

Office of Research and Analysis

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### Purpose

This study presents a national assessment of the variety, quality and cost of food available at food retailers authorized by the Food Stamp Program (FSP). In recent years, there has been concern that access to food of reasonable quality and price through authorized food retailers may be problematic in low-income urban areas and sparsely populated rural areas. The primary question addressed in this report is: do food stamp families have the same degree of access as families with higher incomes?

### Method

We collected information on a market basket of foods from a nationally representative sample of almost 2,400 retailers authorized by the FSP and calculated three measures pertaining to the foods offered within each store: the percent of the market basket available for purchase (a measure of variety), an index of the quality of the items available for sale, and the annualized cost of purchasing the market basket at the store. In addition, we analyzed the complete national listing of all 200,000 food retailers authorized by the FSP.

### Findings

The type of store at which food stamp customers buy food is critical. Our results confirm the common belief that supermarkets supply nearly all food items in a market basket and have the lowest costs. Large grocery stores have an important role: they can supply almost as many items as supermarkets and are closer to supermarkets than to other types of food retailers on cost.

The population in poverty has about the same access to supermarkets and large groceries as the general population. Nationally, 90 percent of the

total population and 90 percent of the population in poverty live in areas with at least one supermarket or large grocery present. In most parts of the country, the low-income population can find supermarkets and large groceries that stock a wide selection of food that meets quality standards at reasonable prices. Other kinds of stores fill market niches when needed.

About forty percent of the rural population reside in localities without supermarkets or large groceries. However, this appears to reflect the economics of food retailing. Moreover, proximity to stores is identical for both the population in poverty and the total population. Finally, in rural areas, the price of the market basket, the selection of foods and the quality of food was about the same among supermarkets and large groceries in high-poverty and lower-poverty areas.

In urban areas, the number of supermarkets and large grocery stores is lower in high-poverty areas than in other areas and supermarkets offer fewer full-service departments or nonfood product lines. However, there appears to be little effect on the cost, selection or quality of food. The price of our market basket was either about the same or lower among supermarkets and large groceries in high-poverty areas as among those in lower-poverty areas.

The mix of stores in high-poverty urban areas is characterized by an extraordinarily high abundance of small groceries with less variety and higher prices than supermarkets. However, supermarkets exist in those same high-poverty urban areas and, based on actual food stamp redemption data, food stamp participants spend the vast bulk of their benefits at supermarkets and appear to save about four cents on the dollar compared to supermarkets in other urban areas.

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