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The USDA Healthy Food Financing Initiative

According to the U.S. Department of Agriculture (USDA) Economic Research Service (ERS), approximately 13.8 million households in the United States were *food-insecure* in 2020. ERS defines food-insecure households as “households that had difficulty at some time during the year providing food for all of their members because of a lack of resources.” One component of food insecurity is food access, or the ability of people to find grocery stores or other food retail outlets that provide healthy and affordable food in their community. Studies have found that low-income communities tend to have fewer supermarkets than high-income communities. Similarly, communities of color (particularly predominantly Black and Hispanic communities) tend to have fewer supermarkets than predominantly White communities.

In 2010, the Obama Administration introduced a plan for the Healthy Food Financing Initiative (HFFI), which would increase access to healthy food retail outlets in underserved communities. An underserved community is an urban, rural, or Indian tribal community with “limited access to affordable, healthy foods, including fresh fruits and vegetables, in grocery retail stores or farmer-to-consumer direct markets; and a high rate of hunger or food insecurity or a high poverty rate.” (7 U.S.C. §1932(g)(9)).

HFFI was created to be a partnership between USDA, the Department of the Treasury (Treasury), and the Department of Health and Human Services (HHS). This In Focus provides an overview of the USDA Healthy Food Financing Initiative, compares the USDA program to the Treasury and HHS programs, and provides some potential considerations for Congress.

The USDA HFFI Program

Background

The Obama Administration’s plan for HFFI was to utilize diverse strategies across multiple federal departments to help increase food access in underserved communities. HFFI would be a partnership among USDA, Treasury, and HHS. Each federal department would take a different approach to increasing food access. USDA would expand demand for farm products and locally produced foods at retail outlets in underserved communities. Treasury would support private sector financing for healthy food projects. HHS would finance community-based projects. In FY2011, the Administration requested \$20 million for HHS, \$25 million for Treasury, and \$50 million for USDA to carry out HFFI activities.

Comparing HHS, Treasury, and USDA Funding

The concept of HFFI as a partnership across three departments working simultaneously on increasing food

access was not fully funded by Congress. Over the past 10 years, Congress has funded two out of the three departments to work on HFFI activities but has not funded all three departments at the same time. See **Table 1**.

From FY2011 to FY2016, Congress appropriated annual funding to HHS and Treasury for their HFFI activities. During this time, Congress did not appropriate funding to USDA for HFFI activities.

Congress provided funding to HHS to create an HFFI track within its Community Economic Development Program. The HFFI track provided competitive grants to community development corporations for projects that financed grocery stores and other retail outlets that provide healthy foods in low-income communities. Congress also provided funding to Treasury to create an HFFI track within its Community Development Financial Institutions (CDFI) Program. The HFFI track provides grants, training, and technical assistance to community development financial institutions so they can provide loans for local projects that increase access to healthy foods in underserved communities.

From FY2017 to FY2022, Congress provided annual appropriations for Treasury and USDA to conduct HFFI activities. See “Program Overview,” below, for more information on the USDA HFFI program. During that time, Congress did not appropriate funding to HHS for its HFFI activities.

Table 1. Healthy Food Financing Initiative Funding by Federal Department: FY2011 to FY2022

Fiscal Year	USDA Funding	HHS Funding	Treasury Funding
FY2011	\$0	\$10 million	\$22 million
FY2012	\$0	\$10 million	\$22 million
FY2013	\$0	\$10 million	\$22 million
FY2014	\$0	\$10 million	\$22 million
FY2015	\$0	\$10 million	\$22 million
FY2016	\$0	\$10 million	\$22 million
FY2017	\$1 million	\$0	\$22 million
FY2018	\$1 million	\$0	\$22 million
FY2019	\$2 million	\$0	\$22 million
FY2020	\$5 million	\$0	\$22 million
FY2021	\$5 million	\$0	\$23 million
FY2022	\$160 million	\$0	\$23 million

Source: Compiled by CRS from annual appropriations acts and congressional justification reports from the federal departments.

Notes: USDA = U.S. Department of Agriculture; HHS = Department of Health and Human Services; Treasury = Department of the Treasury. USDA funding for FY2022 includes \$5 million from the Consolidated Appropriations Act, 2022 (P.L. 117-103) and \$155 million from the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2, Title I, §1001). The ARPA funding to USDA for its HFFI program remains available until expended.

Program Authority

In 2014, Congress authorized USDA to establish its HFFI program through the Agricultural Act of 2014 (P.L. 113-79, Title IV, §4206). Congress created the USDA HFFI to be a stand-alone program, rather than a track within an existing program. Congress authorized USDA to provide loans, grants, and technical assistance to food retailers to help them place grocery stores and other healthy food retail outlets in underserved communities. Congress also directed USDA to select a community development financial institution to administer HFFI on USDA's behalf.

Congress reauthorized the USDA HFFI program in the Agriculture Improvement Act of 2018 (P.L. 115-334, Title IV, §4204). Among other changes, Congress expanded eligibility for USDA HFFI loans, grants, and technical assistance to include food enterprises (7 U.S.C. §6953). Food enterprises are businesses and organizations that operate along the food supply chain in areas such as aggregation, processing, distributing, manufacturing, and retail markets. Food enterprises can also provide technical assistance to food entrepreneurs. These entities do not necessarily sell food directly to consumers.

Program Funding

From FY2017 to FY2022, Congress provided annual appropriations to USDA for its HFFI program ranging from \$1 million to \$5 million per year. Congress provided this funding to USDA for grants and technical assistance. To date, Congress has not provided funding to USDA to issue loans through its HFFI program.

In 2022, USDA designated \$155 million of supplemental funding to the USDA HFFI program. The funding came from the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2, Title I, §1001). Congress provided \$4 billion within the law to address disruptions in the food supply chain and agricultural production system caused by the Coronavirus Disease 2019 (COVID-19) pandemic. Congress provided the funds to USDA to remain available until expended.

USDA stated in a June 2022 press release that the “pandemic exposed and exacerbated the challenges of food and nutrition insecurity in this country.” It stated that the additional funds allocated to the USDA HFFI program would “support new and expanded access to markets for a diversity of growers while helping consumers access healthy foods.”

Program Overview

In 2017, USDA selected the Reinvestment Fund, a community development financial institution, to administer

the USDA HFFI program. The USDA HFFI program provides grants and technical assistance to food retailers and food enterprises to expand healthy food access in underserved communities. The grants range from \$20,000 to \$200,000. Grants can pay for expenses associated with project development, renovation, and expansion. The grants provide a one-time investment of capital into the projects to help applicants overcome initial economic barriers in locating healthy food retail outlets in underserved communities. Funded grant projects have used a wide range of strategies to increase food access, including developing food incubator kitchens, expanding cold storage within existing grocery stores, and creating mobile markets that deliver healthy food to remote communities.

In addition to grants, the USDA HFFI program provides technical assistance to eligible entities in the early stages of planning food retail or enterprise projects. Technical assistance can include market analysis, feasibility studies, and financial modeling.

Potential Considerations for Congress

Overseeing the Awarding of Supplemental Funding

In FY2022, Congress allocated \$160 million to the USDA HFFI program. This funding is more than 30 times as much funding as USDA received for this program in any previous year. Congress may consider whether USDA has sufficient program staff in place to administer the distribution of the FY2022 funds and over what time frame these funds will be distributed. Interested congressional stakeholders may oversee the planning and implementation strategies developed by USDA for this funding. Another consideration for Congress may be how this increase in funding might impact the quality of the applications that are funded. Congress may consider what procedures USDA has in place to assess qualified applications and ensure funded applications meet specified criteria.

Impact of Supplemental Funding on Statewide Initiatives

Some state legislatures have enacted, or are enacting, policies that create state-level healthy food financing initiatives similar to the USDA HFFI program. Many of these statewide initiatives also offer grants and technical assistance to improve healthy food access for underserved communities. Congress may consider how the FY2022 funding provided for the USDA HFFI program (i.e., \$160 million) may impact these statewide HFFI initiatives. For example, Congress may assess whether providing more federal funding for HFFI projects may result in statewide initiatives receiving less funding in the future from state or private funders that may see the state initiatives as duplicative. Congress may consider strategies to ensure that USDA HFFI projects complement statewide initiatives rather than duplicate statewide initiatives.

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