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The WIC Fruit and Vegetable Cash Voucher

Does Regional Price Variation Affect Buying Power?

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What Is the Issue?

A large portion of the eligible U.S. population takes part in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which provides supplemental foods, health care referrals, and nutrition education to low-income pregnant, breastfeeding, and postpartum women and to infants and children at nutritional risk. Despite this dietary boost, most WIC participants remain at nutritional risk, predisposing them to adverse health conditions now and later in life. To reduce this risk, the Federal Government enhanced the nutritional value of WIC food packages in October 2009. The most significant addition was a fixed-value voucher to purchase fruits and vegetables, which previously had not been included in WIC packages. But because food prices vary across the country, there is concern that the fixed-value provision of the vouchers may undercut their effectiveness for WIC participants in higher priced market areas. To assess the possible impact of price variation on the purchasing power of WIC fruit and vegetable vouchers, we examined the prices of individual fruits and vegetables at the metropolitan (metro) level across the United States.

What Did the Study Find?

The purchasing power of fruit and vegetable vouchers differed substantially across market areas due to significant price variation, implying that WIC participants in some areas will be unable to buy as many fruits and vegetables as those living in other areas. Results of the study show that:

- Most fruits and vegetables were 30-70 percent more expensive in their highest priced market than their lowest. However, the overall price range was wider: 26 percent for pears—the smallest price spread across markets—to 140 percent for grapefruit—the largest spread across markets.

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- The Metro South 2 market (Nashville, Birmingham, Memphis, and Louisville) tended to have the lowest *average* prices, while San Francisco tended to have the highest. Average prices were more than 20 percent higher in San Francisco than in the Metro South 2 area.
- The relative prices of the various fruits and vegetables held constant across U.S. markets. The most expensive vegetables were peppers and tomatoes, and the most expensive fruits were strawberries and grapes. The lowest cost vegetables were cabbage and corn, while bananas and oranges were the lowest cost fruits.
- A WIC participant with a \$10 voucher could purchase 17 percent more tomatoes per month or 13 percent more apples per month in the lowest priced market compared with the national average, while in the most expensive market she would be able to buy 15 percent fewer tomatoes and 11 percent fewer apples compared with the national average.

How Was the Study Conducted?

We used the 2004-06 Nielsen Homescan panel data for households, in which respondents recorded all of their purchases at a wide variety of food retailers, including traditional grocery stores and nontraditional stores, such as warehouse clubs and supercenters. We calculated the mean market-level prices of 20 fresh and processed fruits and vegetables in 26 aggregate market areas. By comparing prices of the most commonly purchased fruits and vegetables based on national U.S. averages, we were able to quantify how many more or fewer fruits and vegetables WIC participants in the various market areas would be able to purchase. Finally, we constructed a price index to rank markets from least to most expensive.