



OPPORTUNITIES FOR GROCERY RETAILERS

Many Americans struggle to eat a nutritious diet. But for individuals with low incomes, the cost of food, including fruit and vegetables, is a barrier. To help address this, Congress developed the Gus Schumacher Nutrition Incentive Program (GusNIP).

GusNIP projects provide extra food dollars to help eligible shoppers include more fruit and vegetables in their diets. Grantee organizations (non-profit organizations, state or local government agencies) receive federal funding and partner with food retail sites to implement these projects. Retailers are then reimbursed by their grantee partner for all incentives redeemed by shoppers.

There are two distinct types of incentive projects:

- **Nutrition incentive (NI)** projects provide shoppers using SNAP/NAP with additional spending power for fruit and vegetables.
- **Produce prescriptions (PPR)** are issued by healthcare providers to eligible patients whose health conditions could be controlled or improved by eating more fruit and vegetables.

HISTORY OF FEDERAL NUTRITION INCENTIVES

In 2008, the Food, Nutrition and Conservation Act authorized \$20 million for the Healthy Incentives Pilot (HIP) to determine if incentives provided at the point of sale to households receiving SNAP increased the purchase of fruit, vegetables or other healthful foods. The pilot launched in Massachusetts and was found to increase the purchase of fruit and vegetables by 11% and consumption of fresh produce by approximately ¼ cup per day.

Based on the success of HIP, Congress in 2014 established the Food Insecurity Nutrition Incentive Program (FINI) to fund projects providing shoppers using SNAP with extra benefits for the purchase of produce and to promote a healthier diet. These projects are generally operated by providing shoppers with coupons for produce or discounts on produce at the point of sale. Retailers were reimbursed for the full cost of all discounts provided or coupons redeemed.

Initial reviews of FINI projects indicated they had a positive impact on the purchase of produce. Based on those assessments, Congress extended and expanded the pilot program in 2018. The program was renamed the Gus Schumacher Nutrition Incentive Program (GusNIP) after Gus Schumacher, who was a pioneer in designing and developing incentives to make nutritious food more affordable.

GusNIP also authorized the creation of PPR projects, which are designed for low-income individuals who are at risk of developing or living with a diet-related chronic health condition. Participating healthcare providers can give them a *prescription* for produce that can be redeemed at partnering

food retail sites. As with NI projects, retailers are reimbursed for the full value of incentives redeemed through a monthly reporting process.

Each year, the U.S. Department of Agriculture's National Institute of Food and Agriculture (NIFA) invites interested nonprofits and government entities to submit grant proposals to administer NI and PPR projects. For NI projects, the applicant is required to put up ("match") half the funding needed for the project. For example, if the total project budget is \$1 million, the grantee would receive \$500,000 from NIFA and would be required to match that with \$500,000 from non-governmental sources like foundations. Applicants for PPR projects are not required to secure match funding and the total project budget is funded by NIFA.

FUTURE OF NUTRITION INCENTIVES IN GROCERY

To date, there have been 114 FINI projects and 224 GusNIP projects and counting. Early projects tended to focus on farmers' markets, but to reach more shoppers without seasonal production barriers, more projects have emphasized brick-and-mortar retail food stores. It is now common for projects to include a mix of farmers markets, CSA's, farm direct, co-ops and brick-and-mortar stores.

The number of brick-and-mortar grocers offering the programs has rapidly increased over the past four years, with 1,517 stores offering NI programs and 915 offering PPR programs. In the most recent year alone, brick-and-mortar-based programs have generated over \$60 million in economic benefit for surrounding local economies and over \$30 million in incentives redeemed directly by consumers and patients.

Beyond GusNIP, the effort to incentivize the purchase of nutritious foods is gaining traction. State governments, private foundations and companies are creating their own incentive programs. Health care companies are becoming more involved with PPR projects, in particular through the distribution of healthy benefits cards, which provide patients with additional money to spend on nutritious foods with participating retailers. To learn more about healthy benefits cards and their similarities and differences with PPR projects, [visit the Healthy Benefit Cards Toolkit webpage](#).

These programs continue to evolve in all areas and throughout all food retail sites. To better support food retailers and increase the impact of GusNIP projects, the focus is on equipping grantees with best practices and tailored assistance. This includes offering targeted technical support to lower-capacity retailers, reducing data collection burdens and creating case studies that help transition from low to high capacity. These efforts aim to enhance project sustainability and boost the health and economic vitality of communities nationwide, especially in underserved areas.

The Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Center (NTAE) is supported by Gus Schumacher Nutrition Incentive Program grant no. 2019- 70030-30415/project accession no. 1020863 from the USDA National Institute of Food and Agriculture.