

# SNAP Stretch: A Proven Tool to Increase Food Access, Sustain Local Markets and Farms, and Boost our Economy

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## Introduction

SNAP Stretch, a program that matches SNAP benefits spent at participating markets to increase fruit and vegetable affordability and access, increases consumption of healthy foods among low-income households, boosts sales at local farmers markets, and benefits our broader economy. A \$1 million state investment in SNAP Stretch could have a \$2.84 million economic benefit to the state's economy by pulling down federal SNAP dollars and increasing local economic activity both in and beyond the food industry.

## Fast Facts

- SNAP dollars act as stimulus for the economy, responding automatically to economic downturns and circulating money into local economies quickly as families experience hardship. These benefits go beyond the food industry as SNAP dollars multiply well beyond SNAP recipients, grocers, and retailers.
- The origins of the SNAP program had dual purposes: feeding hungry families and providing a market for farmers to sell excess domestic produce to.
- When customers purchase goods at locally-owned businesses, three times more money stays and recirculates in the local economy than when a purchase is made at a non-local chain store.
- SNAP incentive programs increase the buying power of SNAP to make the purchase of local fruits and vegetables more affordable for low-income households.
- SNAP Stretch, West Virginia's SNAP incentive program, served nearly 36,000 households in 2021 and was accepted at 40 markets in 35 counties.
- In West Virginia, SNAP Stretch dollars have increased sales and income for local markets and farmers, allowing some to expand production and increase wages for their employees.
- In one study, three-fourths of farmers participating in a SNAP incentive program reported making more money and 38.6 percent reported "increasing the scope of their operations by planting more acres, buying equipment, building greenhouses or hoop houses, or hiring more workers."

## SNAP's Benefits Extend Beyond Food Assistance

The Supplemental Nutrition Assistance Program (SNAP) is intended to "alleviate hunger and malnutrition" among low-income households.<sup>1</sup> It is incredibly efficient and successful at that aim, serving as the nation's most effective anti-hunger program. In FY 2019, SNAP reached more than 35 million Americans in an average month, including over 282,000 West Virginians.<sup>2</sup> SNAP is a fully federally-funded program, with the exception of some state administrative costs. In FY 2019, SNAP brought \$397.9 million into our state to help low-income families buy food and support our food and broader economy.<sup>3</sup> Nearly 90 percent of SNAP participants are in households with a child under age 18, an adult 60 years or older, or an individual with a disability.<sup>4</sup> SNAP benefits are

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<sup>1</sup> USDA Food and Nutrition Service, "A Short History of SNAP", <https://www.fns.usda.gov/snap/short-history-snap> (accessed on November 7, 2022).

<sup>2</sup> Kaiser Family Foundation, "Monthly Average Number of Persons Participating in Supplemental Nutrition Assistance Program (SNAP)", FY 2019, <https://www.kff.org/other/state-indicator/avg-monthly-participation/?currentTimeframe=2&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D> (accessed November 7, 2022).

<sup>3</sup> Center on Budget and Policy Priorities, "West Virginia SNAP Factsheet, April 25, 2022". [https://www.cbpp.org/sites/default/files/atoms/files/snap\\_factsheet\\_west\\_virginia.pdf](https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_west_virginia.pdf) (accessed November 7, 2022).

<sup>4</sup> Ty Jones Cox, "A 2022 Review of the Farm Bill," (Center on Budget and Policy Priorities, June 8, 2022).

modest and targeted according to need in order to ensure households are able to put food on the table. In West Virginia, the average benefit is \$1.29 per person per meal.<sup>5</sup>

And while addressing food insecurity is SNAP's primary goal, ensuring the sustainability of domestic farms through subsidizing surplus food also traces back to the origins of the program.<sup>6</sup> SNAP's predecessor, the Food Stamp Program of 1939, was created to address both growing domestic food surpluses and hunger among food insecure families. The food stamps allowed low-income families to purchase foods the USDA deemed as surplus foods along with other foods of their choice. This alleviated hunger for low-income families while simultaneously ensuring the nation's farmers had an adequate customer base to sell their products to. A USDA annual report at the time found that the Food Stamp Program "made it possible for farmers...to stabilize our whole economy".<sup>7</sup>

SNAP indeed serves as a stabilizing force in the economy. During an economic downturn when more households are out of work or see their earnings fall, SNAP automatically expands to serve everyone who is eligible and applies. This both mitigates family hardship during a recession and gets money into the economy quickly, acting as a stimulus for the broader economy even beyond the food industry as SNAP dollars multiply well beyond SNAP recipients.

## Success of SNAP Incentive Programs

While SNAP is incredibly effective at addressing food insecurity, it can still be difficult for SNAP households to afford fresh, healthy foods like local produce given the modest benefit allocation per meal.<sup>8</sup> In recent years, SNAP incentive programs have emerged in West Virginia and around the country to encourage increased fruit and vegetable purchases among SNAP recipients and to incentivize SNAP usage at local farms and markets. SNAP incentives do so by supplementing or matching the monetary value of SNAP specifically for purchase of fruits and vegetables. These programs emerged, in part, due to grant funding opportunities through the federal Farm Bill.<sup>9</sup>

In West Virginia, the SNAP incentive program, in operation since 2018, is referred to as SNAP Stretch. It was developed to increase the buying power of SNAP recipients, increase the consumption of locally grown produce, and decrease food insecurity. With 40 participating markets in 35 counties, the program served nearly 36,000 households in 2021.<sup>10</sup>

When a customer uses their SNAP benefits at a participating market, they receive a one-to-one match in SNAP Stretch dollars that can be used to buy fresh fruits and vegetables; canned, dried, or frozen fruits and vegetables; seeds and plants; or fresh herbs. Senior shoppers and customers with children get an increased match rate. Broader research shows that SNAP incentive programs like SNAP Stretch are successful at improving affordability of fruits and vegetables for program participants.<sup>11</sup> One study found that a SNAP incentive program

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<sup>5</sup> Center on Budget and Policy Priorities, "West Virginia SNAP Factsheet, April 25, 2022".

<sup>6</sup> Julie A. Caswell et al. eds., *Supplemental Nutrition Assistance Program: Examining the Evidence to Define Benefit Adequacy* Washington DC: National Academies Press, 2013).

<sup>7</sup> Food Stamp Act, HR 7940, 95th Congress (1977–1978).

<sup>8</sup> Allison Karpen et al., "Understanding Impacts of SNAP Fruit and Vegetable Incentive Program at Farmers Markets: Findings from a 13 State RCT," *International Journal of Environmental Research and Public Health* vol. 9, issue 12, <https://www.mdpi.com/journal/ijerph> (accessed November 7, 2022).

<sup>9</sup> Farmers Market Coalition, "Food Insecurity Nutrition Program," <https://farmersmarketcoalition.org/advocacy/fini/> (accessed November 7, 2022).

<sup>10</sup> SNAP Stretch: What it is, August 2020, [https://www.snapstretch.com/files/ugd/b5d810\\_4c695478b6bd4b519281a8d05115352f.pdf](https://www.snapstretch.com/files/ugd/b5d810_4c695478b6bd4b519281a8d05115352f.pdf) (accessed November 7, 2022).

<sup>11</sup> Allison Karpen et al., "Understanding Impacts of SNAP Fruit and Vegetable Incentive Program at Farmers Markets: Findings from a 13 State RCT," *International Journal of Environmental Research and Public Health* vol. 9, issue 12, <https://www.mdpi.com/journal/ijerph> (accessed November 7, 2022).

increased spending on eligible fruit and vegetables by 11 percent and consumption of fruit and vegetables by 26 percent in eligible households.<sup>12</sup>

Further, the benefits extend beyond SNAP customers. In West Virginia, SNAP Stretch dollars have increased sales and income for local markets and farmers, allowing some to expand production and increase wages for their employees. In one study, three-fourths of farmers participating in a SNAP incentive program reported making more money and 38.6 percent reported “increasing the scope of their operations by planting more acres, buying equipment, building greenhouses or hoop houses, or hiring more workers.”<sup>13</sup>

Capturing more sales in locally-owned businesses like the farm markets participating in SNAP Stretch is good for West Virginia small business owners and our broader economy. When customers purchase goods at locally-owned businesses, three times more of that money stays and recirculates in the local economy than when a purchase is made at a non-local chain store like Walmart or Dollar General.<sup>14</sup> This recirculation is attributed, in part, to locally-owned businesses purchasing more often from other local businesses, service providers, and farms. In that way, purchasing from locally-owned businesses helps other local businesses grow, creates jobs, and supports the tax base.

### **Analyzing the Economic Impact of Public Investment in SNAP Stretch**

While SNAP Stretch has been incredibly successful among SNAP customers and markets in West Virginia, the program is currently limited in its reach due to the unprecedented popularity of the program and current funding restraints. Up to this point, SNAP Stretch has been funded through federal and foundation grants, which have allowed SNAP Stretch to be established and proven as a great success. The return-on-investment is clear. In 2021, just under \$498,000 in SNAP Stretch dollars ensured that \$483,000 in federal SNAP dollars went to locally-owned and operated markets rather than big chain stores.<sup>15</sup> And economic studies have found that the multiplier effect of SNAP goes beyond just that. In addition to directing additional income to the businesses where SNAP benefits are spent, they also create indirect and induced additional income to suppliers and their employees, who in turn spend more in the economy, further increasing the effect of the initial outlay of SNAP dollars.

For these reasons, West Virginia should allocate state dollars to the SNAP Stretch program to increase its impact even further. A \$1 million annual investment in SNAP Stretch could have an estimated \$2.84 million economic impact in the state.

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<sup>12</sup> Pasquale E. Rummo et al., “The impact of financial incentives on SNAP transactions at mobile produce markets,” *International Journal of Behavioral Nutrition and Physical Activity* 2021; 18: 26, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7871404/> (accessed November 7, 2022).

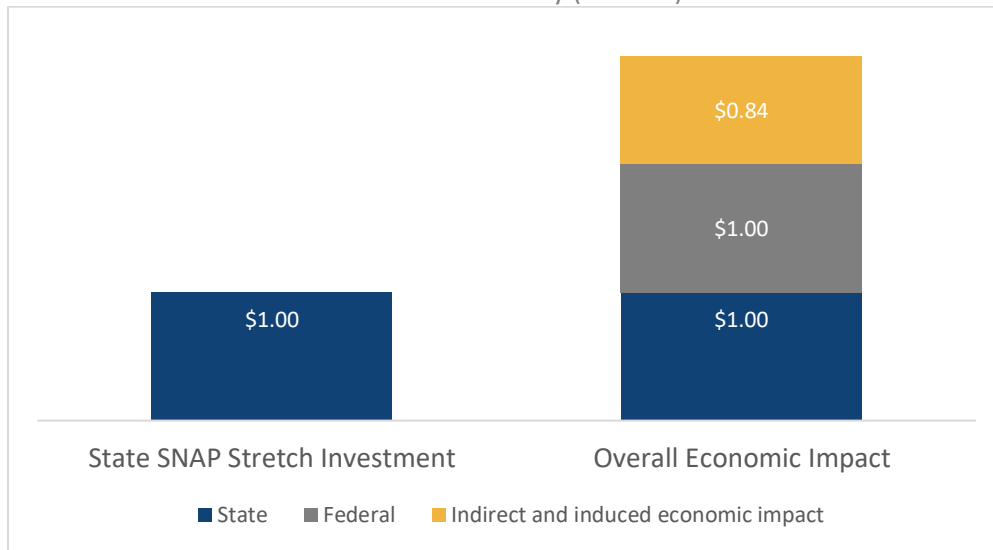
<sup>13</sup> Farmers Market Coalition, “Food Insecurity Nutrition Program,” <https://farmersmarketcoalition.org/advocacy/fini/> (accessed November 7, 2022).

<sup>14</sup> American Independent Business Alliance, “The Local Multiplier Effect: How Independent Local Businesses help your community thrive,” <https://amiba.net/wp-content/uploads/2021/02/The-Local-Multiplier-Effect.pdf> (accessed November 7, 2022).

<sup>15</sup> WV Food and Farm Coalition, “What is SNAP Stretch?” (2021).

**Figure 1: \$1 Million State Investment in SNAP Stretch Could Be Nearly Tripled in Economic Impact**

Potential economic impact of \$1 million SNAP Stretch investment via federal SNAP dollars, multiplier effect, and increased dollars recirculated in local economy (millions)



**Conclusion**

SNAP Stretch, developed to decrease food insecurity by increasing the consumption of locally grown fruits and vegetables, fulfills the dual purposes of the origins of the SNAP program—addressing hunger while supporting locally-owned and operated businesses and farmers. The program has grown in its reach and popularity since it was piloted in 2018 and now reaches tens of thousands of households in 35 counties. In order to meet its full potential, an ongoing state investment is needed to reach more of our state’s families, farmers, and our broader economy.

## ***Methodology***

This economic analysis assumes a \$1 million state investment in SNAP Stretch also pulls down \$1 million in federal SNAP dollars. Federal SNAP has a multiplier effect of 1.5, meaning that an additional \$500,000 in GDP is generated for \$1 million in new spending. Using state SNAP Stretch dollars at locally-owned markets also means an additional estimated \$344,000 of a \$1 million expenditure annually would recirculate in the local economy, because research shows local retailers generate three times more local spending than big chains (48 percent local recirculation of revenue vs. 13.6 percent). As such, the potential economic impact of \$1 million in state spending on SNAP Stretch could generate economic impacts of \$2.84 million (\$1 million in federal SNAP dollars, \$500,000 in multiplier effect, plus \$344,000 additional SNAP Stretch dollars remaining in the local economy) in West Virginia.

### **West Virginia Center on Budget and Policy**

8 Capitol Street, Fourth Floor  
Charleston, West Virginia 25301  
Tel 304-720-8682 | Fax 304-720-9696

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