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**New Economic Approaches to Consumer Welfare and Nutrition**  
**A Food & Agricultural Marketing Consortium Conference**  
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# **New Economic Approaches to Consumer Welfare and Nutrition**

Conference Proceedings

Food and Agricultural Marketing Consortium  
Alexandria, Virginia  
January 14-15, 1999

**Food and Agriculture Marketing Consortium Conference, Jan. 14-15, 1999.**

Session: Consumer Choice and Food Retailing.

“Public Policy Implications of *Development of Scales to Measure Perceived Performance of the Food System and an Index of Food-Related Welfare*,” by Phil R. Kaufman, USDA-ERS.

Public Policy in a broader context is a process that seeks to effect change and desired outcomes. It is my belief that policymakers and those supporting policy through research and analyses should be able to assess the impact of their programs and policies on the target population.

Within the USDA, much of food policy is related to food assistance and food safety programs. The USDA is using food policy to effect change in a variety of ways. Food assistance programs seek to provide low-income households with minimum standards of nutrition. Through supplementary benefit programs such as Women, Infants, and Children (WIC) and Food Stamps, households are given the means to purchase food through the private sector food retailing industry. In 1997, \$26.6 billion in coupons and vouchers were distributed to needy households representing about 7.1 percent of all spending for retail food in the U.S. This represents a significant expenditure by the Federal government, and involved 30.3 million recipients. Given the magnitude of this program, it seems logical that policy formulation, in addition to providing the basis of rules and regulations for participating food retailers and needy households, should make a better effort to evaluate the impact of food assistance programs on those receiving its benefits.

That is not to imply Agencies lack measurement of the impact on meeting certain specific objectives, such as nutritional intake or health-related impacts. To my knowledge, direct measurement of changes in the welfare of food assistance recipients has not been undertaken. A recent study by the Food and Nutrition Service of food stamp authorized retailers focused on issues of concern to low-income households, including food prices, food variety and availability, and the cleanliness and services of food stamp authorized outlets. However, no attempt was made to obtain the views and perceptions of recipient households directly.

There are some indications that food assistance benefits are not being fully utilized. There is evidence of fraudulent practices, such as stores accepting coupons for non-authorized retail items, individuals exchanging coupons for cash or services, and black market trading. In the WIC program, a few States, such as California and Ohio are able to determine what specific food vouchers are not being used. They have found that many foods are not consumed by certain ethnic populations, resulting in unused benefits. These inefficiencies point out the need for policy performance assessment that takes into account the measurement of various food factors such as those presented in the Henson

and Traill analyses in order to allow administering Agencies to better meet the needs of food assistance households.

Indeed, with the implementation of the Federal Gov't Performance and Results Act (GPRA), Program agencies must annually empirically evaluate outcomes, defined as change in the well-being of its target population in relation to policy and program interventions. The approach presented by Henson and Traill may have direct application to food assistance agencies seeking to meet the evaluation criteria for meeting GPRA requirements. Henson and Traill's paper demonstrate means by which consumer welfare measures might be used to improve the effectiveness and efficiency of public policy in meeting its objectives.