

# FOOD CO-OPS & HEALTHY FOOD ACCESS PROJECT

## Cooperative Fund of New England & Neighboring Food Co-op Association

### Project Update, May 2011

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#### Project Goals

To increase access to healthy, regionally-sourced food and food co-op member/ownership and participation among economically marginalized individuals and communities in New England; to support information sharing among food co-ops regarding facilitation of participation of marginalized individuals and communities; and to raise the profile of food co-ops as a solution to the challenge of healthy food access in our region.

#### Background

In the U.S. 23.5 million Americans (including 6.5 million children) live in areas with limited access to affordable and nutritious food, particularly in low-income neighborhoods and communities. The recent recession and its aftermath have had a dramatic impact on communities across our region, affecting people's ability to provide themselves and their families with healthy food. At the same time, food system advocates have been able to encourage a national dialog on healthy food, local food systems and food access. It is a sign of our times that the United States Department of Agriculture, Health and Human Services and the US Treasury have recently joined together as part of First Lady Michelle Obama's *Let's Move!* Initiative to reduce childhood obesity and increase access to healthy, affordable food.

Much of New England faces a particular challenge to healthy food access. When comparing the cost of high-nutrition, less processed foods to low-nutrition, highly processed foods, the relative costs of nutritious food is amongst the highest in the country. This is true across the menu, including the cost of milk vs. soda, whole grains vs. refined grains, and fruit vs. packaged snacks<sup>1</sup>. Additionally, childhood obesity rates are higher in many parts of the region than the national average.

Food co-ops have been innovators in a range of food and social movements, including community ownership, natural foods, organic agriculture, fair trade and economic relocalization. The roots of the co-op movement are in empowering working people in their daily lives through democratically controlled, community-based enterprise and represent an opportunity to expand the benefits of healthy affordable food and ownership into low-income communities.

Historically, food co-ops in our region have emerged as community-based initiatives in response to limited access to healthy, organic and locally sourced food. In many places, these member-owned buying clubs and grocery stores were the pioneers in making such products available to the community and encouraging competition by mainstream retailers in these areas. Most of the food co-ops in New England were founded in the 1970s and 80s, though at least two have their roots in the Great Depression. Despite the difficult economy existing co-ops continue to grow in sales and in membership. In the past few years, a new wave of food co-op start-up efforts has emerged, reflecting a growing interest in local foods and community ownership.

Food co-ops would appear to be an effective tool for supporting healthy food access, locally rooted economic infrastructure and ownership opportunities due to the values and principles of the movement, relatively affordable member shares (generally ranging from \$50-\$175), and participation and governance on the basis of one member, one vote. However, food co-ops in our region vary in their success in recruiting low-income member/owners and in serving their communities. Many have successful programs in place to address barriers to participation, while others are challenged in developing effective strategies to reach these populations. For many food co-ops, there is the central challenge of being affordable to all sectors of the community while also facilitating economic support of food systems that provide high nutrition, protect human and ecological health, and promote fair relationships with producers and farmworkers.

In response to these opportunities and challenges, the Cooperative Fund of New England (CFNE) and the Neighboring Food Co-op Association (NFCA) have partnered in a project to help expand the application of the co-op model to issues of access to healthy, affordable, regionally-sourced food. These organizations have also collaborated with CoopMetrics and the National Cooperative Grocers Association (NCGA) to survey food co-ops on a regional and national level about innovative programs to engage economically marginalized communities. Our goal is to better understand successful models, explore areas of opportunity and share these with food co-ops, community activists and economic development organizations.

CFNE has a 36-year history of providing capital and technical assistance to co-ops, worker owned enterprises, and non-profits in distressed communities, including many of New England's food co-ops. NFCA is a co-operative association of more than 20 existing and start-up food co-ops in western New England that are committed to a shared vision of a thriving regional

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<sup>1</sup> Food Atlas – [www.ers.usda.gov/foodatlas](http://www.ers.usda.gov/foodatlas)



economy, rooted in a healthy, just and sustainable food system and collaboration among co-ops. Included in this vision is access to healthy, regionally sourced food for everyone.

### **Progress Summary: Collection of Successes, Challenges & Areas of Opportunity**

Between January and April 2011, CFNE and the NFCA surveyed 23 food co-ops in New England and 6 food co-ops from outside of our region, to learn what successes and challenges they have had in incorporating economically marginalized people into their member/consumer base and collaborating with low-income community advocacy organizations.

The survey focused on a number of anticipated barriers that stand between economically marginalized people and healthy food and ownership at food co-ops. It explored strategies that co-ops have used to overcome these obstacles. These include: public food subsidies, education and outreach, subsidized membership options, product selection, partnerships with community groups, and language-appropriate educational and promotional materials. Below is a summary of initial findings, organized according to what we see as some of the areas of success, challenges and opportunities to expand access.

**Successful Models & Initiatives.** Many of the co-ops surveyed reported a variety of programs and initiatives aimed at serving and engaging economically marginalized individuals more effectively. These efforts may serve as models to share with other food co-ops in the region through networks such as the NFCA. Examples include:

- **Access to Membership.** 70% of the co-ops surveyed offer membership options intended to facilitate participation by lower income individuals, including an extended payment plans (52%), discounted member shares (13%), purchase of a member share through allocation of the annual patronage refund, or a reduction in share cost through a fund subsidized by the co-op.
- **Education & Outreach.** Over half of co-ops surveyed conduct outreach specifically to low-income communities. Some co-ops have education staff that conduct direct outreach or work with partner organizations to offer classes to young people and programs on cooking, nutrition and eating healthily on a budget. One respondent offers an “affordability tour” around their co-op, focused on how customers can shop on a tight budget. Some co-ops partner with organizations working in low-income communities and distribute materials through these relationships.
- **Community Collaboration.** Many of the co-ops surveyed support organizations in their communities working to make healthy food more affordable, such as soup kitchens, community organizations and schools. These initiatives not only support expanded access, but also help communicate the co-op difference as a member owned enterprise with a “concern for community”. 43% of respondents collaborate with community organizations in educational efforts.
- **Participation in Public Programs.** Over 90% of the co-ops surveyed participate in some government subsidy program, with over 80% of NFCA members participating in SNAP and over 60% in WIC. Some co-ops increased the impact of purchases made through public programs by contributing a co-op funded subsidy of up to an additional 10%. Over 25% participate in alternative, community-based programs. Others have programs of their own, including discounts for self-identified low-income shoppers and vouchers distributed through partner organizations in the community.
- **Product Affordability.** 65% of respondents reported offering a mix of natural/organic foods and lower cost, conventional products, and some co-ops reported development of a special line of “basic” products with a reduced price supported by lower margins. Food co-ops in our region are attempting to balance local sourcing with the economies of scale provided by working with national and regional distributors.

**Challenges to Success.** At the same time, many co-ops also reported challenges to their successful outreach to low-income individuals and communities. Future activities may focus on how to help food co-ops overcome some of these issues.

- **Membership Shares.** Among co-ops that offer subsidy of member shares for low-income individuals, participation is reported to appear limited. Are there ways to increase participation in these programs?
- **Public Subsidies.** While many of the co-ops surveyed participate in WIC and other programs, this has proven difficult for co-ops with specific policies prohibiting some types of products (e.g. genetically modified organisms).
- **Operational Needs.** For some co-ops, the need to focus on operational issues and the viability of the business makes it challenging to give attention to other priorities.
- **Economies of Scale.** While not addressed directly in our survey, many of the co-ops surveyed are small in size and may not be able to take advantage of economies of scale in their purchasing in order to bring down costs.

**Opportunities for Exploration.** Overall, the results of our initial survey point to many exciting opportunities for sharing existing models and programs across food co-ops networks. In addition there are areas for potential development of new initiatives that could be supported by CFNE and the NFCA.

- **Program Collaboration.** An initial effort of this project will be the sharing of existing models and programs across the NFCA and other networks so that local food co-ops and start-up efforts can explore models appropriate to their communities and particular opportunities. This may take the form of a compiled resource, the piloting of new initiatives, or ongoing services provided by the NFCA.
- **Organizational Membership.** Over 50% of the food co-ops surveyed include both individual and organizational membership. Organizational membership may present an opportunity to engage low-income community and advocacy groups in the activities of food co-ops.
- **Demographics.** The economy is a continuing challenge across our region, affecting all communities, regardless of economic status. This may represent an opportunity for food co-ops reach out to growing immigrant and minority populations. For example, only 13% of the co-ops surveyed mentioned having resources in a non-English language. In areas with strong or growing populations of non-English speakers or people for whom English is a second language, there may be an opportunity for stronger outreach and communication with these communities.
- **New Locations & Discount Outlets.** One member of the NFCA has a separate outlet for deeply discounted products procured from warehouses and suppliers selling short-dated, over-stock, and returns. Others have recently opened or are considering additional storefronts in neighboring communities. As food co-ops continue to grow, there may be opportunities for expansion that include strategies around affordability and direct engagement with low-income communities in urban and rural areas.
- **Tracking Participation.** While many food co-ops have specific initiatives encouraging low-income access, few were able to provide specific figures for the number of shoppers participating in programs. Being able to track participation in programs such as WIC and SNAP, and the resources allocated by co-ops to efforts to engage low-income communities would better enable food co-ops to communicate these efforts and make the case for co-ops as a model for improving food security.
- **Marketing & Education.** While many of the co-ops surveyed invest resources in making healthy food more accessible, these initiatives may not be well understood in the community. At the same time, there is sometimes a perception that food co-ops are generally more expensive than mainstream competitors or cater only to an alternative customer base. There may be opportunities to obtain additional VT data on this question – for example, a recent study by the VT chapter of the Northeast Organic Farming Association (VT NOFA). VT NOFA found that food co-ops in Vermont offered the largest selection of organic produce compared to conventional retail grocery stores, with overall prices for organic produce lower in food co-ops in the state than in conventional grocery stores. We can also help member co-ops better communicate their activities in the community and the benefits of membership.

## Next Steps

From the beginnings of the movement, co-ops have had a dramatic impact on community development and access to healthy food for people of limited means. More recently, food co-ops in our region have continued this tradition, pioneering movements for natural, organic, fairly traded and locally sourced foods. The primary goals of this project are to assess, analyze and develop programs that support low-income access to healthy food, member/ownership and participation in food co-ops, particularly in New England and the Northeast.

More than half of the co-ops surveyed were interested in participating directly in the development of this project moving forward. Current plans include further compilation and processing of survey data and convening a committee of co-op representatives to evaluate the findings and recommend next steps. Priorities for consideration include a “toolbox” or other models for sharing of best practices, the design of new programs for community education, outreach and engagement, and the development of potential funding mechanisms to support expansion of programs facilitating low-income access and participation. Our organizations are committed to this project and will also be reaching out to potential funders for additional resources to help ensure its success.

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