



Highlights of [GAO-08-415](#), a report to the Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

Why GAO Did This Study

In fiscal year 2007, the Food Stamp Program provided about \$30.4 billion in nutrition assistance benefits to 26.5 million individuals. Benefits are issued through Electronic Benefit Transfer (EBT) cards, similar to debit cards, to purchase eligible foods at authorized retail stores. The diets of many low-income individuals, like the U.S. population overall, do not meet federal dietary guidelines. One potential strategy for increasing the purchases of targeted foods that contribute to a healthy diet is to incorporate into the program financial incentives for purchasing these foods. GAO was asked to identify (1) what is known about the effectiveness of financial incentives and other approaches intended to increase the purchase of targeted foods, (2) the key factors to consider in designing a financial incentive program, and (3) options available to the U.S. Department of Agriculture's Food and Nutrition Service (FNS) for implementing financial incentives. GAO interviewed agency and state officials, retailers and associations, private EBT contractors, and other stakeholders; convened a panel of 17 experts; and conducted a literature review.

In commenting on this report, FNS generally agreed with GAO's findings and concluding observations.

To view the full product, including the scope and methodology, click on [GAO-08-415](#). For more information, contact Kay Brown at (202) 512-7215 or brownke@gao.gov.

FOOD STAMP PROGRAM

Options for Delivering Financial Incentives to Participants for Purchasing Targeted Foods

What GAO Found

A variety of approaches, including financial incentives and nutrition education, can increase the consumption of targeted foods, but little is known about the effectiveness of efforts to increase access to targeted foods. A few studies examining the effectiveness of financial incentives have demonstrated short-term positive effects on purchases, consumption, or weight loss. A study that reviewed 92 nutrition education studies found that most studies reported significant positive effects on consumption. Because of a lack of reported research, little is known about the effectiveness of approaches intended to improve access to targeted foods.

Factors to consider in designing a program that delivers financial incentives through an additional food stamp allotment tied to the purchase of targeted foods include the following:

- *Selection of foods:* Selecting which foods to promote could be a controversial and challenging part of designing an incentive program.
- *Incentive amount:* The amount of the incentive will affect participant response and program costs.
- *Informing participants:* Participants must be informed of the availability of incentives to take full advantage of a new incentive program.
- *Program monitoring and evaluation:* Monitoring and evaluating the incentive program is critical to maintaining program integrity and determining the effects of the program.

An incentive program could be implemented through either electronic or paper methods, and the different options would have implications for ease of implementation, program integrity, and cost. Electronic options include adding food benefits to the EBT cards currently used or to a separate card on the basis of the amount that participants spend on targeted foods. Providing incentives using existing EBT cards would build on the current checkout technology and process, and could require less time to complete transactions compared with using a separate card. However, delivering financial incentives to participants' EBT accounts on the basis of their purchases of certain foods would require several changes to the EBT system, such as modifications to retailer and EBT contractor software to separately track the amount spent on the targeted food items. Administering incentives using a separate card, such as an additional EBT card, may be more costly and complicated to implement. Alternatively, providing participants with paper vouchers for the purchase of targeted foods would not require changes to the EBT system, but could be more burdensome to use, increase fraud risk, and increase state administrative costs. With the new authority provided as part of the Food, Conservation, and Energy Act of 2008, FNS will have the opportunity to develop and administer a pilot incentive program and to determine both its effects on participant purchasing and consumption patterns and the costs associated with such a program.