



Century | Urban

Biennial Food Security and Equity Report

Office of Economic Workforce Development Sub-Report

Presented to:

City & County of San Francisco

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INTRODUCTION

The City & County of San Francisco (the “City”) through the Office of Economic Workforce Development (“OEWD”) has engaged Century Urban, LLC (“Century | Urban”) to prepare an economic analysis of food security programs. This analysis is a component of the biennial report required through City Ordinance 103-21, which states that OEWD “shall contribute to the Biennial Report an analysis of economic development potential of community food system and food security initiatives”. The Department of Public Health (“DPH”) is responsible for preparing the overall report and has gathered data from each required reporting department. The compiled dataset was provided to Century | Urban for this sub-report, which includes information on the various programs, program requirements and annual funding.

Century | Urban conducted a comprehensive review of the data collected by DPH from each reporting department to assess the economic development potential of the three different food program types funded by the City, which include financial resources programs, food access programs and food infrastructure programs. Century | Urban performed independent research on the economic benefits of the three program types to identify existing City programs that have the potential for generating additional economic activity while addressing food insecurity.

Food security programs offer a lifeline to individuals and families facing economic challenges, ensuring access to nutritious foods. These initiatives play a pivotal role in addressing hunger and poverty, ultimately promoting physical and mental well-being. One of the primary benefits lies in mitigating the detrimental effects of food insecurity on public health. By providing consistent access to fresh, healthy food, these programs can potentially reduce the prevalence of diet-related illnesses and improving overall health outcomes for vulnerable populations.

Many studies have found that poor health and malnutrition are strongly correlated with poverty, particularly resulting from persistent poverty. Illness and injury, which are commonly associated with undernutrition, can lead to chronic poverty¹. Furthermore, poor nutrition is associated with fewer years of schooling, poor cognitive development, and reduced economic productivity², which are strongly associated with lower earnings and higher incidence of poverty.

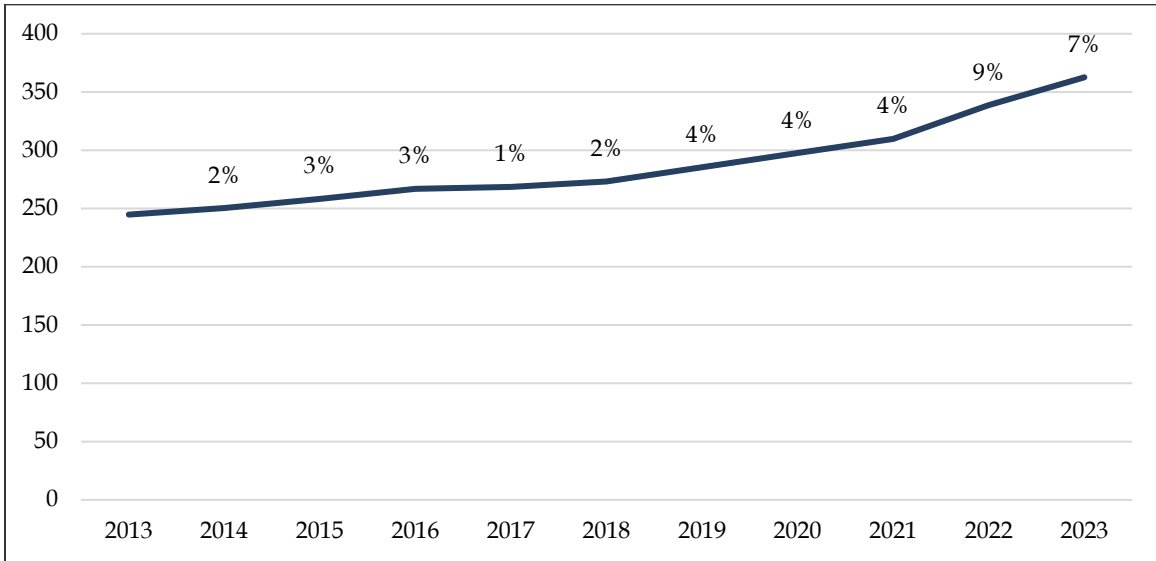
Food security programs play a pivotal role in aiding low-income households by alleviating financial burdens and enabling individuals to redirect their resources toward critical necessities like housing and education. The escalating food prices in recent years have amplified the importance of these programs in combating food insecurity, particularly as household budgets have been further strained. As depicted in Figure 1 below, food costs surged by 9% from 2021 to 2022, followed by an additional 7% increase from 2022 to 2023.

¹ Krishna, A., 2007. Poverty and health: Defeating poverty by going to the roots. *Development* 50, 63-69

² Victora, C.G., Adair, L., Fall, C., Hallal, P.C., Martorell, R., Richter, L., Sachdev, H.S., 2008. Maternal and child undernutrition: consequences for adult health and human capital.



Figure 1. Food Consumer Price Index San Francisco-Oakland-Hayward



Although food programs serve a vital role in addressing food insecurity, they also present an opportunity for cities to support local businesses. This report provides an overview of the types of food programs funded by the City, the economic benefits of those programs and an analysis of specific programs that have the potential to generate additional economic activity in the City while addressing food insecurity.

METHODOLOGY AND APPROACH

On July 30, 2021, the Mayor signed Ordinance 103-21 requiring the creation of a Biennial Food Security and Equity Report. The ordinance requires that DPH collect and aggregate data related to food security and health equity from various City departments (“Reporting Departments”) to “identify the populations in the City that are food insecure, that are receiving City food-related services, whether those services address health, racial, geographic, age, or other inequities; and what barriers to food security exist.” DPH prepared a Food Program Data Framework that included 12 specific data requests from each of the Reporting Departments. DPH aggregated and organized the data, which was shared with Century | Urban, the Food Security Task Force and is publicly available. The Food Program Data Framework included 5 categories of data:

- Department Level Information - includes the number of food programs supported by the department, number of department employees dedicated to food and nutrition related programs, description of the types of food programs supported by the department and type of data collected.
- Program Level Information - includes information related to each specific food program such as the program name, eligibility requirements, number of contracts and/or vendors, the unit of service among other data.



- Program Data - includes the number of individuals and/or households enrolled in the program by zip code.
- Program Funding - includes total budget by funding source (i.e., federal, state, and local sources) for FY 2020/2021 through FY 2024/2025.
- Enrollment Demographics - includes number of individuals/households served by race, ethnicity, gender, language spoken, etc.

Century | Urban evaluated the aggregated data with a particular focus on the program level information and program data to identify programs that provide funding to local businesses or provide workforce training. Next, Century | Urban reviewed the program requirements and funding sources for those identified programs to understand what opportunities and constraints might exist. Finally, Century | Urban interviewed a non-profit that oversees one of the restaurant meal programs and key members of the Human Services Agency food program team to understand the successes and challenges of those programs.

Provided on the following pages are descriptions of the types of food programs funded by the City, and an evaluation of the food programs that have the highest potential to generate meaningful economic benefits to the City, have the potential for expansion and effectively address food insecurity.

TYPES OF FOOD PROGRAMS

DPH organized the food programs provided by the Reporting Departments into three categories: financial resources programs, food access programs, and food infrastructure programs. Financial resources include programs such as CalFresh, Women, Infants and Children (WIC), food vouchers, and income support. Food access programs include free dining rooms, food pantries, school meals, and congregate and home-delivered meals. Finally, infrastructure programs include technical assistance programs, equipment and food recovery, and other programs that support food access programs but do not directly provide food and nutrition.

There are a total of 36 programs in the dataset as shown below.

Program Type	Number of Programs	Number of Vendors/ Contractors	% of Total
Financial Resources	5	4	14%
Food Access	24	109	67%
Infrastructure	7	681*	19%
Total	36	794	100%

* Includes 225 Family Child Care Homes in the Child and Adult Care Food Program (CACFP) and 256 educators in the Healthy Apple Program.

Financial resources programs provide a direct subsidy to individuals and families in need to purchase food from participating vendors, also known as in-kind transfers. The recipient is provided



with a monthly amount based on eligibility, which can be used for purchases of eligible food items at any vendor that accepts the form of payment. CalFresh, by far the largest financial resources program, is a federally and state mandated program that provides monthly food benefits to low-income individuals and families. It is state-supervised and county-operated. The amount of benefits a household receives is dependent on household size, monthly income, and monthly expenses. Monthly benefits are provided via an Electronic Benefit Transfer (EBT) card, which may be used to purchase food at any grocery store or farmers market that accepts EBT cards. WIC is the second largest financial resources program that serves low-income pregnant, postpartum, and breastfeeding women, infants, and children up to age 5. WIC is also a Federally mandated program that is state-supervised and locally-operated.

In contrast, food access programs provide food directly to recipients through grocery bags that may be picked up at food banks or delivered to recipients and cooked meals available in free dining rooms. Funding is provided to the non-profits that operate the programs and not directly to the recipients. Food access programs make up the bulk of the programs offered by the City, totaling 24 out of 36 programs. National School Lunch Program is the largest food access program in terms of funding. It is a federally funded program that assists schools and other agencies in providing nutritious lunches to children at no cost through the California Universal Meal Program. The Community Centered Grocery Access program is the second largest food access program and provides grants to participating vendors/contractors to provide free, high quality, and culturally tailored groceries to low-income households.

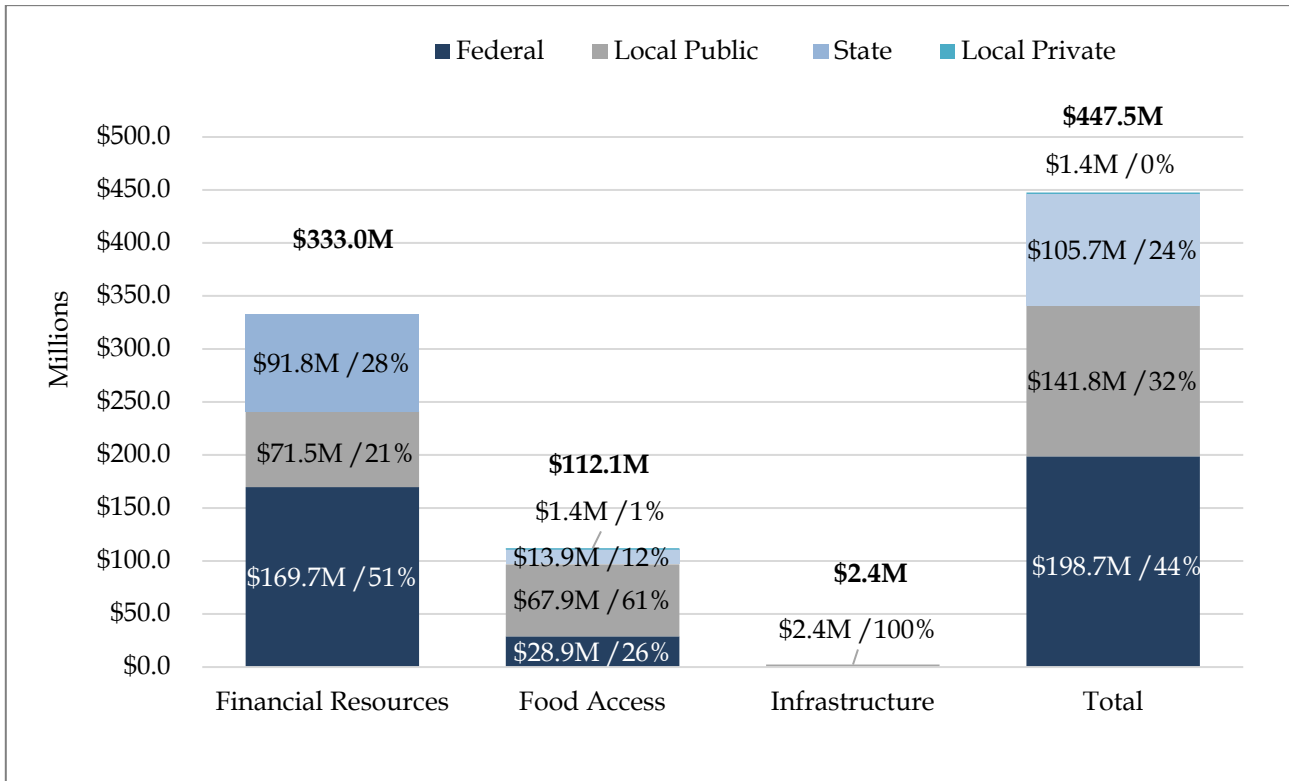
Infrastructure programs make up the smallest portion of overall food programs. These programs are intended to provide technical assistance such as training, equipment and resources for food recovery programs and administers community garden programs, among other types of programs.

FUNDING FOR FOOD PROGRAMS

Funding for the various programs comes from federal, state and local sources including local public and local private sources. For the 2022/23 fiscal year, total benefit funding was approximately \$447 million. Federally funded programs largely include CalFresh, WIC, and the National School Lunch Program. State funded programs largely include CalFresh and the National School Lunch Program. The remaining funding comes from local funding sources of which the City provides \$142 million or 32% of all funding. Financial resources programs represent the largest share of total food program spending in the City. CalFresh is the largest program in the City and is 79% funded by federal and state sources. Notably, all infrastructure programs are locally funded.



Figure 2. Funding by Food Program Type



As shown above, federal funding comprises 44% of all funding, the state contributes 24% of all funding, the City provides 32% of all funding and local private sources make up just 1% of all funding. City funding supports a diverse range of programs from grocery bags, meal support, food vouchers and infrastructure programs. Programs that receive federal and state funding are generally state-supervised, meaning the program requirements, eligibility and funding is controlled at the state level. Thus, the City cannot modify or expand these programs.

ECONOMIC BENEFITS OF FOOD PROGRAMS

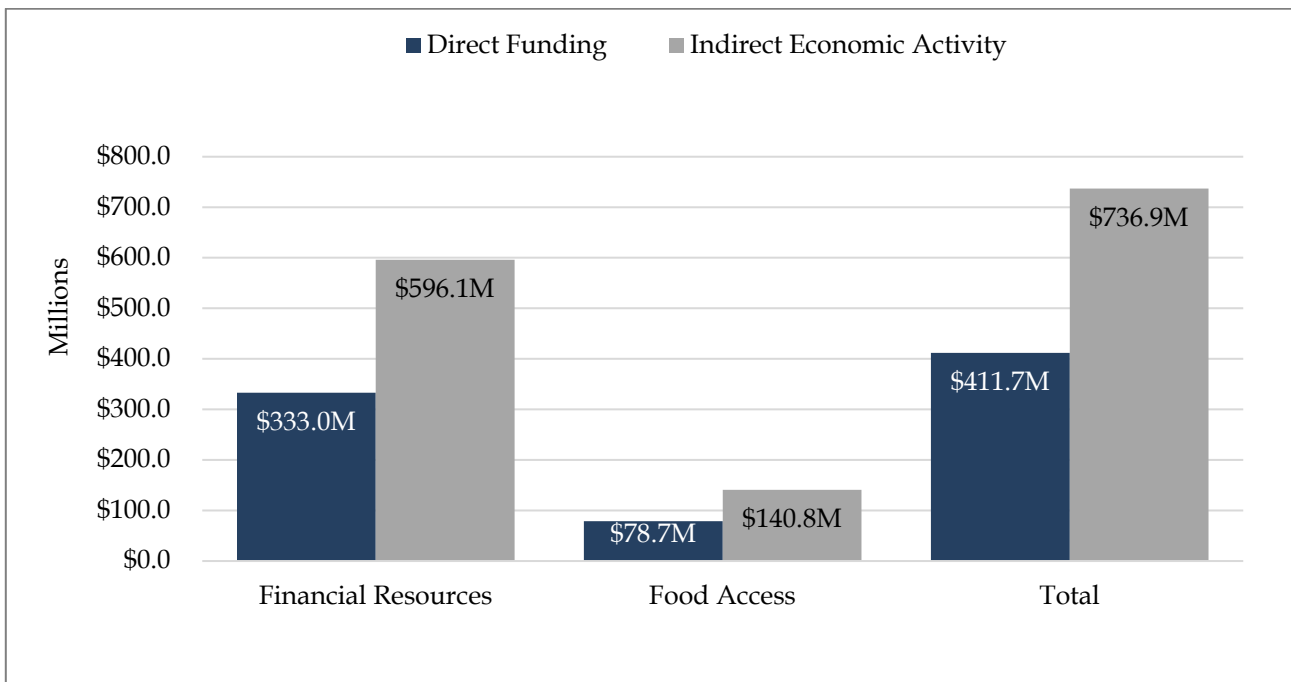
Programs such as CalFresh, WIC and grocery vouchers provide businesses, many of which are small businesses, with a direct payment for the sale of food to eligible participants. These financial resources programs comprise a total of \$333 million of funding in the 2022/2023 fiscal year. The recipients in turn spend this funding at businesses that accept the form of payment. Given that the City is largely isolated from other communities and that the cost of transportation would make it challenging for recipients to make purchases outside of the City, much of this spending likely stays within City limits.. While the location of financial resources spending was not collected in the dataset, the data shows that the largest percentage of CalFresh recipients are located in the areas of the City with the highest rates of poverty. Thus, CalFresh and other financial resources programs inject revenue into low-income neighborhoods, supporting local businesses in those areas.



The economic benefits of financial resources programs like CalFresh are widely understood. A study by the United States Department of Agriculture (“USDA”)³ concluded that the Supplemental Nutrition Assistance Program (“SNAP”), under which the CalFresh program operates, generated an economic multiplier effect of 1.79 for every dollar spent. That is, for every dollar of SNAP benefits, the local economy generated \$1.79 of activity through direct effects from the revenue received by retailers who in turn purchase more goods and pay labor wages. Employees in turn use their labor wages to purchase other goods and services. The study also found that recipients increased food spending by 0.3x and redirected 0.7x of each dollar to other spending such as for housing or other non-food items. Thus, by redirecting spending to other essential needs such as housing and medical costs, recipients will experience better housing security and health outcomes, which provide many additional benefits.

By applying the 1.79x multiplier effect concluded in the USDA study to all financial resources program funding, the City receives economic benefits totaling approximately \$170 million. However, when we include the funding to meal programs within the food access category, the total indirect economic activity increases to approximately \$311 million. The meal programs are included because the programs must acquire the ingredients for the meals, pay for the facilities to cook the meals and, in many cases, pay for the labor that cooks the meals, thus contributing to the local economy. However, it should be noted that many of the vendors that operate the meal programs are non-profit entities that rely on volunteer labor.

Figure 3. Food Program Multiplier Effect per USDA Study



The connection between food security and health costs has been widely studied. A study completed in 1993 concluded that WIC results in a greater amount of health cost savings than the program

³ https://www.ers.usda.gov/webdocs/publications/44748/7996_err103_1_.pdf



costs⁴. In addition, a US Government Accountability Office study that found for each WIC dollar, \$2.89 was saved in Medicaid costs in an infant's first year and a total of \$3.50 saved in Medicaid costs from birth to 18 years⁵.

The economic benefits extend beyond medical cost savings and revenue for businesses. Local food systems create and support a diverse array of jobs such as farm workers, processors, distributors, and restaurant and grocery retail workers, in addition to the supporting jobs such as suppliers and those required to warehouse, manufacture, and move food items or packaging throughout the system. A 2010 study by UW-Madison for the Institutional Food Market Coalition estimated that 2.2 jobs are created for every \$100,000 in local food sales⁶.

While the economic benefits of financial resources programs such as CalFresh are clear, these programs are often state-directed with program requirements that cannot be modified by the local level. Thus, while these program may generate significant economic benefits, the City has no control to expand or change the programs to direct funding to activities that support more local businesses and jobs.

Century | Urban reviewed the aggregated data provided by DPH to identify programs that generate economic activity, which is defined as adding to local spending or creating jobs and that are not funded by federal or state sources. Five such types of programs were identified:

- Grocery vouchers - these include the BIH Grocery vouchers program, Healthy Food Purchasing Supplement and Grocery Vouchers through the Citywide Food Access Team. These programs provide a direct transfer to eligible individuals and households to purchase groceries at participating businesses.
- Restaurant meals - this includes the Choosing Healthy Appetizing Meal Plan Solutions for Seniors ("CHAMPPS") and the Family Meal Pack program through SF New Deal. CHAMPPS participants receive a special meal card that is loaded by the non-profit partner, which can be used at participating restaurants. This program is limited to seniors. Currently, there are only three vendors that accept CHAMPPS participants. Alternatively, the Family Meal Pack program has over 1,000 participants and 38 vendors providing restaurant meals from various cuisine types. This program is eligible to households with at least one child under the age of five. Although CalFresh offers a program called Restaurant Meal Program, which similarly provides restaurant meals, this program provides limited funds to recipients and the price per meal cap is too low to attract a variety of participating restaurants. In addition, this program is state-controlled and thus does not provide an opportunity for deriving additional economic benefits.
- Matching programs - the Market Match program provides CalFresh recipients with \$15 or more of matching funds at participating farmers markets per visit.

⁴ Abrams, B., 1993. Preventing low birth weight: does WIC work? A review of evaluations of the special supplemental food program for women, infants, and children

⁵ <https://onlinelibrary.wiley.com/doi/10.1111/1467-8276.00135>

⁶ Institutional Food Market Coalition. 2010 Program Report. Annual Report, Madison: Dane County Department of Planning and Development, 2010.



- Community Kitchens – the City funds three community kitchens (previously four) that train low-income individuals in the culinary arts while providing congregate meals.
- Retail business infrastructure – OEWD oversees the healthy retail program that provides funding to corner stores to upgrade equipment to allow for the sale of fresh produce. While this program is intended as a health program and not an economic development program, it enables businesses to benefit from food programs that provide direct revenue to those businesses.

Provided below is a discussion of the economic benefits of each of these types of programs with an emphasis on select programs that present opportunity for generating additional economic activity.

Grocery Vouchers

The economic benefits of in-kind transfers such as the grocery voucher programs described above are well documented and discussed in greater detail on page 8. As noted previously, these programs are estimated to generate additional economic benefits equal to 1.79 for every dollar spent. In total the three City-funded grocery voucher programs comprise approximately \$4.7 million of funding. Thus, the indirect benefit of these programs is approximately \$8.4 million of economic activity.

Although grocery voucher programs and other in-kind transfers generate a significant amount of economic activity, these programs receive approximately \$333 million of funding or 74% of all food program spending, the spending is largely concentrated at grocery stores. According to a Colorado State University study⁷ in partnership with SPUR, approximately 93% of SNAP redemptions occur in grocery stores. Therefore, the economic benefits are largely concentrated in this food retail sector.

Family Meal Pack

The Family Meal Pack program is operated by SF New Deal, a non-profit organization dedicated to supporting under-resourced small businesses. Unlike the CalFresh Restaurant Meal Program, the Family Meal Pack program pays on average \$14 per meal, which is approximately the price point that restaurants would sell meals to the general public. SF New Deal works with the individual restaurants to determine meals that meet the nutritional requirements of the program and are at a price level that is feasible for both the program and the business owner. This creates an incentive for businesses to participate. SF New Deal uses SMS texting for ordering but meal cards are also available. The program offers 8 meal credits per week. The payment goes directly to the restaurant.

According to SF New Deal, the goal of the program is to support small businesses that are deeply integrated within their neighborhoods, particularly in areas like Chinatown and the Tenderloin. An important criterion of the program is that the participating restaurants match the service and cultural identities of the local community. There are 38 active restaurants that represent 14 cuisine types.

SF New Deal also works to ensure that the program is profitable for all participants. Consequently, SF New Deal has received more interest from business owners than there is capacity. The program supports under-resourced small businesses with under 100 employees that are often minority

⁷ https://www.spur.org/sites/default/files/2021-02/economic_contributions_incentives_2_2_21_0.pdf



owned. Business owners have consistently praised the program as it provides a reliable source of income.

In addition to supporting local businesses, cooked meals are critical for individuals and households with limited access to cooking facilities. Although congregate meal centers provide meal access, restaurant meals offer an additional option for culturally diverse and nutritious foods.

While the program has been successful in attracting restaurant participants, it has also been well-received amongst recipients with 5,378 individuals enrolled representing 1,295 households in the 2022/2023 fiscal year. The program served approximately 126,000 meals during the last fiscal year, which at \$12.50 per meal totals approximately \$1.6 million of revenue to participating restaurants. Despite its popularity, the program budget is anticipated to decline from \$2.25 million in the 2023/2024 fiscal year to \$1.8 million for the 2024/2025 fiscal year.

Market Match

The Market Match program makes farm-fresh, locally sourced fresh foods more affordable to low-income families. CalFresh benefits are matched dollar-for-dollar, up to \$15, with tokens redeemable for fruits and vegetables at all participating farmers markets. Currently there are approximately 15 markets that participate in the program and an additional three markets that accept EBT but are not a participant in the Market Match program. CalFresh recipients spent approximately \$5.3 million in CalFresh benefits at San Francisco farmers markets in fiscal year 2022/2023.

A study by Colorado State University in partnership with SPUR found that farmers market incentive spending generates an economic multiplier of 3.0. That is, for every dollar spent on incentives at farm-direct outlets the contribution to the economy is 3.0 dollars. This is higher than the multiplier effect for incentive spending at grocery stores. In addition, a study by UC Davis⁸ found a link between farmers market customers and surrounding local businesses. Research conducted in Oregon determined that between 31% and 92% of farmers market customers shopped at local businesses in proximity to the farmers market, based on surveys from five markets in the state. The study also cited a Washington State University survey of 4,200 farmers market shoppers, revealing that 57% of respondents primarily visited downtown for the market and on average, these visitors spent \$13.47 at the market and \$16.03 at other downtown businesses. Similar patterns emerged in other regions like New Orleans, Wisconsin, and Idaho. Another study spanning three cities—Baltimore, Cleveland, and Los Angeles—highlighted the estimated annual economic impact of farmers markets on neighboring businesses, ranging from \$19,900 to over \$1 million per market.

Although it is less likely that recipients of CalFresh will have the disposable income to spend meaningfully at nearby businesses, the study highlights the importance of farmers markets to local businesses. Thus, supporting and maintaining vibrant farmers markets generate positive benefits for the market vendors as well as the surrounding communities. In addition, farmers markets support more than food sellers. It serves as a place for artisans and local makers to sell their products. Many of these vendors are local micro businesses that do not have a traditional storefront.

⁸ <https://localfoodeconomics.com/wp-content/uploads/2016/07/Regional-report-final-71316.pdf>



Community Kitchens

There are currently three community kitchens that operate in the City. These facilities offer culinary job training for community members who are overcoming obstacles such as former incarceration or homelessness. One such program, Farming Hope, helps adults experiencing major barriers to employment while providing high-quality nutritious meals to community members who are food-insecure and rescuing food from landfills. The program fulfills three missions in one: providing job training, offering meals to those in need, and reducing food waste. Approximately 25-30 apprentices graduate from their trainee program each year.

Healthy Retail

Formed through legislation in 2013, Healthy Retail SF is overseen by OEWD and DPH. This initiative operates in collaboration with the Tenderloin Healthy Corner Store Coalition (TLHCSC), the Small Business Development Center (SBDC), and Sutti Associates.

Healthy Retail SF creates an expert advisory group, designs program structures and tools, and implements neighborhood wide outreach meetings with store owners. Each participating store receives a tailored 13-page Individualized Development Plan (IDP) that outlines activities, timelines, persons responsible and budget in three areas: business operations, physical changes to the store, and community engagement and marketing. OEWD brings its specialized knowledge and resources in economic development, business management, and workforce development.

Per the last annual report prepared by Bright Research Group, 12 corner stores in the Tenderloin, Bayview-Hunters Point, and Oceanview neighborhoods have participated in the program. Five stores graduated from the program and an additional seven stores have already undergone their redesign and are on track to graduate. Stores participate in Healthy Retail SF for an average of three to five years before graduating from the program. Participating stores have been in business in their neighborhoods for an average of 17 years. Several of these longstanding community-based businesses were at risk of displacement or closing before participating in the program.

For a typical corner store, at the beginning of their participation in their program, produce accounted for only 6% of the store's sales (on average). After three years in the program, that number had doubled to 12% of total sales. While the store's business model increases its reliance on produce sales, stores are also decreasing their reliance on tobacco sales. The proportion of total sales that came from tobacco sales decreased from 10% at the beginning of the program to 7% after three years.

Healthy-food retailers are realizing the value of selling fruits and vegetables to their community. After three years of participating in Healthy Retail SF, each Healthy Retail SF store, on average, saw a 39% increase in the number of produce items sold and a \$33,000 increase in revenue due to produce sales.

In addition, from 2016 to 2019, \$81,000 in EatSF vouchers were redeemed to purchase fruits and vegetables at Healthy Retail SF stores. These vouchers make fresh fruits and vegetables affordable and accessible to low-income households. The combination of Healthy Retail and EatSF vouchers provides further incentive for business to participate in this program.



CONCLUSION

Food programs offer a multitude of benefits ranging from increasing food security, reducing health costs, improving housing security and offering workforce training. In addition to these social benefits, food programs generate economic activity in the communities receiving funding. This is due to the multiplier effect of in-kind transfers as well as the direct payment made to local businesses, which provide a reliable source of income. While all food programs funded by the City generate both positive social and economic benefits, restaurant meal programs like the Family Meal Pack program offer the opportunity to scale up to support more businesses (existing and new) in a sector that has been hardest impacted by the pandemic while also addressing food insecurity. The success of the Family Meal Pack program is evidenced by feedback received by participating restaurants and demand for participating that exceeds program capacity. The program is currently limited to households with at least one child under the age of five; however, the need for restaurant meals extends to individuals who are unable to or do not have access to cooking facilities as well as seniors. Therefore, the City could consider expanding the eligibility for this program to include other groups.