N = 581)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Table 2: 2010 Massachusetts Market Season: Average Market Sales With and Without DVC

<table>
<thead>
<tr>
<th></th>
<th>Mean EBT Sales (Number of markets included in sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markets without the DVC</td>
<td>$867 (10)</td>
</tr>
<tr>
<td>Markets with the DVC</td>
<td>$2,587 (30)</td>
</tr>
<tr>
<td>All Markets</td>
<td>$2,202 (40)</td>
</tr>
</tbody>
</table>

Data courtesy of the Massachusetts Department of Agriculture
one year later. This suggests that the DVCP may have the potential to effect permanent behavioral changes among beneficiaries, who may continue to consume a healthier diet even in the absence of the incentive. Boston Food Project survey results also confirm this finding (Also see p. 22, “A Promising Nutrition Education Tool”).

Attempts by the USDA to estimate price elasticities of demand for fruits and vegetables are consistent with Wholesome Wave’s finding that the DVCP is successfully influencing SNAP recipients’ produce consumption. Reports by the ERS have found that demand for fruits and vegetables is price inelastic; in other words, it takes an enormous price reduction to induce consumers to buy more produce. Using data from the 1996-7 National Food Stamp Program Survey, researchers estimated that a 10% purchase price subsidy for food stamp recipients would increase vegetable consumption by around 6% and fruit consumption by roughly 9%. Since the average food stamp recipient currently consumes less than 20% of the recommended daily quantity of fruits and vegetables, a 10% purchase subsidy would make only a small stride toward improving the diet quality of SNAP recipients.

The estimation model used to calculate these elasticities cannot be extrapolated to a price subsidy of 50%, which is the level provided by the DVCP. However, it is possible to infer from this research that it would take a subsidy far greater than 10% in order to meaningfully change consumption patterns. Bringing SNAP recipients’ consumption of fresh produce up to the USDA recommended quantities would require a subsidy of nearly 100%. While that is of course fiscally impossible, it does support the idea that an incentive program as large as the one provided by the DVCP could have a significant impact on SNAP recipients’ nutritional intake.

The ERS has also examined how consumption of fresh produce would change as a result of higher or lower SNAP benefit levels. Researchers hypothesize that increasing benefit levels may actually reduce incidence of obesity, because greater benefits allow recipients to purchase higher quality diets, including more fresh produce and healthy lean meats. However, the ERS has advised that untargeted increases in benefit levels—that is, simply raising maximum benefits for all SNAP recipients—would not be an efficient way of improving diet quality. Instead, “targeted price manipulation”, or subsidizing only certain healthy items, has been

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deemed the policy lever most likely to succeed at improving diets. This research, then, supports the idea that the DVCP is a promising means of efficiently enhancing nutritional intake for some needy Americans.

3.2 Connecting Increased Produce Consumption to Improved Health Outcomes

A multitude of nutrition studies document the health benefits of increasing fruit and vegetable consumption. One investigation of the effects of adding vegetables to an energy-dense meal resulted in participants’ taking in fewer calories but reporting no increase in hunger level. Since vegetables are dense with water and nutrients rather than calories, adding vegetables to a diet usually results in lower caloric intake, and thus can facilitate weight loss. A number of studies have found that weight-loss intervention programs that emphasize increasing fruit and vegetable intake, and not just reducing fat and sugar intake, lead to participants more successfully losing weight.

One investigation, geared toward preventing obesity among high-risk children, found that overweight parents who were instructed to provide their children with more fruits and vegetables successfully safeguarded the children from inordinate weight gain, and also lost weight themselves. This suggests that increasing produce consumption among low-income families could reap rewards both in terms of health improvements for adults, and by preventing future health problems in a rising generation of Americans.

An investigation by the CDC found that increased fruit and vegetable intake could mitigate the risk of contracting diabetes mellitus, especially among women. And a review of epidemiological studies summarized research on fruit and vegetable intake and its relationship to coronary disease, stroke, and circulatory diseases, concluding that higher fruit and vegetable consumption could help to prevent these conditions.

Thus far, Wholesome Wave and peer organizations have been unable to conduct studies to

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24. Rolls et al. 15.
determine whether or not its impact on produce consumption effectively improves health outcomes in program recipients. Such research requires significant time and resources. The Healthy Incentives Pilot (HIP) program, authorized for $20 million in the 2008 Farm Bill, is a project designed to determine the consumption and health effects of a 30% price rebate on fruits and vegetables for low-income consumers. However, it will not be operational until the fall of 2011, and therefore its results will not be available for several years.

And yet the overwhelming evidence discussed in Section 3.1 demonstrates that SNAP recipients are buying more fruits and vegetables as a result of the DVCP. Agriculture and food policy expert Robert Paarlberg, who has testified before Congress on policies to improve nutrition, notes that demonstrating increased *purchases* of fruits and vegetables is strong evidence to suggest that the DVCP also leads to improved health outcomes.\(^{28}\) Indeed, given evidence in the nutrition literature, it is reasonable to hypothesize that the DVCP is contributing to at least some improvements in health, weight loss, and reduced disease risk among those families who report that the DVCP has “made a big difference” in their produce consumption (See Table 1).

### 3.3 Benefits to Local Farmers

Central to Wholesome Wave’s mission is its commitment to supporting local farmers. Every food stamp dollar shifted from conventional grocery stores into farmers’ markets as a result of the DVCP means new revenue for nearby farms.

Ample testimony from farmers confirms that the DVCP is indeed improving farmer livelihoods. The owner of Silver Brook Farm in Dartmouth, MA, who participates in farmers’ markets throughout the Boston area, says that his most consistently successful market day is in the low-income neighborhood of Dorchester. At that market, nearly all of his sales are from EBT transactions. He explained that residents are thrilled to have a farmers’ market in their neighborhood, as the only other option for buying fresh produce requires two train rides on the subway to a Stop & Shop. The DVCP makes it possible for Dorchester residents to afford Silver Brook Farm produce, and once customers learn that the market accepts food stamps and offers the DVCP, they return to buy produce at the market every week, creating a reliable revenue stream for farmers there.\(^{29}\)

The Office of Temporary and Disability Assistance in New York also found that SNAP customers were creating a steady new customer base for farmers’ markets. One spokesperson noted about the 2008 market season that “fully one-third of food stamp consumers came to the market for the first time because of the incentive, and [then] continued to shop at the

\(^{28}\) Authors’ correspondence with Robert Paarlberg, 27 January 2011.

\(^{29}\) Authors’ correspondence with the Silver Brook Farm, Dartmouth, MA, 20 November 2010.
This suggests that the DVCP helps to create a dependable customer base from a population that may never have frequented a farmers’ market otherwise.

A farmer at the Allston farmers’ market in Boston emphasized the impact of EBT sales and the DVCP on his bottom line. “It’s the little things that add up when you’re talking about small business owners. An extra $50 per week [during market season from EBT sales] adds up to $1,000 each year. That goes right into the pocket of the business owner.” Available evidence clearly indicates that the DVCP is meeting its mission to support farmers, as it provides a welcomed boost to the small and mid-sized growers who sell directly to their local communities. Additional economic benefits from the DVCP are explored in Section 4.2.

31. Authors’ interviews at the Allston farmers’ market, 19 October 2010.
4. WHERE DOES THE DVCP GO FROM HERE?

The fundamental challenge for Wholesome Wave going forward is how to reach greater impact, create more public value, and ultimately improve more lives through its Double Value Coupon Program. How to do so will be the preoccupation of the organization’s leadership team and should constitute its strategy going forward.

In the previous two sections, we have examined the DVCP logic model, illustrating the mechanics of the program and the relationship between economic incentives and increased consumption of fruits and vegetables, as well as increased farmer sales in low-income neighborhoods. We looked at how effective the program has been to date, synthesizing data from across several states. We also explored the links between nutrition incentive programs and health outcomes, though more research is needed to make indisputable claims of health benefits.

Now we shift towards the future. With an eye on growth and sustainability, we will consider both opportunities and barriers for Wholesome Wave over the next three to five years. While we provide recommendations, in some cases we will raise as many questions as suggestions – all part of an effort to inform Wholesome Wave’s future decisions, priorities, and strategy.

4.1 The Strategic Triangle: A Useful Guide

Successful organizations must simultaneously address three essential questions: (1) what is the public value we are claiming to produce? (2) what are the sources of legitimacy and support we will rely on to authorize our actions and sustain our efforts? and (3) what operational capabilities will we need to create the desired results? These represent the three corners of the Strategic Triangle: the value proposition, authorizing environment, and operational capacity (Figure 2).
The Strategic Triangle is a helpful tool because it enables us to consider strategy for the DVCP from three perspectives – those of substance, politics, and implementation – all of which are inexorably linked. As Mark Moore writes, “the concept focuses managerial attention outward, to the value of the organization’s production, upward, toward the political definition of value, and downward and inward, to the organization’s current performance.”

Of course, part of the success of Wholesome Wave is that its leadership understands the importance of a comprehensive strategy – of politics as much as programs. Its ability to leverage support, from local communities all the way up to the Federal government, has driven many of its accomplishments to date. Nonetheless, an examination of the DVCP through the lens of the strategic triangle will help to illuminate both challenges and opportunities, and we hope it will strengthen Wholesome Wave’s position in the future.

4.2 The Value Proposition

As stated on its website, the mission of Wholesome Wave is “to nourish neighborhoods by supporting increased production and access to healthy, fresh, and affordable locally grown food for the well-being of all.”

If we unpack the mission statement, it looks as though nourishment of neighborhoods is the central goal, accomplished by improving access to affordable fresh produce. But a secondary goal also exists: Supporting locally grown food and its producers.

The Double Value Coupon Program claims to accomplish both. First, the subsidy of fresh fruits and vegetables benefits the nutrition and health of low-income consumers (specifically SNAP recipients). In addition, the subsidy benefits local farmers who showcase their produce at farmers’ markets because the DVC money ultimately ends up in their pockets.

Thus the dual value proposition is:

1. Value to low-income consumers in the form of nutrition and health benefits.
2. Value to producers and vendors in the form of greater sales and economic benefits.

As we look forward and consider DVCP strategy, it is useful to examine the DVCP value proposition more closely and ask ourselves several questions:

1. Are there other forms of value that the DVCP creates that have gone largely unnoticed or have not yet been discussed?
2. Do multiple value propositions create any conflict or complications that are worth considering?
3. How should DVCP prioritize the different spheres of value that it seeks to create?

Additional Sources of Value

We believe there are several additional forms of value created by the Double Value Coupon Program, each of which can be leveraged to build political support, form partnerships, and raise needed funds to support the expansion of the DVCP in the future.

Local Economic Benefits

Farmers’ markets are increasingly being considered vehicles for achieving goals far beyond the exchange of fresh local produce. It is not uncommon for city and local governments to
establish farmers’ markets as part of efforts to revitalize flagging downtown economies. Several case studies offer evidence of how such efforts could successfully boost local economic activity, and how the DVCP might support those efforts.

The Fair Food Network in Detroit has attempted to quantify the economic impact of city residents hypothetically shifting 20% of their food expenditures to local sources. It found that such a change in consumption by Detroit residents would lead to an additional $483 million in output by local businesses, which equated to an additional $124 million in earnings for Detroit workers, including the creation of 4,700 jobs. These calculations were made using data on consumer expenditures and modeling a multiplier effect using the IMPLAN model (“IMpact analysis for PLANning”), which calculates direct effects, indirect effects like farmers adding more workers, and induced effects, such as newly employed workers spending more at area restaurants. These calculations indicate that the DVCP has the potential to generate positive economic benefits in the local economy, as it induces SNAP recipients to shift some of their grocery shopping from conventional stores to farmers’ markets.

Farmers’ markets also can be major events that draw hundreds or thousands of customers into a downtown neighborhood. This can generate considerable business for nearby merchants. If farmers’ market shoppers shift some of their non-food spending from big-box stores with remote ownership to mom-and-pop stores neighboring a farmers’ market, then this creates the same direct, indirect, and induced effects discussed in the Detroit case above.

In a survey of more than four hundred farmers’ market shoppers across the country—over 90% of whom were SNAP recipients using the DVC—Wholesome Wave found that about 40% of them planned to spend money at nearby businesses, and 12% were considering doing so. The average amount of planned expenditures outside the farmers’ market was $21. In the aggregate, farmers’ market shoppers shifting some of their non-food purchases to surrounding locally owned businesses could have sizeable effects on the local economy.

A report on the 2010 market season in Somerville, MA, confirms this idea. The report quantified the total economic impact of its Union Square farmers’ market by surveying local businesses as well as farmers’ market shoppers. The report, sponsored by an organization dedicated to bolstering commerce in that neighborhood, found that over 2,000 customers shopped at the farmers’ market each week. On average, customers spent around $20 at the market, and two-thirds of the four hundred shoppers surveyed reported spending at least $10

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35. Wholesome Wave internal data collection.
at another local business on the same trip that they visited the market. The total economic impact of that farmers’ market over the 2010 season was estimated at $1.5 million.

The much larger Crescent City Farmers’ Market in New Orleans, Louisiana, operates twice weekly for twelve months out of the year, and draws nearly 100,000 shoppers annually. It offers the DVCP as part of its impressive community outreach efforts. Customer surveys (across SNAP and non-SNAP populations) revealed that the average shopper spends $32 on produce there, and does additional shopping at nearby businesses. The nonprofit Market Umbrella offered the conservative estimate that the Crescent City Market injects $5 million directly into the local economy over the course of the year.

The DVCP has an important role to play in catalyzing these economic benefits. The estimate provided by the Fair Food Network report—in which researchers investigated the hypothetical scenario of all Detroit residents shifting 20% of their food purchases to local sources—is merely a hypothetical, especially if price barriers prevent most residents from buying their food from local sources. In Detroit, the unemployment rate currently exceeds 20%, and the proportion of residents receiving food stamps is well above the national average. It seems unlikely that a city with these demographics boasts a population that could afford to buy 20% of their groceries from local farms, since small producer prices tend to be higher than those of national suppliers. The DVCP could serve as a link to connect disadvantaged residents of Detroit—and across the US—with locally produced food, to create health benefits for consumers as well as substantial economic gains for businesses and residents alike.

More broadly, economists have long considered the food stamp program to be a means of stabilizing national consumption during weak economic times. Since food stamps function as cash for SNAP recipients, they effectively increase the supply of money in circulation—the very definition of expansionary monetary policy. Furthermore, economists have found that the marginal propensity to consume—or the willingness of households to spend, rather than save, out of an extra dollar of income—is higher when extra income comes in the form of food stamps, rather than cash. This creates an automatic boost in consumer spending during a recession, when SNAP enrollment swells. Food stamps, then, serve as an effective policy tool to stimulate a weak economy.

37. Market Umbrella used the SEED (Sticky Economy Evaluations Device) to measure the economic impact of the public market; Economic Impact Report January 6, 2011.
40. Hamermesh and Johannes 212.
As an add-on to food stamps, the DVCP acts as an additional stimulus by effectively increasing the value of food stamp benefits in circulation. Moreover, most of this stimulus would be bound within the local economy—only local farmers would receive the first round benefits of the DVCP, and some of the second and third round benefits also would accrue to local merchants (as farmers’ spend some, but not all, of their extra income at local establishments). The USDA’s own calculations indicate that every $5 of additional SNAP benefits generates $9.20 in new community spending. Therefore, beyond creating benefits for farmers, the DVCP can be considered a tool for local economic stimulus.

Increasing Produce Consumption by Changing Geography and Convenience

Recognizing that the existence of “food deserts” in this country had become a potentially serious public health risk, lawmakers included a provision in the 2008 Farm Bill to investigate the causes and potential solutions to food deserts. A food desert was officially defined as “an area with limited access to affordable and nutritious food, particularly such an area composed of predominantly lower-income neighborhoods and communities.”

In 2009, the Economic Research Service of the USDA reported that 7% of densely populated urban zip codes lack a grocery store or supermarket of any kind, while 53% lack a chain supermarket. African-Americans are half as likely to have access to a chain supermarket than Caucasians, while Hispanic populations were one-third as likely. Independent, convenience-type stores with higher prices were found to be far more common in minority communities. Small stores are also less likely to carry fresh fruits and vegetables, and empirical studies indicate that SNAP recipients who shop at neighborhood stores consume less fresh produce than those who shop at larger grocery stores.

Among potential solutions to food deserts, farmers’ markets have been considered a vehicle for bringing healthy food options into an area that is not economically viable for a brick-and-mortar supermarket. A study that evaluated the effect on food prices from introducing a farmers’ market into a food desert found that the farmers’ market helped to bring down prices across the neighborhood, by increasing competition. More generally, the same study concluded that the farmers’ market had a beneficial effect on the food environment in that area both by altering both the variety of foods available and by lowering prices.

41. Briggs et al. 19.
42. The Public Health Effects of Food Deserts 8.
43. The Public Health Effects of Food Deserts 12.
44. The Public Health Effects of Food Deserts 12 – 13.
46. USDA, “Access to Affordable and Nutritious Food,” 68.
There is currently little hard evidence to suggest that the DVCP can play a role in mitigating the problem of food deserts. However, it is reasonable to suggest that the DVCP does help to improve the viability of farmers’ markets in low-income neighborhoods, by increasing the number of SNAP recipients interested in buying farmers’ market produce. This makes it more likely that vendors will be willing to participate in markets targeted for food deserts, and that such markets will be economically sustainable. If the DVCP can help to make financially viable a farmers’ market that otherwise could not operate, then it can help to influence produce consumption by changing geographic access and improving convenience—by bringing fruits and vegetables to the doorstep of those who most need them—and not just by lowering effective prices.

**Building Social Capital in Underserved Communities**

The presence of farmers’ markets in low-income communities and inner cities also provides citizens with access to the kind of public space that is critical for building social capital and community solidarity.

Harvard sociologist Robert Putnam, author of *Making Democracy Work* and *Bowling Alone*, argues extensively about the importance of social capital both for the health of democratic institutions and for the well being of citizens. He defines social capital in terms of civic involvement and social solidarity, and finds that when social capital is strong, tolerance, trust and cooperation are high. He also writes, “[A]n impressive and growing body of research suggests that civic connections make us healthy, wealthy, and wise.”48 Social capital greases the wheels of everyday social and economic transactions, helps people resolve collective problems more effectively, and “widens our awareness of the many ways in which our fates are linked.”49 It also serves as a conduit for helpful information that facilitates achieving our goals, whether they are to lose weight or find a job.50

On the flip side, his research has found that low education and low social capital “accentuate feelings of exploitation, dependency, and powerlessness.”51

Farmers’ markets are rich and engaging community spaces where informal connections of all kinds can be made, and social capital spawned. Shopping there involves much more than economic transactions: Musicians are often playing, children are sampling fruit and talking to farmers, volunteers are registering voters, and friends and neighbors are chatting. Indeed, one sociologist calculated that people have ten times as many conversations at the farmers’ market

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49. Putnam, 288.
50. Putnam, 289.
than they do in the supermarket. In this way, farmers’ markets resemble a lively public square more than a supermarket, and for many, shopping at them is more of a community event than an errand.

People are increasingly taking advantage of the convening power of farmers’ markets, using the public spaces to reach out to citizens for a variety of purposes – often health and education. For example, in California, the El Dorado County Health Department set up a health booth at the farmers’ market to distribute low-cost whooping cough vaccines to market patrons. And the Boulder Farmers’ Market in Colorado hosts a “Kidz for Health” booth that includes interactive healthy nutrition activities designed by Bauman College Nutrition Educators, complete with nutrition villains and heroes. In addition, farmers’ markets can be effective locations to spread awareness of SNAP and in some cases to sign up low-income residents to the nutrition assistance program right on the spot.

Interestingly, while according to Putnam social capital has steadily eroded in the United States since the 1960s, farmers’ markets have been moving in the opposite direction. Indeed, farmers’ markets are one of the few community spaces that have been on the rise in recent decades, growing from 1,755 in 1994 to over 6,000 today. The number of farmers’ markets in this country grew 16 percent between 2009 and 2010 alone. In a commuter-driven and technology-intensive age, they stand out as a rare opportunity for community building and social connectedness.

Of course, farmers’ markets have traditionally served wealthier “yuppie” clientele. Several studies have revealed that those most likely to patronize farmers’ markets are well-educated white women from higher income groups over the age of fifty. The Double Value Coupon Program makes it possible for citizens of any income level to shop at farmers’ markets, and as noted above, actually makes it possible for new markets to open and thrive in low-income communities. Programs like the DVCP have played a role in the recent doubling of SNAP redemptions at farmers markets and food stands from $2 million to $4 million between fiscal years 2008 and 2009. In this way, the DVCP brings innumerable benefits to citizens who have traditionally not been able to participate in this social space. More formal research that studies the relationship between farmers’ markets and social capital could illuminate precisely what those benefits are, and further bolster the case for the importance of programs like DVCP.

A Promising Nutrition Education Tool

As the Centers for Disease Control and Prevention and other government agencies struggle to respond to the obesity epidemic, the effort to help people change their eating habits continues to be one of the most elusive puzzle pieces. Few researchers would claim to have the answer to this issue; however, there is some evidence to suggest that it is possible to influence behaviors under the right circumstances.

As with all Americans, the food choices made by low-income individuals are guided by far more than just preferences or knowledge of healthy eating. Anthropologists point to cultural factors that influence what SNAP recipients purchase, suggesting that these decisions are guided to a large extent by what peers and media outlets say they should be eating. In particular, low-income people express their membership in the society and their adherence to its dominant values through many of the same food choices that characterize the rest of the population. Poor people select not only for price but also for desirability and therefore often purchase heavily advertised, status-invested foods.

This suggests that nudging SNAP recipients toward healthier choices requires leaping the significant hurdle of an environment and culture that directs them toward processed, unhealthy items. As noted above, farmers’ markets traditionally have catered mostly to wealthy upper-middle class Americans. And yet there is evidence to suggest that once SNAP recipients are introduced to farmers’ markets—through marketing and outreach efforts, and with the incentive of the DVCP—behavioral changes can take place.

Some farmers’ market advocates suggest that it is the direct contact between SNAP recipients and a food grower that nudges shoppers toward new eating habits. Anecdotal evidence supports this theory. One farmer at the Copley Square market in Boston said he often talked with his customers about the different kinds of vegetables he was selling that day and how to prepare them. He said he received enthusiastic feedback from many SNAP customers benefiting from the DVCP, who made comments such as, “I haven’t eaten okra since I was a child!”

Establishing this connection between SNAP recipient and farmer serves multiple purposes. First, it may help some low-income individuals override more culturally dominant trends toward junk food, by creating a personal connection to the grower of fresh fruits or vegetables. A doctor doing innovative work with high-risk patients confirms this hypothesis on changing healthy eating habits.

57. Authors’ conversations at the Copley Square farmers’ market, 20 November 2010
unhealthy habits by noting, “The ones you build a relationship with, you can change behavior.”\(^{58}\) What’s more, since farmers often take the time to talk with customers about how to turn fresh vegetables into a tasty dinner, farmers’ market shoppers acquire knowledge about, and an interest in, how to eat healthfully that could not be gleaned from a visit to the grocery store.

Reflecting customers’ satisfaction with their new eating habits, Boston’s Food Project reported that 87% of the SNAP recipients who said they were eating more produce as a result of the DVCP also said they would maintain their new level of fruit and vegetable intake even if the DVC were no longer available.\(^{59}\)

It is important to reiterate that few experts would claim to know precisely how to change behaviors in order to produce superior public health outcomes. The DVCP can hardly be considered a panacea to this question. However, it does offer promise as one potential lever to nudge some SNAP recipients toward healthier eating.

### Managing Multiple Value Propositions

As we have seen, it is both simplistic and inaccurate to think of the Double Value Coupon Program as simply an entitlement program or a handout to the poor. The program has the potential to produce a wide array of benefits, including for beneficiaries well beyond the direct recipients of the coupons themselves. In this way, the DVCP can be seen as an innovative investment with many layers of value – from health to local agriculture to economic growth and community revitalization.

Despite its advantages, having several value propositions can complicate matters. For one, it becomes more difficult to maintain the simplicity and clarity of the organizational message. Politicians and donors alike may prefer targeted, focused efforts where the outcomes are straightforward and easy to prove.

Another complication is that one or more value propositions could come into conflict with another, requiring some difficult decision-making at those junctures. For example, take the two central value propositions of the Double Value Coupon Program. The first is promoting healthier eating among low-income Americans; the second is supporting local farmers and agriculture. Now, let’s assume that we had incontrovertible evidence of strong health outcomes as a result of these nutrition incentives – including reductions in obesity and lower incidence of diabetes and heart disease. The logical next question from public health advocates would rightly be: Why would we limit such a program to farmers’ markets, where

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only a tiny percentage of Americans (and an even smaller percentage of SNAP recipients) buy their produce?\textsuperscript{60}

Indeed, if there were evidence that subsidizing fruits and vegetables was a potent form of preventative medicine – and could actually save America money in the long-run – then the goal would be to reach as many people as possible, regardless of whether the produce was grown locally or sold at a farmers’ market. Many would not hesitate to sacrifice the local agricultural benefits for the widespread health benefits. Whether Wholesome Wave would do so is another question.

This is not to suggest that improving health and supporting local agriculture are mutually exclusive. In fact, since its founding, Wholesome Wave has demonstrated that it is possible to do both. However, the DVCP as it stands today is unlikely to achieve widespread health outcomes at the national level. Reaching more Americans while preserving benefits to local farmers and communities will be a central strategic challenge for Wholesome Wave over the next several years. For further discussion, see Section 4.4.

Prioritizing Value Propositions

In the face of multiple value propositions that have the potential to pull an organization one way or another, it is helpful to prioritize which outcomes are most central to the organization’s mission. Most of these decisions are based on substance – affirming what precisely is the social impact we want to see. But as we highlight in the following sections, it is equally valuable to consider the political environment and the organizational capacity in order to understand the source of tension between various goals.

To illustrate, let us return for a moment to the tension in the previous section between health outcomes and local agricultural benefits. If improving health (“nourishing neighborhoods”) was deemed the most important substantive goal for Wholesome Wave, but we learned that (1) these benefits were the most difficult to prove, (2) they would require tremendous resources and capacity, and (3) this might require abandoning the farmers’ market model, then at the very least this should raise a red flag. If the three points above were true, it might be more effective for Wholesome Wave to shape its message and spend its energies on the values of supporting local agriculture and revitalizing local communities – outcomes that farmers’ markets are especially well suited to produce.

An organization might ask itself a number of questions while thinking about how to prioritize its value propositions, including:

\textsuperscript{60} Authors’ correspondence with Dr. Michael Jacobson, December 22, 2010.
• What do we do best? What does the evidence show?
• What do people care about most? Where can we piggyback on existing social movements and campaigns?
• Where can we find the most financial support? Political support?
• What produces the greatest impact with the fewest number of resources?
• What are other organizations doing?

An examination of parts two and three of the Strategic Triangle should illuminate the full strategic landscape and help us more effectively consider these questions.

### 4.3 The Authorizing Environment

The authorizing environment is all about support. In the nonprofit sector, this support can come in many forms – including volunteers and citizen activists, foundations and philanthropists, in addition to the government. And “support” includes but is not limited to financial support. In some cases having a strong spokesperson or taking advantage of a social movement can be just as important as a large donation.

Wholesome Wave enjoys a broad base of supporters across multiple sectors. For the purposes of this document, we will focus our attention on the political aspects of the authorizing environment, since Wholesome Wave is interested in developing a policy platform to help take its efforts to the next level. This is not to say that Wholesome Wave should not continue to nurture and expand its philanthropic support. But if the DVCP hopes to reach a much broader scale and become institutionalized in some form, it is likely that government adoption of some kind will be necessary.

As we consider the authorizing environment, particularly in the political arena, it is as important to anticipate barriers and adversaries as opportunities and allies. We must also ask ourselves what is possible given the shifting political and economic landscape. Doing so will balance ambition with realism and help establish proper goals and expectations.

Wholesome Wave has an advantage because the DVCP has been a popular initiative thus far. Wholesome Wave’s list of partner organizations, its hundreds of participating farmers’ markets across twenty states, and its impressive list of media hits convey how much excitement the DVCP has generated in just three years. If we look to the list of potential political allies and to the growing social movements sweeping across the country, it is hard not to be optimistic.
Allies and Opportunities

There are numerous opportunities for Wholesome Wave to expand its authorizing environment beyond its current allies. These opportunities exist in the public, private, and nonprofit sectors. Partnerships with new organizations have the potential to help Wholesome Wave grow its funding, expand the reach of the DVCP, and gain support among lawmakers on Capitol Hill and in the fifty states.

Agriculture Committee Members want evidence of successful programs

While House and Senate Agriculture Committee Members are aware of programs like the DVCP, there is opportunity to establish substantive contact with these Members. According to Pam Miller, a House Agriculture Committee staffer on the 2011 Majority side, “Members on both sides of the aisle have been supportive [of programs like the DVCP]. They want to look at which programs and nonprofits out there are really working…. We’re interested in the results of the Healthy Incentives Pilot (HIP) and disappointed the results won’t be available until 2013.”61 Similarly, Mark Halverson, senior staff member in Senator Tom Harkin’s office, noted that “Senator Harkin wants to move SNAP in the HIP direction…. We want information on the best subsidy structure and how behaviors change—how we can maximize the effectiveness of the SNAP funding that’s already been authorized.”62

It’s clear that Members are eager for information on what kinds of healthy incentives are working, and this represents a significant opportunity for Wholesome Wave to use the data it collected over the 2010 market season to fill the void created by the slow implementation of HIP. Establishing communication with Members in this way could generate support for the DVCP in the most important offices in the Capitol. It would also help to illuminate exactly what kinds of evidence would be needed to generate sufficient political support to institutionalize a nutrition incentive program like the DVCP.

Mayors: Three case studies

Mayor Tom Menino was an early and strong advocate of healthy food access in all neighborhoods in Boston, fostering supermarket development and a major expansion in the farmers’ market network. In 2010, 22 farmers’ markets operated within Boston. To foster affordability, Menino was an early advocate of nutrition incentives, organizing and funding his signature Boston Bounty Bucks program with support from Project Bread, the Food Project, and Wholesome Wave. He is also a major proponent of the new Boston Public

61. Authors’ correspondence with Pam Miller, 13 January 2011.
62. Authors’ correspondence with Mark Halverson, 14 December 2010.
Market to widen access to healthy food and support Massachusetts farmers.

The largely working-class city of Somerville, MA, represents a second success story that in part stems from an effective Massachusetts Department of Agricultural Resources grant (see below on state Departments of Agriculture), and is in large part due to the commitment of the city’s mayor. “Shape Up Somerville,” Mayor Joseph Curtatone’s signature initiative, is a multi-pronged effort that has sought to improve health and fitness for Somerville school children and for all city residents. The program has garnered national media attention for its innovative strategies. Shape Up includes efforts to build or improve sidewalks, crosswalks, and parks in order to create an environment suitable for physical recreation. It also has involved the rigorous promotion of farmers’ markets, the use of SNAP benefits at markets, and the DVCP. Its promotional efforts led to the success of the Union Square market, which both farmers and local businesses have found to be an important revenue source, and precipitated a six-fold increase in EBT transactions over the last year when SNAP benefits were accepted at that market.

Mayor Michael Bloomberg is a more high-profile example of a mayor who has prioritized the health of his city’s residents. While the New York City initiatives have included some controversial tactics, the city’s Department of Health and Hygiene also has launched major efforts to support farmers’ markets, the use of SNAP at markets, and a DVC-type program called Health Bucks. Mayor Bloomberg’s deep commitment to improving health in his city has created significant opportunity for health advocates to effect policy and program changes, such as the successful Health Bucks initiative.

Mayors of other cities across the US – from San Francisco to Boston to Baltimore – are prioritizing policies that encourage healthier eating and support local agriculture. Many have begun hiring food policy directors to shape city food agendas, including everything from urban and rooftop farming to green food carts to farmers’ market expansion.

While not all cities represent fertile ground for the promotion of the DVCP, partnerships with mayors who prioritize residents’ health represent an opportunity for Wholesome Wave to leverage the DVCP with support from city officials.

State Departments of Agriculture

Many of the most significant opportunities in the near future for Wholesome Wave and the DVCP could be realized through partnerships with state-level Departments of Agriculture.

63. Authors’ correspondence with Jaime Corliss, City of Somerville, 17 December 2010.
64. Schaefer and Graney 2.
The Healthy, Hunger-Free Kids Act of 2010

The reauthorization of the Child Nutrition Bill in 2010 specified changes to the SNAP Education program (SNAP-Ed), and created an important opportunity for Wholesome Wave. This new legislation specifies that

State agencies may implement a nutrition education and obesity prevention program for eligible individuals that promotes healthy food choices consistent with the most recent Dietary Guidelines for Americans.65

States will submit nutrition education plans to FNS in order to receive funding out of the $328 million allocated for the fifty states. To be eligible, states must propose programming that benefits low-income populations, and that programming must be “evidence-based,” as defined by FNS and the CDC.66 This broad definition of what constitutes nutrition education and obesity prevention represents a significant change from SNAP-Ed’s previously more restrictive guidelines.

House Agriculture Committee staffer Pam Miller cites SNAP-Ed funding under the new legislation as a possible source of support for monetary incentive programs.67 SNAP administrators at FNS also suggest that administrative adjustments may allow SNAP-Ed funds to be used for this purpose.68 FNS will be charged with reviewing state proposals for nutrition education plans, and is currently working with the CDC as well as with health care providers and other experts to determine what will constitute “evidence-based” methods of preventing obesity and providing nutrition education.

Most importantly, FNS officials acknowledge the complexity of collecting scientific evidence of effectiveness in these areas, and express willingness to look at evidence from diffuse sources, including from programs that demonstrate an increase in produce consumption without a confirmed connection to improved health outcomes. As one administrator noted, “It’s very difficult to demonstrate increased purchasing of fruits and vegetables, so we’re looking for ways to show that, even with our current programs.”69

This is an important indication that SNAP-Ed funds may be the ideal funding source for the DVCP, given the promising data Wholesome Wave has already gathered.

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66. 111th Congress, Sec. 241 (c) (3) (A).
67. Authors’ correspondence with Pam Miller, 13 January 2011.
68. Authors’ conference call with SNAP administrators, 28 January 2011. SNAP representatives included Jane Duffield, Chief, State Administration Branch, SNAP; Jessica Shahin, Associate Administrator; Jeff Cohen, Deputy Associate Administrator; Andrea Gold, Director, Benefit Redemption Division; and David Burr, Director, Program Accountability and Administration Division.
69. Authors’ conference with SNAP administrators, 28 January 2011.
Indeed, if the DVCP can be considered an innovative evidence-based means of nutrition education and obesity prevention for SNAP recipients, then the $328 million of SNAP-Ed funding represents a potentially key source of support. This would allow for the expansion of the DVCP to any state with a Secretary of Agriculture committed to supporting nutrition initiatives and small- to mid-size farmers. As one example, Chelsea Lewis of the Vermont Department of Agriculture has indicated that her agency hopes to use SNAP-Ed funds for their “Harvest Health Coupons,” a program similar to the DVCP. For Wholesome Wave to capitalize on this opportunity, it requires advocating Departments of Agriculture in states across the country to explain why the DVCP should be included in their nutrition education plans. Such advocacy should begin once FNS and the CDC have published the new regulations for SNAP-Ed, which will be released in January 2012. States will then have over a year before the August 2013 deadline for the first round of innovative proposals for nutrition education to comply with the new regulations.

- **SNAP Outreach**

FNS also administers the SNAP Outreach program, which is dedicated to publicizing SNAP such that all eligible Americans understand the program and are able to enroll. FNS provides state agencies and community organizations with a toolkit to assist in outreach efforts, and offers a 50-50 match to states who use their own funds to implement outreach initiatives. That is, for any given amount the states spend on SNAP outreach, FNS reimburses 50% of those outlays, with no maximum level on reimbursements.

Outreach activities that are eligible for reimbursement include publicizing where food stamps are accepted – for example through a “booth at a community event” or “informational materials for clients … outlining the benefits of participating in SNAP.” This could include media campaigns to inform SNAP recipients about farmers’ markets that accept SNAP and offer the DVCP. Indeed, FNS states explicitly that while nutrition education should not comprise a major component in an outreach plan, “you may use messages that promote participation in SNAP as a means to buy more nutritious foods for your family.” This, then, represents an additional opportunity for Wholesome Wave, since federal funds could help to finance the media campaigns that will be required to successfully expand the DVCP into new areas—and to improve its penetration in the areas where the DVCP already operates. (Figure 3)

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70. Authors’ correspondence with Chelsea Lewis, Vermont Department of Agriculture, 19 January 2011.
71. NAP State Outreach Plan Guidance, USDA, May 2009
72. Authors’ conference call with FNS SNAP office, 28 January 2011.
73. SNAP State Outreach Plan Guidance, USDA, May 2009
**Figure 3: Two DVCP Challenges and Potential Available Resources**

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<td>Possible funding source</td>
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<td>SNAP Outreach $$</td>
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- **Specialty Crop Block Grants**

The Agricultural Marketing Service (AMS) of the USDA administers the Specialty Crop Block Grant program. “Specialty crops” refer to fruits and vegetables as well as nuts, dried fruits, and floriculture. The purpose of the grant program is to enhance the competitiveness of specialty crops, and in the most recent round of grants, the program awarded $55 million divided among fifty-four states.\(^{74}\) The States then have broad discretion in how to use the funds. While some political insiders believe that specialty crop funding will be cut in future rounds of legislation,\(^{75}\) presently they represent an opportunity for Wholesome Wave. Some states already use specialty crop funding for monetary incentives and to supply farmers’ markets with the EBT terminals that make it possible to accept SNAP benefits. Growing the number of states that use specialty crop money for these purposes would be a boon to the DVCP.

Importantly, however, monetary incentives are only eligible for specialty crop funds if shoppers use the incentives *exclusively* to purchase specialty crops. Since most farmers’

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\(^{74}\) Grant Programs: Specialty Crop Block Grant Program < http://www.ams.usda.gov>

\(^{75}\) Authors correspondence with Lisa Shelton, House Agriculture Committee staff, 12 January 2011.
markets include some vendors who are not fruit and vegetable growers—including those selling baked goods, cheese, meats, and even prepared foods—it is clear that the DVCP is sometimes redeemed for items other than fruits and vegetables. Unless Wholesome Wave can implement the DVCP in such a way as to guarantee that no coupons are used for non-specialty crop items, its programming will not be eligible for specialty crop funding.

Expanding the use of specialty crop funds for monetary incentives and other farmers’ market infrastructure requires the support of state agriculture departments, or the AMS, or both. It is unlikely that any percentage of specialty crop funding could be mandated for use as monetary incentives, since states’ freedom to use these funds however they choose is a key feature of the program. And yet, it may be possible for the AMS to recommend—rather than require—that grantees use some percentage of their grant award for incentives that benefit their low-income residents.

A recommendation of this kind from AMS potentially could induce many states to use specialty crop money for monetary incentive programs where they do not yet exist. State Departments of Agriculture, however, are in disagreement about whether or not this would constitute a good policy at the AMS. A representative of the Vermont agency said this would be too much top-down pressure from the USDA. On the other hand, Scott Soares, Commissioner of the Massachusetts Department of Agricultural Resources (MDAR), said a recommendation from AMS to use specialty crop funds for monetary incentives would be a “great policy,” given the success of nutrition incentives in his state.

Even without top-down direction from AMS, Wholesome Wave could work directly with states to expand the DVCP through specialty crop funding. States across the country—from California to Illinois, Missouri, and Maine—are using specialty crop funds for innovative combinations of outreach, EBT technology at farmers’ markets, and nutrition incentive programs. Wholesome Wave has the potential to institutionalize the DVCP in many more states by expanding the number of Departments of Agriculture using specialty crop funds for this purpose.

76. Authors correspondence with Lee Piper, Mass Federation of Farmers’ Markets.
77. Authors’ correspondence with Trista Erzig, Agricultural Marketing Service, 13 January 2011.
78. Chelsea Lewis of the Vermont Department of Agriculture explained that her state circumvents this problem by supplementing specialty crop funding with private funding, to cover monetary incentives used to buy non-specialty crop items. However, it’s not clear that this strategy guarantees that specialty crop funding is always used in accordance with AMS rules.
79. Authors’ correspondence with Chelsea Lewis, 19 January 2011.
80. Authors’ correspondence with Scott Soares, MDAR, 19 January 2011.
• **Massachusetts Case Study**

As noted above, the City of Somerville, Massachusetts, launched a successful initiative called Shape Up Somerville. This was made possible not only through the Mayor Curtatone’s commitment to the project, but also because of a grant program out of that state’s Department of Agricultural Resources (MDAR). MDAR Commissioner Soares explained that he saw an opportunity to benefit farmers and low-income Massachusetts residents simultaneously, by establishing a competitive grant process for SNAP outreach, including for EBT machine cost-sharing and nutrition incentives. Interestingly, the funding for this grant process came from another state agency—the Department of Transition Assistance (DTA)—through an inter-agency service agreement. In a creative arrangement that met the goals of both agencies and served farmers as well as low-income residents, MDAR ultimately funded every grant proposal it received, and found supplemental funding to do so with help from Wholesome Wave and Harvard Pilgrim Health.

This MDAR initiative successfully doubled the number of farmers’ markets accepting SNAP in Massachusetts, and led to a 500% increase in SNAP sales at farmers’ markets—from about $20,000 in 2009 to about $120,000 in the 2010 market season. Most (though not all) of these Massachusetts markets offered the DVC to SNAP shoppers. This illustrates how innovative work at the state level can be hugely effective at growing SNAP at farmers’ markets, and expanding the DVCP.

**Leveraging Social Movements**

Wholesome Wave is well positioned to take advantage of both the anti-obesity and local food movements sweeping across this country.

• **Anti-Obesity Campaigns**

  o First Lady Michelle Obama’s program *Let’s Move* is dedicated to “ending childhood obesity within a generation.” Thus far her work largely has centered on changes in school feeding programs and educational initiatives, but the DVCP dovetails well with her mission. Indeed, while the Women, Infants, Children (WIC) program has precise nutrition-related guidelines about what food items can be purchased using its benefits, SNAP has nothing of the kind. And yet SNAP helps to feed millions of American families with adolescent children—and the DVCP has the potential to improve kids’ nutritional intake, and thus help to control weight gain among young people. Wholesome

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81. Authors’ correspondence with Scott Soares, 19 January 2011.
82. DRAFT: MDAR and DTA 2010 Assessment of SNAP at Farmers’ Markets.
Wave should consider seeking an alliance with the First Lady’s program. In particular, such an alliance promises valuable media exposure for Wholesome Wave, which could then serve to further enhance its authorizing environment.

- The Robert Wood Johnson Foundation (RWJF) has undertaken a major initiative to combat childhood obesity. It emphasizes the importance of pricing strategies, including price incentives for fruits and vegetables, in ensuring that American children eat healthfully. The RWJF currently funds a number of research projects across the country in order to identify effective strategies to fight childhood obesity. Its unparalleled commitment to public health and nutrition, its extensive network of grantees, and its commitment to funding effective projects make it an ideal partner, especially as Wholesome Wave seeks to study and document the health benefits of the DVCP.

• The Local Food Movement

Powerful interests have begun to coalesce around eating locally and supporting local growers. Secretary of the USDA, Tom Vilsack, presided over the creation of the program “Know Your Farmer, Know Your Food” at his agency, which is dedicated to supporting small growers selling their crops into local retail spaces. Michele Obama’s high-profile vegetable garden at the White House serves as another major spotlight on producing and eating foods locally.

Amber Waves, the publication of the USDA’s Economic Research Service, recently published a spread on the rising popularity of eating locally, noting that the Food Marketing Institute had surveyed shoppers committed to eating locally and found that they did so because of freshness (82%) and local economic benefits (75%).

(Freshness also equates to greater health benefits, since more recently picked produce is richer in nutrients than less fresh items). The same customer survey also found that consumers were willing to pay a premium for these local, fresh items, over similar non-local products found at conventional grocery stores.

For many consumers, eating locally means buying directly from the producer—either at farmers’ markets, roadside stands, or as shares of Community Supported Agriculture, in which customers pay a fixed price for a weekly delivery of produce throughout the growing season. Direct-to-consumer sales are most important for small growers located near metropolitan areas, for whom urban farmers’ markets

can represent a major revenue source.\textsuperscript{84} The DVCP serves as a bridge between these farmers and low-income individuals interested in the benefits of eating locally, and who otherwise could not afford to do so.

This movement means that Wholesome Wave’s commitment to local growers is very timely, and the momentum of local foods can help to catalyze new support for the DVCP.

**Fruit and Vegetable Growers and Lobbying Associations**

Organizations representing fruit and vegetable growers could be an important ally to Wholesome Wave. Lorelei DiSogra, PhD and Vice President of Nutrition and Health at the United Fresh Produce Association, “is very interested in how to advance incentive programs for fruits and vegetables.”\textsuperscript{85} She believes that the health benefits of nutrition incentives are considerable, and for this reason, that they should be scaled up to benefit SNAP shoppers at all conventional grocery stores, and not just at farmers’ markets. Indeed, United Fresh represents produce growers of all sizes, not just the small ones that tend to participate in farmers’ markets.

Based on experience, Dr. DiSogra cautions that the battle on Capitol Hill over this issue will be treacherous. The struggle to bring nutrition guidelines to WIC was contentious and protracted, and Dr. DiSogra projects the same—or more prohibitive—difficulties to add incentives to SNAP. In order to modify the WIC program to encourage healthy eating, she explained,

> We had to show [in two pilots funded by university researchers] that WIC moms would use the nutrition vouchers, and exactly what they would purchase, complete with nutrient checkmarks [to show they bought a variety of nutritious items], and demonstrate that it actually increased their consumption—rather than simply using the vouchers to cancel out what they were already buying.\textsuperscript{86}

Based on this experience, then, United Fresh will not enter the fight to win nutrition incentives in SNAP without collecting carefully documented evidence on such a program’s effectiveness. This would include how behaviors change as a result of the incentives, and the implications of those behavioral changes for beneficiaries’ health. Thus, while United Fresh and other such lobbying agencies could represent an important ally for Wholesome Wave in the future, they are unlikely in the near term to enter a battle to include nutrition incentives in Farm Bill legislation.

\textsuperscript{84} Martinez 14.  
\textsuperscript{85} Authors’ correspondence with Lorelei DiSogra, 4 February 2011.  
\textsuperscript{86} Authors’ correspondence with Lorelei DiSogra, 4 February 2011.
Beyond Food and Nutrition

We have outlined opportunities for the authorizing environment specifically within the nutrition and agriculture spheres. However, since the DVCP creates value well beyond health benefits and revenue for local farmers, as detailed above, there may be opportunities for partnerships and funding from other kinds of agencies and programs. In Senator Stabenow’s office, staffer Ilana Levinson noted that they are looking for innovative ways of supporting the “Double Up Food Bucks” project in Detroit. In particular, she pointed out that there is the potential to work with the Department of Transportation and grant programs there to address the problem of food access, particularly within inner-city food deserts.87

Preventative Health Care

In the context of rising health care costs and health epidemics including obesity and diabetes, there is growing interest in the power of preventative health care. Funding from the CDC has already been awarded in the name of preventative care to farmers’ markets in Portland, Maine, San Diego and Miami—all of which offer nutrition incentives like the Double Value Coupon. The funding—$250,000 in the case of the City Heights farmers’ market in San Diego—was residuum from 2010 stimulus spending. The new Patient Protection and Affordable Care Act, and in particular the wellness and prevention funding in that bill, could offer a more sustained basis of support for nutrition incentive programs. However, a thorough examination of the new legislation and how it will take shape is necessary to understand the potential entry points for Wholesome Wave, and this is beyond the scope of this paper.

Another opportunity might be health insurance companies and health care foundations, both of which should be interested in the cost saving potential of nutrition incentive programs. Again, more robust and widespread evidence of the health impact of the DVCP would surely help to get their attention. But the funding opportunities and potential allies in preventative health are real and worth pursuing.

Potential Barriers

Despite the growing list of potential supporters for Wholesome Wave, there are barriers that could prevent the DVCP from leaping forward and achieving the kind of change that is transformational. Being able to effectively navigate through these obstacles will require creativity and political savvy, and should enhance Wholesome Wave’s ability to both grow the DVCP and make it sustainable.

87. Authors’ correspondence with Ilana Levinson, Senator Stabenow’s office, 4 January 2011.
Evidence of Health Benefits

As noted in Section 3, evidence of the nature and potency of the health benefits as a result of the DVCP is limited. This is in large part because of the complicated nature of health, and the many factors that contribute to a person’s well being. While it seems like common sense that helping individuals afford and buy more fresh produce should improve their health, it is but one step in a series of causal factors that affect health – including how much more produce they are buying and consuming, whether they actually consume the produce they do buy, how that food is then prepared, whether they substitute out of other unhealthy foods, whether they continue to buy more fresh produce even in the absence of incentives, and so on.

It is unclear to what extent hard evidence of health impacts is required to build political support for the DVCP. For example, is it sufficient that a program like the DVCP prove with statistical significance that its participants purchase greater quantities of fruits and vegetables? Or are more specific links to obesity and diabetes reduction required? The answer has implications for funding sources – including SNAP Ed as discussed above – and for the complexity of the assessment of program effectiveness.88

Both Democratic and Republican staffers on the House Agriculture Committee have pointed to the Healthy Incentives Pilot (HIP) as the key harbinger of the relationship between nutrition incentives and health. On the one hand, the fact that funding for HIP was allocated as a part of the 2008 Farm Bill reveals an interest in the potential of fruit and vegetable subsidies. On the other hand, HIP could be a barrier for the DVCP in the short term because it is unlikely to produce results until 2013, after the next Farm Bill has been written. House and Senate Agriculture Committee members might take a “wait and see” approach, reluctant to support nutrition incentive programs until the verdict from HIP is available.

In this way, the DVCP might be stuck in a Catch-22: The most persuasive evidence for the value and cost effectiveness of the DVCP may very well be evidence of health outcomes. But this evidence is difficult to generate, and will not be ready in time for the upcoming Farm Bill. Furthermore, even if the HIP does reveal a strong causal relationship between nutrition subsidies and health benefits, the pilot was not developed with farmers’ markets playing a central role. To the extent that Wholesome Wave can “own” the evidence of the DVCP’s value – and emphasize the value that farmers’ markets in particular bring to the table – it might be able to avoid being sidelined.

88. Our conversations with staffers at FNS revealed that they too are grappling with this very question. Meanwhile, our conversation with a lobbyist for United Fresh Produce Association suggested that much clearer and stronger links would be necessary to unleash any significant funding or political support for nutrition incentive programs.
**Political and Economic Climate**

Given the lingering recession and the recent shift of power in the House of Representatives, Wholesome Wave will have to operate in a political environment wary of new spending programs, especially entitlement programs. Any recommendations to Congress that involve new spending will therefore be especially difficult to sell, particularly with the House now under the control of the Republican Party, a good number of whom were elected on the Tea Party platform of smaller government.

Today’s political climate is also characterized by deep polarization between Democrats and Republicans. Even the obesity crisis is becoming politicized. On the one hand, the White House – led by the First Lady – is pushing for more significant and robust nutrition programs. The Obama administration has made access to healthy foods a priority, with the launch of the USDA’s Know your Farmer, Know your Food initiative. On the other, some conservatives are seeking to leverage the obesity crisis to reduce SNAP benefits overall, which they perceive as a ballooning entitlement program, and many of whom view as a contributor to obesity. Indeed, political pundit and former presidential candidate Pat Buchanan wrote recently that their role in the obesity crisis is another reason why food stamps are contributing to America’s “decline.”

Potential 2012 Republican presidential candidate Newt Gingrich advised Republicans in the 2010 midterm election to frame the election as “paychecks versus food stamps.”

In this political climate, Wholesome Wave must emphasize that the DVCP is a nutrition program, not a welfare program. Facing a divided Congress, it will be even more important for Wholesome Wave to cut through the partisanship and frame the DVCP as an innovative investment that can position the USDA as a proactive force, ready to meet challenges that affect all Americans, from food access to obesity.

**Divisions within the USDA**

Given the political and economic climate, and the possibility that our government is entering a period of austerity, it is natural to think about budget neutral moves – including reallocations of federal money – that could direct much-needed financial support towards the DVCP. However, despite being more politically palatable to Congress, such moves would likely meet fierce resistance within government departments whose funding would be threatened.

Despite living under the same umbrella of the USDA, its various sub-agencies compete with one another for resources, and regularly lobby agency leadership in order to prevent money from being taken away from one program to be moved to another. For example, during the

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recent Child Nutrition Act reauthorization battle, funding for initiatives like healthier school lunches was initially proposed to come from SNAP-Ed and the environmental conservation funds. Strong resistance from environmental groups led the child nutrition advocates to carve out SNAP money from the recovery bill instead. This, however, provoked anger from anti-poverty and anti-hunger advocates, so much so that a staffer on the Senate Agricultural Committee was reluctant even to consider the Child Nutrition Act a political victory for Democrats.91

There has long been division between the sustainable and local agriculture camps and the anti-hunger, anti-poverty camps. The Food Research and Action Center (FRAC) considers food stamps a matter of civil rights, and often perceives nutrition incentives or SNAP restrictions like those proposed by Mayor Bloomberg as initial steps towards further limitations or reductions of one of the country’s most successful anti-poverty programs.92 Indeed, the request to eliminate soda and other sweetened beverages from allowable SNAP foods in New York City created yet another a division – this time between public health advocates and anti-hunger groups.

It should be of little surprise that government agencies, each with their own prerogatives and often operating in silos quite independently of one another, would be reluctant to give up their operating funds, especially in a climate of budget tightening. Pushing for budget reallocations, therefore, or carve-outs of some kind, may prove just as difficult as advocating for new funding altogether. The more that Wholesome Wave can bridge some of these internal divides and work across groups towards a shared purpose, the more likely it will be to generate the kind of political support it seeks for the DVCP going forward.

**EBT Machines**

In spite of the best efforts of the USDA as well as foundations and philanthropic and community organizations, today less than twenty percent of the farmers’ markets in this country accept food stamps.93 This is due in large part to the high cost of Electronic Benefits Transfer (EBT) machines now required to process food stamp benefits nationally. Wireless EBT machines cost approximately $1,000 per machine, in addition to monthly processing fees, making it especially difficult for small and start-up markets to afford the technology. While FNS provides free EBT machines to large grocery stores and other retail establishments, farmers’ markets do not currently enjoy these benefits, because of their much lower volume of transactions.

The potential for the DVCP to spread to farmers’ markets all around the country hinges on the presence of EBT machines, since the machines are required to process the SNAP benefits that

91. Authors’ correspondence with Ilana Levinson, January 4, 2011.
92. Authors’ correspondence with Kate Fitzgerald, December 15, 2010.
are then subsidized by Wholesome Wave and its partners.

The Obama Administration requested $4 million for the USDA Food and Nutrition Service (FNS) to “provide point of sale terminals to all farmers’ markets nationally that cannot currently redeem SNAP benefits.”\(^{94}\) This, along with accompanying technical support, would ensure that farmers’ markets are equipped to redeem SNAP benefits, and subsequently equipped to offer a matching program like the DVCP. However, while the $4 million has been authorized, it has not yet been allocated, and several sources have expressed skepticism that in this fiscal environment the money will ever become a reality.

In addition to advocating for the $4 million to be allocated towards EBT technology, Wholesome Wave should advocate for centralized administration of EBT at the state or regional levels, much like New York has done. This allows state agencies to negotiate more favorable prices for EBT terminals as well as lower monthly operating costs.\(^{95}\) Wholesome Wave should also consider and publicize the innovative ways that some farmers’ markets are subsidizing their EBT terminal monthly fees. For example, in Somerville, MA and in several Portland, Oregon, farmers’ markets, market managers charge an extra fee to customers who use their ATM or credit cards, then apply those fees to pay the monthly charges for EBT service. Doing so enables them to continue offering SNAP redemption as well as any coupon matching programs.

**Looking Ahead: The 2012 Farm Bill**

In the 2008 Farm Bill, Food and Nutrition Service (FNS) spending represents seventy percent of total spending.

**Table 3: FNS Major Nutrition Program Budgets**

<table>
<thead>
<tr>
<th>Program</th>
<th>2010 estimated budget</th>
<th>2011 projected budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Supplemental Nutrition Program (WIC)</td>
<td>$7.25 billion</td>
<td>$7.6 billion</td>
</tr>
<tr>
<td>Commodity Assistance Programs</td>
<td>$251 million</td>
<td>$250 million</td>
</tr>
<tr>
<td>SNAP (including Recovery Act supplement)</td>
<td>$75.3 billion</td>
<td>$86.6 billion</td>
</tr>
<tr>
<td>Child Nutrition Programs</td>
<td>$17 billion</td>
<td>$18.4 billion</td>
</tr>
<tr>
<td>TOTAL FNS</td>
<td>$93.85 billion</td>
<td>$107.6 billion</td>
</tr>
</tbody>
</table>


\(^{95}\) Authors’ correspondence with Cammy Watts, The Food Project, January 20, 2011.
In addition, both WIC and Senior Farmers’ Market Nutrition Programs allocate approximately $20 million each year exclusively for farmers’ market produce subsidies. For the first time ever, the total FNS budget for 2011 is projected to be over $100 billion.

The 2008 Farm Bill also included expanded funding for several nutrition programs as well as several new initiatives meant to encourage healthier eating, as indicated in Table 4:

Table 4: New Nutrition Program Spending in the 2008 Farm Bill

<table>
<thead>
<tr>
<th>Program</th>
<th>Purpose</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Grain Pilot Project (Sen. Harkin)</td>
<td>Increase use of whole grains and whole grain products in school meal programs</td>
<td>$4 million</td>
</tr>
<tr>
<td>Healthy Incentives Pilot (Hamden County, MA)</td>
<td>Pilot projects to determine if incentives provided to SNAP recipients at the point-of-sale increase the purchase of fruits, vegetables or other healthful foods; plus evaluate health impact of such incentives</td>
<td>$20 million</td>
</tr>
<tr>
<td>Healthy Urban Food Enterprise Development Center</td>
<td>Increase underserved communities’ access to healthy foods, including locally grown agricultural products</td>
<td>$1-2 million</td>
</tr>
<tr>
<td>Farmers’ Market Promotion Program</td>
<td>FMPP funding becomes mandatory and increases from $3M in 2007 to $10M in 2012</td>
<td>$10 million</td>
</tr>
</tbody>
</table>

Many consider the 2008 Farm Bill to be a watershed for nutrition programs, signaling a more central role for USDA in encouraging healthier eating. The question is, how much of that momentum will be retained in the next Farm Bill, and where might there be room for nutrition incentive programs like the DVCP?

As noted above, with a Republican majority now in the House of the Representatives, Republicans will be responsible for shaping and prioritizing the next Farm Bill, which could complicate the efforts of Wholesome Wave to advocate for nutrition incentives in SNAP.

First, it is possible that Republicans will postpone the Farm Bill until 2013, anticipating another potential political shift in the 2012 election that could give them even more leeway to reshape agricultural and nutrition policy. The new House Agricultural Committee Chair Frank Lucas (R-OH) has indicated that he will likely not begin drafting the next Farm Bill until 2012. Meanwhile, with at least twenty new members on the Committee, it is unlikely to be a quick legislative process.96

While it is also implausible that either party would push for deep cuts in SNAP benefits as the economy continues to recover, Republicans will be wary of new spending of any kind. Some have suggested that Congress will let dozens of individual Farm Bill programs simply expire after 2012, a move that could save the federal government nearly $10 billion. Political strategists are predicting that the baseline budget of the next Farm Bill will be below the 2008 version, which was $288 billion, meaning there will be less money to divide among the programs that are retained. Meanwhile, FNS is under tremendous pressure, as the number of Americans on food stamps has risen from 28 million in 2008, when the last Farm Bill was signed into legislation, to nearly 45 million today.

It’s true that the kind of funding needed for the DVCP would be modest when compared with the more than $100 billion spent on federal nutrition programs. But with the recent introduction of new initiatives like the Healthy Incentives Pilot and the Farmers’ Market Promotion Program, lawmakers may be unwilling to approve similar new pilots before the results of the current ones are determined – in particular, until the HIP in Massachusetts has published its results. Mark Halverson in Senator Tom Harkin’s office described the current atmosphere as “pilot fatigue.”

These obstacles by no means take the Farm Bill off the table. But they do mean that a strategic advocacy strategy accompanied by a dedicated team will be necessary to navigate the political challenges that lie ahead. The more political allies that Wholesome Wave can convene – from mayors to Michelle Obama to fruit and vegetable growers – and the earlier they can do so, the better its chances of gaining support from key decision makers.

4.4 Organizational Capacity: Farmers’ Markets or Beyond?

For the third and final point of the Strategic Triangle, we turn to organizational capacity. While this often involves an examination of the organization’s internal structure and performance – including staffing, budgets, operations, measuring effectiveness, and so on – for the purposes of this paper we will focus exclusively on implementation of organizational objectives. Specifically, we will address Wholesome Wave’s present discussion about whether it should continue to focus its efforts on farmers’ markets, or whether it should seek to expand the scope of the DVCP to larger venues. In this way, it is as much a question of organizational strategy as capacity.

98. Authors’ correspondence with Ilana Levinson, Senator Stanibow’s office, January 4, 2011.
Much of our analysis to this point has been dedicated to examining the DVC in its current form – that is, at farmers’ markets across the country. We’ve examined evidence of the program’s effectiveness, additional sources of value that it creates for society and especially for local economies, and the political opportunities and challenges to growing and sustaining the DVCP.

However, the limitations of farmers’ markets as a venue are obvious and hard to ignore. In 2009, just 0.008 percent of total SNAP redemptions occurred at farmers’ markets around the country. This is compared to 82 percent of redemptions that took place at grocery stores and supercenters. Indeed, the USDA estimates that American consumers as a whole spend only about 0.2 percent of their food dollars at farmers’ markets. So while there is some room for growth for SNAP customers, it is unlikely that this venue ever will be capable of reaching enough people to make a significant impact on public health and nutrition.

Wholesome Wave recognizes the limitations of farmers’ markets, and has begun to explore alternate possibilities, including how to incorporate large retail food establishments, as well as restaurants and corner stores, in achieving its goals. Doing so, however, would raise a number of strategic and practical challenges. As noted on p. 23, “Managing Multiple Value Propositions,” there exists some tension between Wholesome Wave’s dual goals of promoting health and supporting local agriculture. For example, would introducing nutrition incentives into supermarkets eliminate the benefits to local farmers? What would the increased scale mean in terms of the cost and implementation? How would the political support and resistance be different than when the program is confined to farmers’ markets? What role would supermarkets and the private sector play in facilitating or complicating such an initiative?

In addition to the obvious benefit of reaching a significantly larger base of consumers by moving to grocery stores, such a move also could generate more political support from large growers and growers associations, as they would undoubtedly back any efforts to subsidize and tout the health benefits of their crops. (Though this may not be the kind of support Wholesome Wave hopes to attract.) Public health advocates, health care foundations, and possibly even health insurance companies would also take a greater interest in the potential preventative health effects of nutrition subsidies on such a large scale.

However, the strength of going to scale is also a weakness: The costs of subsidizing the produce consumption of tens of millions of SNAP recipients nationwide would reach into the billions of dollars annually. The ERS has suggested that just a 10 percent subsidy on fruits and vegetables for low-income Americans (defined as households with an income up to 130 percent of the poverty level, the cutoff above which households are ineligible for SNAP)
would cost approximately $580 million annually. A subsidy the size of the DVC, while likely much more effective than a 10 percent subsidy, would require precipitous levels of funding. And large grocery stores do not demonstrate the benefits that farmers’ markets do – including the economic gains for small farmers, the local economic stimulus effects, the effective nutrition education gleaned from relationships with farmers, the building of social capital, and the mitigation of the food desert problem.

If nutrition subsidies in grocery stores were restricted to locally grown produce – much like the current model in farmers markets (where all produce is local) – then political support from growers, public health advocates, and the federal government could wane or disappear entirely. This is not to suggest that there is little support for local agriculture. But growers associations represent growers from across the country and resist distinguishing local from non-local or small and mid-size from large producers (and indeed, some resist distinguishing fresh produce from frozen or dried). And it’s unlikely that FNS, public health organizations, or health care foundations could be persuaded that limiting subsidies to local produce in any way benefits health outcomes. Instead, they may perceive such limitations as counterproductive, because seasonal availability and in some cases higher prices make local produce less convenient and less affordable for low-income consumers.

This once again represents a fundamental tension in Wholesome Wave’s dual objectives of improving health and supporting local agriculture. If its goal in moving to scale is to promote health, then Wholesome Wave should focus on access and affordability, regardless of whether produce is local. If on the other hand Wholesome Wave wants to incentivize large retailers and restaurants as a way to support local agriculture and transform the American food system, it should clearly articulate how this contributes to its mission of nourishing neighborhoods where access and affordability of fresh produce remain an aspiration.

**Deepening vs. Broadening**

Entrepreneurial organizations like Wholesome Wave frequently face decisions about whether to launch a new initiative or refine an existing one. On the one hand, innovating and constantly moving forward are part of the organizational DNA – for Wholesome Wave, the very reason why pilots like the DVCP and Veggie Rx have proceeded so quickly from ideas to reality. On the other hand, when a pilot reaches a critical juncture and begins demonstrating real success, as the DVCP has, then refining the program and communicating its importance are the surest ways to encourage growth and sustainability, and to ensure that the program is creating significant value for society.

Wholesome Wave explicitly recognizes this in its strategic plan by breaking out its programs into three phases: (1) Exploring Hypotheses, (2) Demonstrating Value, and (3) Achieving Sustainability. The Double Value Coupon Program falls squarely into the second phase of demonstrating value. It is important, therefore, that sufficient levels of organizational capacity and resources go to deepening its impact. This does not necessarily mean foregoing expansion or scaling, but rather it suggests the need for strategic and targeted expansion. And it means that Wholesome Wave should ensure that its ambitions – for example, to fundamentally alter the American food system – do not interfere with the growth of the DVCP at a critical point in its maturity.

The limitations of farmers’ markets as a venue for reaching great numbers of people are real and unavoidable. But the advantages of farmers’ markets are also diverse and in some cases unique. In terms of aligning Wholesome Wave’s mission with its organizational capacity, at least for the time being, farmers’ markets continue to represent the most promising venue for Wholesome Wave to demonstrate the value of the DVCP and facilitate its transition to phase three: “Achieving Sustainability.”
5. RECOMMENDATIONS

5.1 Strategy changes for immediate implementation

Recommendation 1:
Market the DVCP based on its twin value propositions of health benefits and local economic stimulus

Wholesome Wave markets the DVCP both as a mechanism to improve nutrition and health for SNAP recipients, and as a means to support local farmers. Our analysis suggests that the economic impact of the DVCP goes well beyond the income value to farmers alone, and furthermore, that the local economic stimulus effects of the DVCP may be as significant as its health benefits. The potential for the DVCP to create several rounds of localized economic stimulus, to contribute to the revitalization of urban neighborhoods and rural town space, and to build social capital in at-risk communities, all should be highlighted as key outcomes of a successful nutrition incentive program. These benefits should be given at least as much weight as the gains in nutrition and health.

In a time of tight and shrinking budgets at every level of government, a program that generates economic stimulus while promoting health could be the kind of innovative initiative that appeals to policymakers, who must stretch public dollars as far as possible. Furthermore, if Wholesome Wave collects empirical evidence to demonstrate improved health outcomes, the DVCP ultimately may be seen as producing savings for federal and state budgets by helping reduce health care outlays for some low-income Americans, for example through Medicaid.

Goal:

- Media outlets, partner organizations, and public stakeholders view the DVCP as a tool both for improving nutrition and farmer income and for local economic stimulus.

Action Steps:

- Use the SEED methodology developed by the nonprofit Market Umbrella to estimate the economic impact of the DVCP at select markets around the country. Compile the results into a single report highlighting the economic stimulus effects of the DVCP to date.

- Modify the marketing and description of the DVCP—including, most notably, on the Wholesome Wave website, as well as in other marketing materials—to emphasize the economic benefits the DVCP brings to local communities.
Recommendation 2:
Partner with a health care foundation to study and quantify the health benefits of the DVCP

It is reasonable to postulate that the DVCP is improving nutrition and health, assisting with weight loss, and helping prevent disease among the SNAP recipients who dramatically change their diets as a result of the program. However, Wholesome Wave currently cannot make health claims beyond demonstrating that the DVCP leads to more purchases of fruits and vegetables by participants. Whether this change in purchasing behavior is great enough to produce discernible health benefits is currently unknown.

Wholesome Wave should seek a partnership with a health care foundation such as the Robert Wood Johnson Foundation (RWJF). An ideal partnership between Wholesome Wave and RWJF would use RWJF funds to assess the health impacts of the DVCP in a longitudinal study; RWJF also would benefit, as part of its mission is to find out what interventions successfully combat obesity and improve health. A study on the health impact of the DVCP would require significant resources, but it has the potential to create a valuable data set. Furthermore, the findings could be an important complement to the USDA’s Healthy Incentives Pilot (HIP), which will study the effects of nutrition incentives implemented at conventional grocery stores, rather than at farmers’ markets. The HIP is currently scheduled to begin in fall of 2011, and the USDA does not expect to publish findings from the study until 2013 or later. Thus a partnership between Wholesome Wave and RWJF could produce results simultaneously or even before HIP data become available. This has the dual advantage of attracting media attention and positioning Wholesome Wave as the go-to organization in this field.

With more comprehensive and robust data on the health outcomes associated with the DVCP, Wholesome Wave can deepen its relationships with health care foundations that seek to improve the health of communities they serve. Indeed, because farmers’ markets are inherently local enterprises, they may represent an attractive venue for such foundations to promote health in their target populations.

Meanwhile, health insurance companies—both private and public—stand to gain from successful strategies for preventative health care. In particular, if the DVCP can be seen as a means to reduce the incidence of obesity and related complications, it will be viewed as a route to cost savings.

Goal:

- Wholesome Wave collects evidence of the health benefits the DVCP produces among participating SNAP recipients.
Action Step:

- Develop a proposal for RWJF and similar foundations detailing why Wholesome Wave has reason to believe the DVC is improving health for some low-income Americans, citing the survey data referenced in Section 3.1 of this paper.

Recommendation 3: Seek a partnership with *Let’s Move* to improve the visibility of the DVCP

First Lady Michelle Obama’s *Let’s Move* initiative is making highly publicized efforts toward improving nutrition and health for American children, and *Let’s Move* has already taken notice of Wholesome Wave’s success to date. The White House Task Force on Childhood Obesity cited Wholesome Wave in a 2010 report, and went on to recommend that further economic incentives be provided both to increase production of healthy foods and to improve access to those foods for all Americans.

Wholesome Wave should seek to become a partner of *Let’s Move* in order to improve the visibility of the DVCP. Broader visibility for the program will make it easier for Wholesome Wave to gain support from state and federal lawmakers and therefore more easily advocate for the expansion of the DVCP under new funding sources.

Goals:

- *Let’s Move* describes the success of the DVCP on its website, alongside other initiatives currently listed under the effort to “Promote Affordable, Accessible Food.”

- Wholesome Wave has access to *Let’s Move’s* most powerful resource: Michelle Obama. Such a nationally respected spokesperson generates additional interest in the DVCP and spurs additional philanthropic support. Such a step also helps in efforts like equipping farmers’ markets across the country with wireless EBT machines.

- With this new exposure to a broad and influential audience, Wholesome Wave cements its reputation as an innovative leader in the nutrition promotion space, and lays the groundwork for future advocacy efforts in the Capitol.

Action Step:

- Citing the White House’s own 2010 report on childhood obesity, Wholesome Wave should develop a proposal describing the success of the DVCP to date, and an outline of how a partnership between the two organizations can help *Let’s Move* achieve its goal of promoting affordable healthy food by expanding the reach of the DVCP.
5.2 Strategy changes for the next one to three years

Recommendation 4:
Encourage state Departments of Agriculture to seek Specialty Crop Block Grants, SNAP-Ed funding, and SNAP Outreach resources to support the DVCP

Finding new sources of funding is a key challenge to Wholesome Wave as it seeks to expand the reach of the DVCP. The Specialty Crop Block Grant program represents one important opportunity to do so, and requires Wholesome Wave grantee partners to petition state agriculture departments who administer these funds once they have been granted by the USDA. Some states already use specialty crop funds for farmers’ market incentive programs, as noted on p. 31; Wholesome Wave should encourage additional states to allocate specialty crop money for this purpose.

The current fiscal climate requires thinking creatively about where lie the greatest opportunities for the DVCP. The $328 million in annual SNAP-Ed funds, authorized in the child nutrition legislation in 2010, represents a considerable opportunity. States will submit nutrition education plans to the USDA, after which the $328 million will be allocated among the states for the implementation of proposed programming to improve nutrition and fight obesity. Wholesome Wave should petition state Departments of Agriculture to include the DVCP in their nutrition education plans, thereby capturing SNAP-Ed funds for the expansion of the DVCP.

Goal:

• State Departments of Agriculture access federal funds to introduce or expand the reach of the DVCP within their state boundaries.

Action Step:

• Expanding on the promotional materials discussed in Recommendation 1, Wholesome Wave should develop an informational and How-To guide for state agriculture departments. This guide should detail (1) the projected gains to small farmers, to local economic stimulus, and to residents’ health from introducing the DVCP; and (2) the types of federal funds available to support states’ efforts to do so, including Specialty Crop Block Grants, SNAP-Ed funding for nutrition education plans, and SNAP Outreach resources to draw new beneficiaries into SNAP and to encourage them to redeem their benefits at farmers’ markets.
Recommendation 5:  
Form alliances with city mayors to gather political support, and to share strategies and results across municipalities

As demonstrated by the cases of New York City and Boston and Somerville, Massachusetts, city mayors represent potentially important allies in the mission to expand the DVCP. Wholesome Wave already has a strong network of allies in cities and at nonprofits in the regions where the program currently operates. It can use this network to draw new city officials into its circle of supporters, and should create a formal alliance and venue for sharing strategies and expanding farmers’ market incentives into new areas.

It is important to note that in the current climate, mayors are more inclined to be cutting budgets rather than adding programs. Cities, therefore, do not offer much promise as a funding source for the DVCP; rather, an alliance with mayors may help to influence state agriculture officials and, eventually, federal lawmakers.

The first step towards such an alliance took place this fall in New York City with a convening of food policy directors appointed in Baltimore, Boston, Los Angeles, New York City, and San Francisco. Each director communicated what his or her city was doing to promote healthier eating, and participants brainstormed ways in which their collective efforts could attract more political and financial support.

Goal:

- Wholesome Wave develops a strong network of allies in cities across the country. This network helps to advocate for policy changes on the state and federal levels, and serves as a platform for transferring best practices across municipalities.

Action Steps:

- Using the mayoral staff meeting that took place in New York City in November 2010 as a starting point, Wholesome Wave should propose to its current allies that city leaders organize into a more structured network. Based on interest and available resources, allies can then formulate common goals and develop a platform for inter-city communication.

- Work with city food policy directors to write a letter to relevant state and federal lawmakers (targeting those on agricultural committees) outlining the importance of nutrition programs like the DVCP, particularly in America’s cities, and have the letter signed by the mayors as a show of political support.
Recommendation 6:  
Develop guidelines and best practices for DVCP grantees

Testimony from farmers’ market managers and from nonprofit leaders like Cammy Watts of the Boston Food Project suggest that a set of best practices has emerged from the many distinct iterations of farmers’ market incentive programs—including those funded by Wholesome Wave, and those, like the New York City initiative, that are similar but unaffiliated.

To date, Wholesome Wave has allowed grantees significant discretion in how the DVCP is implemented at different markets across the country. This approach has facilitated natural experiments within same basic design. However, after three years as a pilot, a set of guidelines and best practices should be developed for all Wholesome Wave grantees, and adherence to certain guidelines should be a condition of grants made in the future. This uniformity will allow Wholesome Wave and its grantees to focus on coordinated data collection and analysis of the DVCP’s impact on SNAP customers, farmers and local communities.

Goal:

• Wholesome Wave grantees follow the same process steps in order to ensure that the program functions effectively for SNAP recipients and farmers’ market vendors.

Action Steps:

• Seek feedback from prior DVCP grantees in order to collect a set of best practices for on-the-ground implementation.

• Distribute the best practices to future grantees and communicate clear expectations about which guidelines are meant to be compulsory and which are suggestions.

• Require data collection and impact measurement systems.
5.3 Strategy changes for long-term implementation

Recommendation 7:
Advocate for House and Senate Agriculture Committee Members to set aside SNAP-Ed funds in future rounds of Farm Bill legislation for state-level implementation of the DVCP

Ultimately, Wholesome Wave may seek to create a permanent place for the DVCP in federal legislation. House and Senate Agriculture Committee staffers, however, offered testimony to suggest that current Farm Bill discussions are not a promising place to do so. They cited the grim fiscal climate, the current political balance, and the slow implementation of the HIP as barriers to such a major policy initiative.

As discussed in Section 4, members of the House and Senate Agriculture Committees are also currently awaiting evidence of programs that successfully improve nutrition, including results from the HIP that may be available in 2013. But Wholesome Wave can begin to lay the groundwork for future policy changes. It should do so first by collecting hard evidence on the health changes produced by the DVCP—as well as evidence of the impact on farmer revenues and local economies—and by improving the visibility of the program, as noted in the recommendations above. Armed with these important assets, Wholesome Wave can offer members of Congress a valuable policy proposal, complete with evidence of how the DVCP has worked to date.

SNAP-Ed may hold promise as a permanent home for the DVCP in the USDA’s Food and Nutrition Service if lawmakers recognize farmers’ markets as a venue for nutrition education (as discussed on p. 22), and if they can be convinced to designate a certain percentage of SNAP-Ed funds to be used for farmers’ market incentive programs. Such a policy would not radically diverge from the SNAP-Ed model laid out in the 2010 child nutrition bill, in which the USDA allocates funds based on state nutrition education plans. A “set-aside” from SNAP-Ed, however, would mandate that a portion of these nutrition education grants could be used only for farmers’ market incentives. Furthermore, such a move by lawmakers would not represent a fundamental shift in FNS policy, but rather a program analogous to the farmers’ market nutrition programs that already exist in WIC and for senior citizens.

Goal:

- The DVCP finds a permanent home in the federal nutrition programs through future rounds of Farm Bill legislation.
Action Step:

• Recommendations 2 through 6 are all action steps that lay the groundwork for this long-term goal.

Recommendation 8:
Look beyond food and agriculture to innovation in American health care

Wholesome Wave has begun to look beyond funding for agriculture initiatives into resources to support innovative kinds of health care. Rightfully so: the Centers for Disease Control and Prevention (CDC) and the Department of Health and Human Services (HHS) have begun to allocate funds for programs that help Americans lose weight and live healthier lives. Furthermore, health care conversion foundations with billions of dollars in endowment funds are also pledging to make resources available for projects that collect hard evidence on how to improve health for Americans. And the Affordable Care Act of 2010, the landmark health care reform legislation, also may offer a chance for Wholesome Wave to access funds designated for preventative health efforts among low-income Americans.

These may represent a considerable opportunity for Wholesome Wave to expand the reach of the DVCP, and thus these potential new funding sources warrant additional research into precisely which will be most easily accessible to Wholesome Wave.

Goal:

• Wholesome Wave accesses preventative health care funds to support its efforts to expand the DVCP.

Action Steps:

• Research preventative health care funds that are currently available from the CDC, HHS, health care conversion foundations, and other public and private health care entities, to determine what constitutes the most promising opportunity for Wholesome Wave.

• Use evidence of improved health outcomes, as discussed in Recommendation 2, to position the DVCP as an innovative approach to preventative health care in order to seek financial support from an entity dedicated to this purpose.