



THE UNIVERSITY OF CHICAGO

INSTITUTE OF POLITICS

# **Bridging the Urban/Rural Divide: A Student Policy Challenge**

## **CARROTS, NOT STICKS: BEHAVIORAL INCENTIVES FOR HEALTHY EATING IN ILLINOIS**

### **Presented By:**

Josephine Dodge  
2025  
Math & Economics

Yona Litwin  
2025  
Public Policy

Chelsea Campbell  
2024  
Economics

Ethan Jiang  
2025  
International Relations

**Problem:** Despite monumental policy efforts to fight food insecurity, food deserts, and diet-based chronic diseases remain a debilitating problem for millions of Illinoisans. In 2021, the Illinois Department of Public Health classified 807 census tracts, or more than one-quarter of all census tracts in the state, as food deserts. Poor nutrition carries dire consequences for the health of Illinois residents; chronic diseases such as diabetes account for seven out of 10 deaths in the state. Rural, low-income, senior, and Black and Brown Illinoisans are the hardest hit by food insecurity.

**Policy Landscape:** Recognizing this crisis, the Illinois legislature passed Senate Bill 850 in 2023, dedicating \$20 million to fighting food deserts through grants to open new supermarkets in food deserts. This effort indicates an orthodox policy focusing on food *supply*, which attempts to increase the availability of healthy food through more stores and farmers' markets. However, causal research suggests the link between increasing healthy food availability and diet changes is fairly weak. Indeed, a 2019 study in the *Quarterly Journal of Economics* found that giving low-income households the same grocery options as high-income households decreases nutritional inequality by just 10%. This is because, as the authors explain, most people who live in areas without a local supermarket will travel long distances to shop at one. Jason Block of Harvard Medical School corroborates this finding, noting that studies find little to no change in dietary habits or BMI after new grocery store openings. The way to address the lion's share of unhealthy eating, then, is not through work on food supply, but rather through changing *demand* by encouraging consumers to make healthier eating choices.

Unfortunately, Illinois's attempts at demand-side policy have been unambitious, uninspired, and limited largely to farmer's markets. However, the cost of produce at farmer's markets continues to be a major deterrent to use among SNAP/Link recipients. A survey of users of LINK Up, which doubles the value of SNAP benefits at farmer's markets, finds that cost is still the most commonly cited barrier to fruit and vegetable consumption.

**Our Proposal:** Acting as state lawmakers in Illinois, we propose a statewide cash-back program on fruit and vegetable purchases for Supplemental Nutrition Assistance Program (SNAP) users. Specifically, our proposal provides 20% cashback, reloaded on Electronic Benefit Transfer (EBT) cards, when consumers spend on produce, with an additional 10% cashback for produce grown in Illinois. Additionally, we leverage EBT apps to provide intangible behavioral rewards, which include notifying users how much they're saved after purchases, brief information about the local farm they're supporting (if applicable), and a section of the app to view total yearly savings. This is similar to the techniques used by bike-share apps such as Divvy to encourage ridership and is based on research that shows people are more likely to continually engage in rewarded behaviors.

**Evidence:** To craft an effective proposal, we researched behavioral economics research that outlined ways to effectively change behavior. Contrary to popular belief, education on healthy food options or adding nutritional information to packaging does not motivate people to choose healthy food choices. Legislators in other states have experimented with restrictions or additional taxes on high-sugar foods, and although those have been effective, they are received as paternalistic policies. Instead, our goal is to incentivize healthy food choices through nudges, which can be as effective as taxes or restrictions while allowing people using SNAP to maintain

their autonomy. Studies show that incentives in the first and second half of the month show an increase in fruit and vegetable purchases across the entire month, showing that incentives can positively change behavior.

**Cost-Effectiveness:** Between November 2011 and December 2012, the USDA's Food and Nutritional Service funded the Healthy Incentives Pilot program in Massachusetts. Under the program, SNAP recipients received 30 cents back for every dollar spent on targeted fruits and vegetables. The pilot included 7,500 households and cost \$4.4 million. Most of the funding was spent on setting up and testing the system with only \$263,043 spent on incentives. In 2022, an estimated 736,582 households were receiving SNAP in Illinois. Assuming similar behavior, we can estimate that the cost of incentives would be around \$26 million yearly, and setup costs would be even cheaper. The USDA's evaluation of the Massachusetts pilot estimated that the next state to fully implement such a program would have to spend just \$2 million on one-time set-up costs.

Although the program cost just \$35 in incentives per household, it produced monumental changes in eating behavior. Recipients consumed 26% more fruit and vegetables as a result of the program and increased spending on produce by 11%. Why is this approach able to change consumption so cheaply? Notably, the rebate makes produce relatively cheaper than unhealthy options, incentivizing consumers to change the distribution of their grocery budget even as the total size of the budget remains relatively stable.

**Funding:** The USDA's Gus Schumacher Nutrition Incentive Program (GusNIP) provides large grants to fund programs like our proposal; it recently distributed grants of \$31 million and \$14 million to fund programs in Nebraska and Oklahoma, respectively. We propose that The Department of Human Services in Illinois, the department that distributes SNAP benefits in Illinois, apply for GusNIP grant funding from the USDA to implement our proposal. Moreover, the recently-passed Illinois Senate Bill 850, which was championed by Governor Pritzker, indicates that there is political will to address food deserts. Thus, there is potential to access more funding from the state appropriations process beyond the GusNIP grant.

**Political Viability:** Our proposal represents a rare interest convergence across many different groups of stakeholders. First and foremost, the program bridges the divide between rural residents, especially seniors, and urban SNAP recipients, both of whom lack access to affordable and healthy grocery options. Grocery stores will support the proposal as a chance to earn additional income through SNAP dollars, while farmers in Illinois will favor the special rebates for homegrown produce. Our emphasis on local produce is also persuasive for conservative lawmakers, many of whom have close ties to the Illinois agriculture industry.

The policy risks pushback from progressive legislators and the general population over concerns of paternalism stemming from the policy's attempts to alter consumer behavior. This policy, however, allows consumers to maintain their autonomy by providing additional incentives instead of restricting their use of SNAP dollars to specific items. Also, this proposal could concern fiscal conservatives who may argue that the policy's cost would overextend the state's budget. Our proposal uses federal dollars to sidestep this obstacle, and it also reduces health costs for both the individual and the healthcare system, saving the government money in the long run.

## Works Cited

- Allcott, Hunt, Rebecca Diamond, Jean-Pierre Dube, Jessie Handbury, Ilya Rahkovsky, and Molly Schnell. "Food Deserts and the Causes of Nutritional Inequality." Food Deserts and the Causes of Nutritional Inequality, May 3, 2019. <https://web.stanford.edu/~diamondr/FoodDeserts.pdf>.
- Block, Jason P., and S. V. Subramanian. "Moving beyond 'Food Deserts': Reorienting United States Policies to Reduce Disparities in Diet Quality." PLOS Medicine, December 8, 2015. <https://doi.org/10.1371/journal.pmed.1001914>.
- Illinois Department of Public Health, July 2013. <https://dph.illinois.gov/>.
- Valluri, Sruthi, Susan M. Mason, Hikaru Hanawa Peterson, Simone A. French, and Lisa J. Harnack. "The Impact of Financial Incentives and Restrictions on Cyclical Food Expenditures among Low-Income Households Receiving Nutrition Assistance: A Randomized Controlled Trial - International Journal of Behavioral Nutrition and Physical Activity." BioMed Central, December 4, 2021. <https://ijbnpa.biomedcentral.com/articles/10.1186/s12966-021-01223-7>.
- "Evaluation of the Healthy Incentives Pilot ." U.S. Department of Agriculture, September 2014. <https://www.govinfo.gov/content/pkg/GOVPUB-A98-PURL-gpo122573/pdf/GOVPUB-A98-PURL-gpo122573.pdf>.
- "Gus Schumacher Nutrition Incentive Program (Gusnip)." National Institute of Food and Agriculture. Accessed March 24, 2024. <https://www.nifa.usda.gov/grants/programs/hunger-food-security-programs/gus-schumacher-nutrition-incentive-program>.
- Singleton, Chelsea R et al. "Racial/Ethnic Differences in the Shopping Behaviors and Fruit and Vegetable Consumption of Farmers' Market Incentive Program Users in Illinois." *Ethnicity & disease* vol. 30,1 109-118. 16 Jan. 2020, doi:10.18865/ed.30.1.109
- "Snap Healthy Incentives." Food and Nutrition Service U.S. Department of Agriculture, December 13, 2023. <https://www.fns.usda.gov/snap/healthy-incentives#:~:text=SNAP%20healthy%20incentive%20programs%20encourage,nutrition%20security%20for%20more%20Americans>.
- "The Gus Schumacher Nutrition Incentive Program Competitive Grants Program." U.S. Department of Agriculture, 2024. <https://www.nifa.usda.gov/sites/default/files/2023-02/FY23-GusNIP-RFA-508.pdf>.