2024 Report on Food Access in Illinois

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Report on Food Access in Illinois

Affiliation This report was written by the Illinois Institute for Rural Affairs at Western Illinois University in partnership with the University of Illinois Extension for the Illinois Department of Commerce and Economic and the Opportunity and the Illinois General Assembly.

The report is a part of the Illinois Grocery Initiative, authorized by Public Act 103-0561.

The report was influenced by the experiences of field outreach teams for the Illinois Grocery Initiative and their interactions with warehouses, independent grocers, and local governments throughout the State of Illinois.

Abstract This report, commissioned by the Illinois Department of Commerce and Economic Opportunity and the Illinois General Assembly as a resource for the Illinois Grocery Initiative, examines food access challenges within Illinois, particularly the existence and causes of food deserts. The report synthesizes existing definitions of food deserts and food insecurity, explores market failures in the retail food industry that contribute to the development of these deserts, and considers challenges specific to urban and rural communities in Illinois. Factors discussed include economic conditions, grocery industry concentration, crime rates, redlining, declining rural populations, and transportation limitations. The report also presents policy actions designed to remediate food deserts, considering transportation and business assistance options. Finally, it highlights examples of current state-sponsored food desert programs and emphasizes the need for systemic change to address underlying issues such as grocery industry market control and lack of wholesale distribution access. This analysis informs policy recommendations and strategies to improve food access for all Illinois residents.

Introduction

In 2021, the Illinois Department of Public Health (IDPH) reported that approximately one in four Illinoisans (3,294,760 people) lived in communities lacking access to fresh, nutritious food. The lack of access to food can cause both physical and mental health issues. Addressing the food access issue requires strategies to either bring community members to food sources or bring food to the community.

Policies to increase public transportation to shopping centers can be effective, albeit with ongoing public costs. Bringing food to the community can take various forms, including small specialty stores, mobile markets, or incentivizing grocery companies or entrepreneurs to establish retail spaces in underserved communities. While economic incentives for retail food businesses can be a catalyst for self-sustaining businesses, success is challenging given the grocery industry's low-profit margins. Larger corporations mitigate risk through market diversification, an option less available to smaller, independent grocery operators.

Attracting larger supercenters and chain grocery stores to low-income communities has had limited success due to their rejection of operating in low-income areas with less revenue and lower profit potential. Small, independently owned grocery stores can operate in these communities, but they face low-price expectations set by larger competitors which they cannot meet given industry consolidation. This report proposes two policy tracks: public transportation to existing grocery stores and support for small business entrepreneurs willing to own grocery stores in challenging conditions.

Market Failures in the Retail Food Industry

The ‘perfectly competitive market’ theory, characterized by numerous buyers and sellers, equal access to information, identical products, and no barriers to entry or exit (Emerson, 2019, section 13.2), rarely exists. The inefficient allocation of resources in marketplaces can cause market failures, leading to unmet market demand.

Food deserts in low-income areas lead to unmet market demand and impact public wellbeing. These inefficiencies prompt governments to create policies addressing market failures. Market failures typically include externalities (pollution or research benefits), public goods (like road repair), and monopolies/oligopolies where few control the market, causing further issues.

Figure 1

Food desert terminologies defined by the U. S. Department of Agriculture (USDA)

Low-income tract definition
The USDA defines a low-income tract as an area with either a poverty rate of 20% or more, or a median family income less than 80% of the statewide median family income; or a tract in a metropolitan area with a median family income less than 80% of the surrounding metropolitan area median family income.

Low-income and low-access tract measured at ½ mile and 10 miles definition According to USDA, a low-income tract with at least 500 people, or 33% of the population, living more than ½ mile (urban areas) or more than 10 miles (rural areas) from the nearest supermarket, supercenter, or large grocery store.

No vehicle, low access, number of housing units at 10 miles definition

Number of housing units located more than 10 miles from the nearest supermarket, supercenter, or large grocery store without access to a vehicle.

Data source: U. S. Department of Agriculture, Food Access Research Atlas, 2019.

Food Desert Terminology

It is important to distinguish between *food insecurity* and *food desert.* The USDA Office of Economic Research (n.d.) defines *food insecurity* as “a household-level economic and social condition of limited or uncertain access to adequate food.” Food insecurity results from economic, social, or geographic factors. A *food desert* is a geographic barrier to accessing fresh food.

The term food desert originated in a Scottish public housing project around 1990 and appeared in a 1995 report by the Scottish government's Nutrition Task Force (Cummins & Macintyre, 2002). Critics argue the term implies a naturally occurring phenomenon, not the result of market pressures, and that these areas have no food at all. Retail stores selling non-nutritious items, as well as fast-food restaurant locations do exist. This situation is sometimes referred to as ‘food swamp.’ The term ‘food apartheid’ captures the racial effects of redlining in neighborhoods with significant African American populations. This term does not encompass the food deserts that occur in rural communities, making it a less inclusive term, so for this report, the term ‘food desert’ will be used to refer to areas challenged by a lack of food access.

The Illinois Department of Public Health's Civil Administrative Code (20 ILCS 2310-22), defines a "food desert" as "a location lacking fresh fruit, vegetables, and other healthful whole foods, in part due to a lack of grocery stores, farmers' markets, or healthy food providers." The USDA definition adds an income variable as well (Nulph et al., 2011):

- **Low-income:** A poverty rate of 20 percent or greater, or a median family income at or below 80 percent of the statewide or metropolitan area median family income.
- **Low-access:** At least five hundred people and/or at least 33 percent of the population live more than 0.5 or 1 mile (depending on the researcher) from a supermarket or large grocery store (10 miles, in the case of rural census tracts).

This report will focus on the low-access aspect, referencing the low-income aspect only when discussing the economic reasons for a community's low-access situation.

It is important to note that most definitions, studies, and reports do not consider the quality of the food available at the nearest grocer, which may be a factor in consumers decisions.

Figure 2

Frequently Used Terminology

Listed below are terms frequently used when discussing retail grocery:

Independent stores: stores where the owner operates fewer than four outlets simultaneously.

Chain stores: stores where the owner operates four or more outlets simultaneously.

Nontraditional food retailers: nongrocery stores whose primary sales are from nonfood products and that also sell a limited selection of food products (e.g., drug stores that sell food).

Large-format grocery stores: supermarkets, warehouse stores, and supercenters.

Supermarkets: grocery stores with annual sales of $2.5 million or more.

Supercenters: stores that consist of a full-line supermarket and a full-line discount merchandiser under the same roof.

Small-format grocery stores: specialty food stores, limited-assortment supermarkets, and superettes.

Specialty food stores: grocery stores that primarily offer organic or gourmet food and typically have an expanded fresh and/or prepared food department.

Limited-assortment supermarkets: grocery stores with a limited selection of items among fewer categories.

Superettes: grocery stores with annual sales of $1.2 million to $2.5 million.

From: USDA Economic Research Report Number 240 November 2017

Market Failures and Food Deserts

While the USDA definition of food deserts includes a low-income variable, this report focuses on the low-access variable and uses low-income as a contributing business or economic factor. Research on food affordability and the economic reasons for an individual's inability to afford fresh food is widely available. Policy interventions, including the Supplemental Nutrition Assistance Program (SNAP) and the Women, Infant and Child Program (WIC), address the low-income aspect of food insecurity. This report provides explanations for geographical barriers to food access and proposes policy interventions.

Market failures can create food deserts when free market decisions made by food retailers lead them to move their business away from a neighborhood, or to close their business altogether, leaving the community without the ability to purchase fresh food locally. Changing locations based on market conditions can be the right move for business owners. Unfortunately, the decision to leave a community that has a consumer demand for fresh food but now does not have a sufficient supply at the retail level, creates a market failure. Some of the factors that can lead a grocery operator to change locations and move away from a community are discussed below.

Economic Reasons Food Deserts Develop

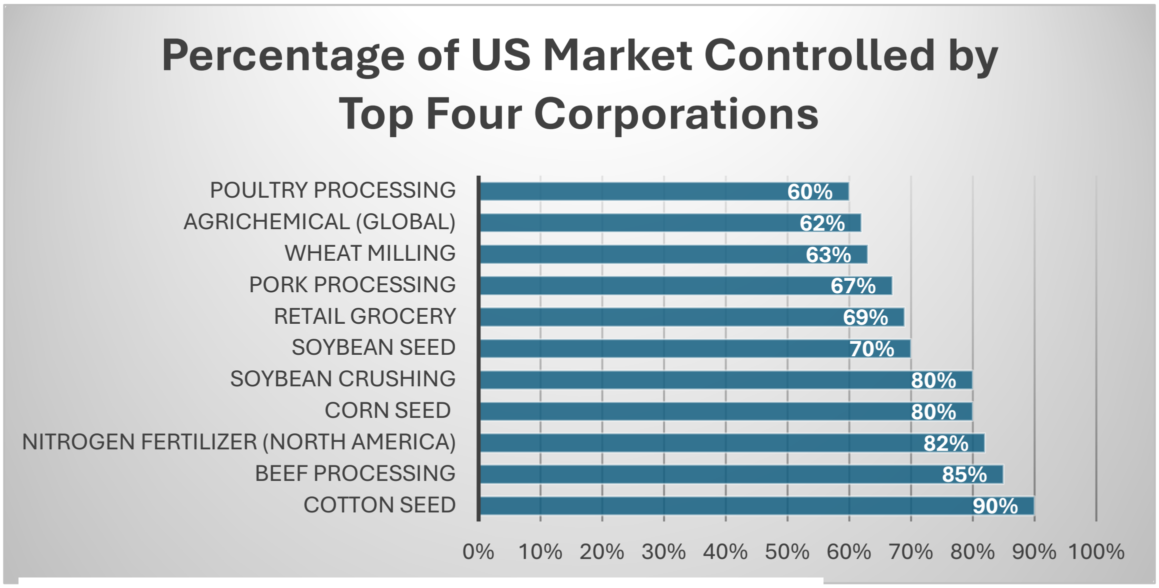
Communities with higher poverty rates and/or low incomes have a greater chance of being food deserts, as grocery stores in these communities have tighter operating margins. Residents focus more on value, making price competitiveness their determining factor. Retailers must work with a reduced markup to stay competitive.

Closely related and due to the same higher poverty/low-income situation is the limited consumer spending power. This lowers a retailers total potential revenue at a location, making it less attractive. On the other hand, the retailer does receive increased sales from food access programs such as the Supplemental Nutritional Assistance Program (SNAP) and the Women, Infants, and Children Program (WIC). In Illinois 2,153,052 Illinois households (3,147,100 persons) received SNAP benefits in August 2023 (IDHS, 2023). The population of Illinois in 2023 was 12,549,689, meaning that 25.08%, or 1 in 4 Illinoisans received federal aid to buy food. For many grocery stores in low-income communities these programs often provide the largest form of payment they receive.

Grocery Industry Concentration and Fair-Trade Issues

By far the biggest disadvantage of small independent stores is in wholesale product pricing. The cost of sourcing the same box of name brand cereal or cookies is much higher for independent grocers than it is for large chain stores or big box stores. It is often cheaper for your local grocer to travel to Walmart or Sam's Club to buy items than it is for them to buy the same thing from their warehouse.

This is due to deep discounts offered by national food companies to large corporations such as Walmart or Kroger. Those discounts are not available to smaller grocery store operators. If those discounts sound unfair, well, in some cases they can be, and many believe that the laws that govern fair competition in the grocery industry are not being enforced strongly enough by the Federal Trade Commission.



Data provided by Farm Action, updated September 2024

Today's supercenters are not the first giant grocery corporations to use their size to pressure food producers for unfair discounts. Unfair in this situation means discounts that have nothing to do with business efficiencies reducing the operating costs for the producers or distributors but are based on the market power of the customer. Early in the 20th century the Great Atlantic & Pacific Tea Company, or A&P, was the largest retail grocer in the country. A&P began pressuring food producers for exclusive discounts based on their sheer size. If a food company wanted to have their product sold in any A&P, they had to agree to the price A&P was asking. This in turn only grew A&P's dominance in the industry (Mitchell, 2024).

The federal government took notice of these practices, and in 1936 Congress passed the Robinson-Pattman Act. According to the legislation, "a seller charging competing buyers' different prices for the same 'commodity' or discriminating in the provision of 'allowances' … may be violating the Robinson-Patman Act. This kind of price discrimination may give favored customers an unfair advantage in the market that has nothing to do with their superior efficiency" (Federal Trade Commission, n.d.). The A&P situation described above is a monopsony. A monopsony is the opposite of a monopoly, where, instead of a single seller, the market has a single buyer. Monopsonies are also covered by the Robinson-Pattman Act.

A closely related concept to a monopoly is that of an oligopoly. An oligopoly is “a market dominated by more than one but less than five businesses. Barriers prevent entry into the market, and there are few close substitutes for the product. Suppliers and sellers in an oligopoly can command higher prices than companies in a competitive market, and if one company in an oligopoly stops producing, it has a bigger effect on supply than it would in a competitive market” (Hennerich, 2023). To make matters slightly more confusing, oligopsony occurs when two to four *buyers* dominate a market place. That is the situation the American retail grocery industry currently finds itself in. Monopolies, monopsonies, oligopolies, and oligopsonies all cause market failures in that they create a barrier to entry in an industry that new businesses cannot overcome, violating one of the rules needed for free market operation.

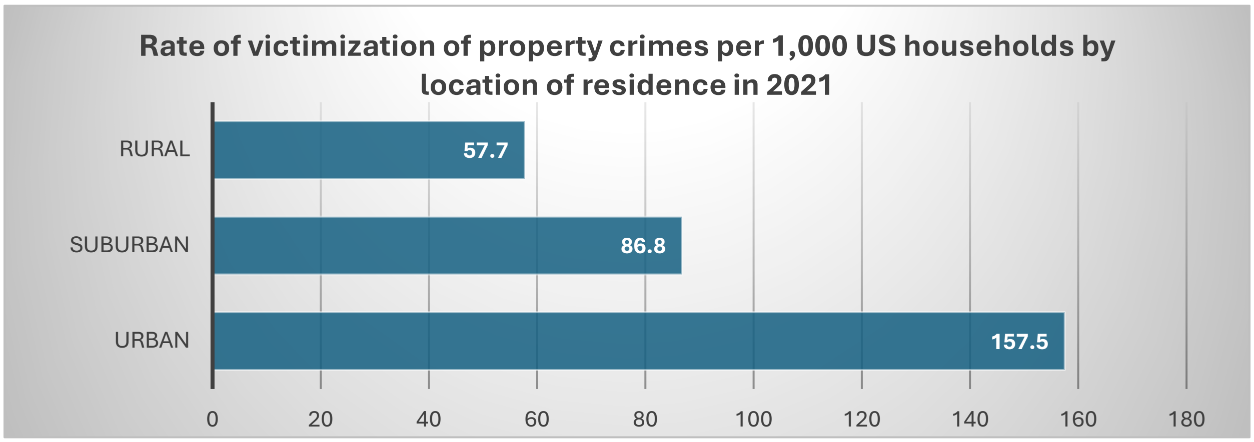
Market Structure	Sellers	Buyers
1 firm	Monopoly	Oligopoly
Up to 4 Firms	Monopsony	Oligopsony

Until the 1980’s the FTC regularly enforced the Robinson-Pattman Act, limiting the amount of control over a market that individual buyers and sellers can exert. “From 1952 to 1964, for example, the agency issued 81 formal complaints to block grocery suppliers from giving large supermarket chains better prices on milk, oatmeal, pasta, cookies, and other items than they offered to smaller grocers” (Mitchell, 2024). Then in the 1980’s, in an effort by the Reagan Administration to spur economic development, the FTC simply stopped enforcing the Robinson-Pattman Act. The law is still in effect, and it could be used to enforce fair pricing structures in the grocery industry and many other sectors of the American economy. For four decades the eight largest grocery retailers controlled around 25% of the retail grocery market (Mitchell, 2024). In 2024 the largest four grocery retailers control 69% of the retail grocery market.

Challenges Specific to Urban Communities

Higher Crime Rates

Urban areas sometimes have higher property crime rates. A higher crime rate adds to the cost of doing business in two ways. The first is the potential for property damage. Locating in certain areas known to have higher crime rates can increase the cost of property insurance. The second is that there is more likelihood of product theft. If theft is causing more loss than expected, the retail grocer may find it necessary to hire added security personnel to both cut down on shop lifting and to provide an added layer of safety for customers.



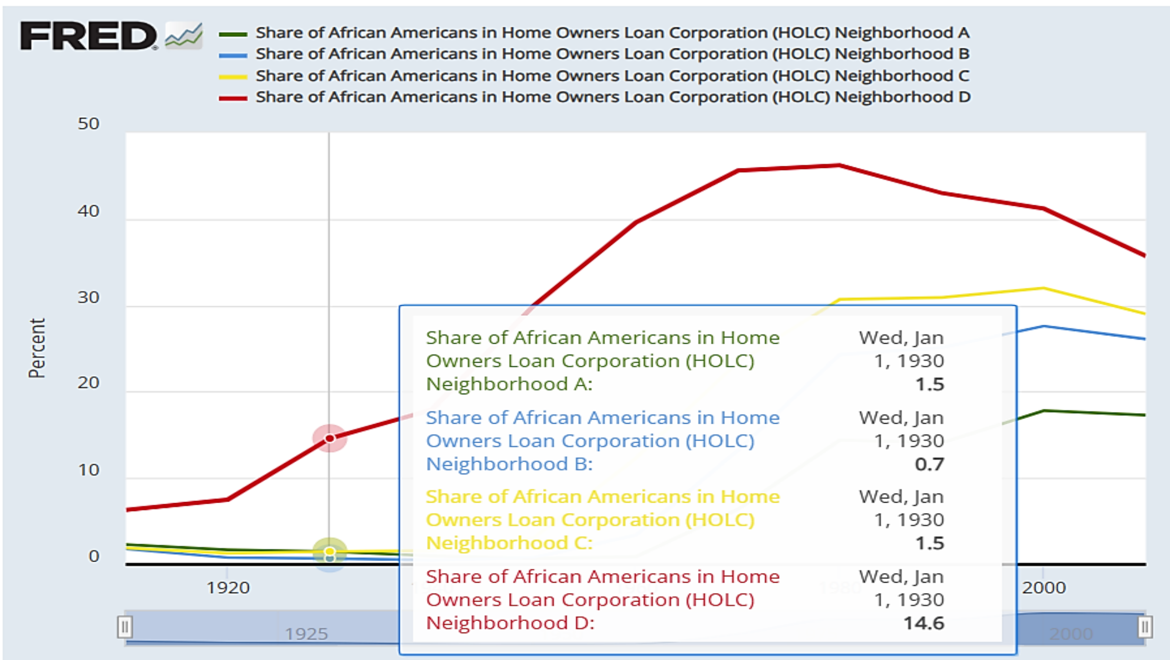
Data provided by USAFacts.org and the Bureau of Justice Statistics

Redlining and Disinvestment

The term *redlining* denotes the use of discriminatory lending practices intended to limit financial lending in predetermined communities. In the 1930's the Home Owners' Loan Corporation (HOLC) set up a grading system for geographic areas to inform mortgage lending decisions (Shaker et al, 2022). The areas designated as being "hazardous" for mortgage lending tended to be low-income neighborhoods in metropolitan areas with large minority populations. This lending practice was later adopted by financial institutions for other types of loans, including commercial business loans. Without access to commercial lending these communities were not able to develop thriving business districts. This disinvestment included retail food outlets and reduced access to grocery stores and the healthy foods they carry.

Shaker et al. (2023) found that census tracts graded as "C" ("decline in desirability") and "D" ("hazardous") had reduced contemporary food access compared to those graded "A" ("best") in 2019. Similarly, Li & Yuan (2022) concluded that unjust housing practices and racial residential segregation fueled an uneven food environment where minority neighborhoods were disproportionally affected by restrictive food access.

In summary, community residents who had the ability to pay back the commercial loans needed to open or expand businesses, including a grocery store, in these neighborhoods were not considered for financing based on the neighborhood rating of the HOLC system. Multiple quantitative studies have shown that the zones marked as 'hazardous' were disproportionally African American. The racially motivated disinvestment in these communities slowed the creation of a business infrastructure that was needed.



SOURCE: Aaronson, Hartley, and Mazumder (2020) via FRED, Federal Reserve Bank of St. Louis;

Challenges Specific to Rural Communities

Declining Populations

Populations in rural communities have been in decline for decades. As a result of the declining population, available grocery sales in these communities decreased significantly, making the profitability of a local grocery store less likely.

In addition, the time Americans are willing to drive to do their shopping has increased significantly. The US average vehicle miles traveled for shopping has increased from 1,567 miles/year in 1983 to 2,979 miles/year in 2009 (Santos et al., 2011). This has a substantial impact on grocery stores in rural communities, as community members who do have access to transportation are more likely to travel 30 minutes or more to go to the nearest city to do their shopping. Not only do they perceive the prices to be better at the larger stores as compared to their local independent, but there is a certain “entertainment factor” involved as well. The weekend shopping trip may include dinner and a movie, or other events.

Long Distances

Another issue related to the longer distances between rural communities is the sourcing of wholesale groceries. When supercenters and national chain stores decide a community does not have enough potential sales, independent grocers can be the only retail food establishments left. An independent retailer might do business in areas with too little potential sales for supercenters, but the lower sales level also limits the size of their orders from a wholesaler. Wholesale grocery warehouses usually have minimum order sizes for delivery to maximize their efficiency. Combining small order quantities with longer delivery distances has made it difficult for rural grocers to find a wholesale supplier willing to take them on as a customer. If a wholesale source for inventory is not available, independent grocers resort to shopping at supercenters for inventory and pass on the added cost of buying inventory to rural consumers.

Policy Options for Food Desert Remediation

Negative externalities that result from a loss of retail food access can be economic, social, or health related. From an economic standpoint the loss of jobs in the community can be large, as food retailers can employ a substantial number of people. The average US supermarket or grocery store employs more than forty-five people (IBIS World, 2024). There may also be a loss of tax revenue to the municipality, including real estate taxes. And there are negative indirect economic effects when the loss of a business decreases the economic activity of other supporting businesses.

From a public health perspective there are correlations between food deserts and higher rates of obesity, higher rates of diabetes, and lower life spans. The correlation here does not imply a causal relationship, as other factors also affect the nutrition of residents in food deserts. Access to fresh fruits and vegetables is necessary for a healthy diet if individuals are willing to choose healthy food options. If community residents choose to eat foods with little nutritional value, having a place to buy nutritious food will not change community health outcomes. Additional nutritional education may be needed to change eating habits. Healthy food access is a necessary but not sufficient condition for a healthy diet.

Socially the loss of a grocery store influences the fabric of a community. Grocery stores are ‘anchor institutions’ in a community. Anchor institutions are places within a community that help create its identity and provide “3rd spaces.” 3rd spaces are the places where community residents socialize and communicate with each other, and they can include schools, churches, and restaurants as well as grocery stores. These are the places where residents build social capital, which develops a community’s civic pride.

Transportation Policy Options

Urban Transportation

Chicago has used various programs to address urban transportation for residents living in food deserts. One innovative program is the Vivery Idea Lab pilot program in Chicago that was initiated in 2023. The project is a partnership including the Community Safety Coordination Center, The Thierer Family Foundation, and the Mayor's Office of People with Disabilities. The program uses a Vivery Lab online platform to centralize an in-home food delivery system for people with disabilities (City of Chicago, 2023).

The Chicago Transit Authority's Red Line Expansion (RLE) project on the south side of Chicago, a $5.7 billion project, and the largest transit project in Chicago Transit Authority's history (Evans, 2024), offers opportunities for increased food access. In particular, the Red Line Extension 103RD Transit-Supportive Development Plan lists 2 potential spaces for new grocery stores, one near the proposed station at Michigan Avenue and one near the proposed station at 130th Street. Both areas were designated as food deserts by the USDA in 2019. The City of Chicago has already awarded a developer $4.9 million to construct a 10,000 square foot grocery store near the 130th Street location (Evans, 2024).

The Red Line Extension is expected to bring new housing to the areas along the line as residents are attracted to the increased access to transportation. And the CTA expects that this increased population will "support retail density requirements necessary to attract the grocery stores, restaurants, and other amenities desired by the community."

The Illinois Commission to End Hunger has suggested "Co-locating food access points with transportation hubs, health centers, and public benefits offices, for example locating a farmers' market at a bus interchange or senior center or operating a food pantry at a WIC clinic." (Illinois Commission to End Hunger, 2021).

Of course, the option to expand bus routes from food desert communities to retail food vendors is always a possibility, although ongoing additional costs to the city may be prohibitive, and the policy intervention is not self-sustaining, so the benefits exist only as long as the funding does.

Rural Transportation

The long-distance shopping patterns that rural residents have become accustomed to, and which have affected the location of grocery stores, have left some of their neighbors who do not have reliable transportation with no access to grocery stores ten or more miles away. The USDA defines a food desert as having no access within a 10-mile radius rural and 0.5 miles urban.

In rural Illinois areas, where scheduled public transportation is almost nonexistent, communities sometimes develop demand-response or "dial-a-ride" transportation programs, as well as shared ride or vanpool programs (USDOT, 2019). These programs are not only valuable in terms of food access but also for healthcare access where no hospitals and pharmacies are found but where the average age of the population is increasing. The Rural Transit Assistance Center (RTAC) at the Illinois Institute for Rural Affairs provides Technical Assistance to communities through the Rural Transit Assistance Program (RTAP) for the State of Illinois (IIRA, 2023). Policies supporting the development of sustainable transportation models to transport people from remote rural areas to retail grocery locations would decrease the number of Illinoisans without access to fresh food.

Driving Fresh Food to Food Desert Communities

Mobile food markets are a unique transportation model where the grocery store travels to the community instead of the other way around. The "produce aisle on wheels" works toward closing the 'food access gap' by bringing produce to schools, community centers, churches, and health clinics (Urban Growers Collective, 2024). Food Works in Carbondale, Illinois have developed their own 'Mobile Farmers Market' that serves multiple communities across the southern part of the state (Food Works, 2024). In 2025, the Saint Louis Metro Market program, similar in nature to both programs mentioned above, will begin making stops in the East Saint Louis metro area.

Mobile markets are an innovative way to provide nutritious food in areas that lack access. However, they are temporary, usually visiting a neighborhood once per week, and those delivering local food only may not run routes outside of harvest seasons. Finding the right locations to set up that will provide access to enough customers is especially important, such as locating near a retirement community or an office building. Or timing the mobile market's availability to coincide with other local activities where residents will congregate.

With beneficiaries now able to use SNAP online the question of whether delivery might be a solution to geographical food access is being discussed. But some of the same issues that cause grocery stores to leave communities also prevent effective delivery programs. Some urban neighborhoods with high crime rates might not be serviced by delivery businesses for safety reasons and some remote rural areas are physically too distant to make delivery models profitable. Some of the costs associated with delivery might be offset by having the customer pay a fee, but low-income SNAP recipients may not be able to cover those costs.

Economic Development Policy Options

Supercenters have not always been successful in cities. The cost of the land needed for a supercenter and its parking is prohibitive in city environments, and the prevailing wage in cities can be too high for a supercenter's business model (Beyer, 2024). They have faced political challenges as well. Supercenters generate a significant amount of traffic which can be a challenge for city leaders. Large city governments have often resisted the development of supercenters on the grounds that their wage rates are too low and that they have an unfair advantage over the local competition (Beyer, 2024).

When local government does openly recruit supercenters to build in cities, the supercenter business model has difficulties. National chain grocery stores are different. They can and do succeed in large cities.

There are independent grocery stores operating in low-income areas, and they are often the last food retailers to do so. While economic development incentives used to lure supercenters and national chain grocers into food deserts can work, the long-term ability of those businesses to succeed using their existing business models is questionable. Independent grocery stores in low-income communities will face the same challenges as supercenters and chain grocers, but their connection to the community and their personal financial stake in the business makes them more willing to endure losses and the flexibility of their business model allows them to explore more unique ways of operating based on the situation they face.

Policy support for unique business models

The discussion above describes the difficulties that supercenters, and to a lesser extent national grocery chains, can have in a low-income low-access community. While certainly not guaranteed to succeed, small independent grocer and cooperative business models offer more flexibility to take on the unique challenges of food deserts.

The Cooperative grocery model is a grassroots effort where community members pool their resources to address a market need. In the U.S., the cooperative movement saw great growth through the process of rural electrification. Rural electric co-ops were created where larger power companies did not see enough market potential to justify the investment in infrastructure. Grocery cooperatives are established where supercenters and national chains have made the same decisions.

A steering committee of community residents develops grocery cooperatives. The volunteer steering committee lays the business ground work, while also providing cooperative education and recruiting other community members. These members pay a nominal fee for lifetime membership and those funds are used for store development. When a substantial number of members have been recruited, they elect a board of directors as their governance structure. A general manager is hired for day-to-day operations, with the board and sometimes the entire membership weighing in on the larger business decisions. It is important to note that every community member is welcomed and encouraged to shop at the cooperative, even if they are not a member of the cooperative.

In the municipally owned grocery model, there are two options the municipality can choose from. The first choice is to have the store completely run as a government entity like the city's water district. The other choice, and one with more precedents, is for the ownership and upkeep of the facility to stay with the local municipality but to outsource the operations of the grocery store to a private, for-profit contractor. There are several advantages to the latter option.

The benefits for the municipality include more control over the location of the store, more influence on the types of services provided, and the ability to contract with an experienced retail grocery operator. If the operator decides to close the business the municipality requests bids for a new tenant. The potential operator enjoys a substantial reduction in the initial startup costs and the financing involved in construction. A small 'special use tax' on grocery items sold could pay for the cost of maintenance and upkeep to the facility. Because of the high volume of sales in retail grocery operations this tax would not need to be burdensome.

One note on community engagement when working with cooperatives or municipally owned grocery stores. It is crucial to involve community members in the planning and implementation of these interventions to ensure that they meet the specific needs and priorities of the community. Without proper community engagement the grocery store is unlikely to succeed (Brinkley et al., 2019).

One thing that cooperatives, municipally owned grocery stores, and independent grocery stores have in common is that they all are for-profit entities and therefore have the potential to be self-sustaining. An attractive feature is that funding is only needed as a catalyst for development.

Tax Assistance Programs

Tax incentives can be used to help the desired development projects that serve a community function. These might take the form of a reimbursement of sales tax collected by the grocery store or as a reduction in real estate tax paid. It might include enterprises zones, in which the cost of construction materials is eliminated to save on startup costs. But caution should be exercised to prevent the assistance from becoming a "crutch" for long-term stability.

Tax incremental financing (TIF) is a process of holding the amount of real estate taxes disbursed for a development district at the same rate for an extended period. This rate is called the base. As the tax collected increases year after year, the additional tax revenue above the base is help in a fund used to develop properties in the TIF district. At the end of the TIF lifecycle the real estate tax collected goes back to the original distribution model. The use of TIF programs can help in the business development of grocery stores by providing funding for signage, building façade and roof improvements, or infrastructure improvements needed to accommodate increased electrical, and water/sewer demands a grocery store can place on the city's infrastructure.

Workforce Development Programs

Grocery operations require a large and skilled workforce. Areas for workforce development programs include internships for high school and college business students, soft-skill development programs like the ones developed by the University of Illinois' Extension program, and mentorship programs, similar in design to the federal SCORE program but specific to new grocery store operators. A statewide program for all retail food vendors could decrease the number of independent grocery store closings in Illinois, reducing future food deserts.

Public Utility Assistance

Energy assistance policies could positively affect the ability of small grocery stores to successfully operate. Policies may take the form of targeted energy credits, rebates on the purchase of renewable energy systems used in potential food desert communities, or pricing policies that restrict rates to the equivalent of those offered to larger commercial operations in the same region.

Expedited Permits and Zoning

Policies creating a fast-track option for business ventures that also serve a community function would be beneficial to food retailers, childcare providers, and healthcare operations. This is more impactful in heavily urbanized areas where multiple government departments are involved. In most cases, the business owner of a grocery store is also the general manager and receives compensation as a salary. The long wait for permit approval means the owner is without personal income for an extended time.

Technical Assistance/mentoring

Technical assistance providing both knowledge of general business practices and experience dealing with the issues common to that specific industry should increase the success rate of independent grocery operators. Such a mentoring program would provide valuable insight into areas such as food waste reduction, ordering and inventory management, seasonal cycles, and marketing to name a few. Industry-specific technical assistance during planning, setup, and especially during the operation of a business is a valuable tool in ensuring public money spent on economic development grants does not go to waste.

Examples of Current State Sponsored Food Desert Programs

Several States, including Illinois, have developed programs designed to address the food desert issue.

Healthy Food for Ohio program: The program provides grants up to $250,000 and loans up to $5 million over a 10-year term to grocers to encourage them to open new stores in underserved areas (Crowe et al., 2018).

Maryland Good Food Access Program (GFAP): The program provides equipment and physical improvement grants to for profit and nonprofit small food retailers in low- and moderate-income neighborhoods for the purchase of new refrigeration equipment and facility improvements (Maryland DOA, 2024).

Maryland's Fresh Food Financing Initiative: The program provides flexible financing for the start-up, rehabilitation or expansion of businesses and nonprofits, with a particular emphasis on those that will source fresh food from Maryland farmers to sell in designated food deserts areas and Sustainable Communities (Maryland Department of Housing and Community Development, 2024).

New York's Food Access Expansion Grant Program: The program provides grants for equipment or construction (Hunter College New York City Food Policy Center, 2024).

California Healthy Refrigeration Grant Program: The Healthy Refrigeration Grant Program (HRGP) funds energy efficient refrigeration units in corner stores, small businesses, and food donation programs in low-income or low-access areas throughout the state (CDFA Office of Farm to Fork, 2024).

Pennsylvania Fresh Food Financing Initiative: Most projects qualify for up to $50,000 in funding, and high-impact projects can qualify for up to $150,000 (Food Trust, 2024).

America's Healthy Food Financing Initiative (HFFI): The HFFI offers several grant programs throughout the year as well as technical assistance programs for small food retailers anywhere in the US. (HFFI, 2024).

The Illinois Grocery Initiative

The Illinois Grocery Initiative (IGI), authorized by Public Act 103-0561, is intended to address inadequate access to fresh foods, especially in "food deserts". Food deserts may exist in both urban and rural areas. The Illinois Grocery Initiative is a multi-pronged policy designed to address retail food access across the state. It supports existing grocers and encourages new grocery stores to open through incentive opportunities. Components of the IGI include:

- New Stores in Food Deserts Grant Program: The New Stores in Food Deserts program combats food insecurity by offering competitive grants to support the establishment of new grocery stores in food deserts. Local units of government and small businesses (with fewer than 500 employees and no more than four existing grocery stores) are eligible to apply. Grants provide reimbursement to eligible applicants for both capital and non-capital costs associated with establishing sustainable grocery stores located in food deserts.
- Equipment Upgrades Grant Program: The Illinois Grocery Initiative Equipment Upgrades Grant Program provides grants for energy-efficient equipment upgrades for existing independently owned for-profit grocery stores, cooperative grocery stores, or not-for-profit grocery stores.
- Technical Assistance: The Department of Commerce and Economic Opportunity has contracted with Western Illinois University and Chicago State University to provide technical assistance services for Illinois Grocery Initiative applicants and grantees. Those desiring assistance may contact these institutions directly.

The technical assistance component is unique to other state sponsored grocery access programs. It provides detailed, one-on-one technical assistance to both the programs grant awardees and to others currently or planning to operate a retail grocery store in food desert communities. This technical assistance provides several services, including:

- Business planning and financial management,
- Identifying proper organizational and management structure,
- Feedback on draft proposals and budgets,
- Assistance with grant application forms and documentation,
- Site selection and development,
- Supply chain management,
- Marketing and community engagement,
- Hiring and employee relations; and
- Compliance with federal and state laws and regulations.

The most valuable component of the technical assistance is the on-going mentorship that is provided. Individuals, cooperatives, and nonprofits that are willing to take on the challenge of operating a grocery store in food desert communities do not usually have years of experience in what is a complicated high-revenue and low-profit industry. The IGI provides for individualized, in-store assistance from technical assistance providers with years of experience in the grocery industry. While this type of assistance is important to the initial business planning process, its real value is in serving as a resource during the first year or two of operation. By providing this mentorship the IGI adds a layer of support for the grocery operators and to the success of the Initiative in general.

Another unique component on the IGI is the network being created between agencies and organizations to add a layer of support to the program. The Department of Commerce and Economic Opportunity, the Illinois Department of Public Health, and the Illinois Department of Agriculture have all been contributing partners to the initiative. Nonprofits including the Illinois Stewardship Alliance and the Chicago Food Systems Policy Action Council have contributed as well. Technical assistance providers WIU and CSU have been assisted by other institutions like the University of Illinois Extension program. The deep connection created between governmental bodies, universities, and nonprofits has been vital to the Illinois Grocery initiative.

Conclusion

Access to fresh, nutritious food is a critical issue for Illinoisans. 1 in 4 Illinoisans currently face food access challenges. The causes of market failures in the grocery industry are well known, but difficult to address. Reinvesting in food desert communities, whether urban or rural, comes with the important policy questions of what method of assistance to use and how much it will cost to implement. There are also the questions of equality within the communities themselves, especially in red-lined neighborhoods, and the overall efficiency of the program used to deliver the assistance that is needed.

There are also the larger systemic factors that cause market failures in the retail grocery industry. The lower potential sales revenue for grocery retailers in low-income areas is directly related to overall poverty issues, and that directly affects retail grocer location decisions. For current and potential independent grocery store retailers, the predatory pricing caused by grocery industry consolidation makes it impossible to compete with the prices found at supercenters and national chains.

Illinois has already taken significant steps to address retail food access issues, most notably with the Illinois Grocery Initiative. The program represents a significant investment in low-income low-access communities. The challenge for the IGI, as with all policy initiatives, is in creating the biggest positive impact possible with the resources allocated.

The need for systemic changes in areas from economic market control to policies on wholesale distribution and delivery is very evident as governmental policies in Illinois are being created, and grassroots organizations are working to find solutions that ensure all communities have access to fresh, nutritious food.

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Acronyms

CTA	Chicago Transit Authority
DCEO	Department of Commerce and Economic Opportunity
FTC	Federal Trade Commission
IDHS	Illinois Department of Human Services
IDPH	Illinois Department of Public Health
IGI	Illinois Grocery Initiative
IIRA	Illinois Institute for Rural Affairs
LILA	Low-income Low access
LLC	Limited Liability Company
RLE	Red Line Extension project
SCORE	Service Corps of Retired Executives
SNAP	Supplemental Nutrition Assistance Program
USDA-ERS	United States Department of Agriculture-Economic Research Service
WIU	Western Illinois University

Terms and Definitions

Centers for Disease Control and Prevention (CDC). (2011). Modified retail food environment index (mRFEI). The mRFEI is calculated for each census tract using the following formula: Healthy food retailers include supermarkets, larger grocery stores, supercenters, and produce stores within census tracts or ½ mile from the tract boundary. The following stores as defined by North American Industry Classification Codes (NAICS) were included: supermarkets and larger grocery stores (NAICS 445110; supermarkets further defined as stores with >= 50 annual payroll employees and larger grocery stores defined as stores with 10–49 employees); fruit and vegetable markets (NAICS 445230); warehouse clubs (NAICS 452910). Fruit and vegetable markets include establishments that sell produce and include markets and permanent stands.

Corporate Finance Institute. (n.d.). Economic externalities. The cost or benefit of an economic activity experienced by an unrelated third party.

Economic Externalities: a cost or benefit of an economic activity experienced by an unrelated third party (Corporate Finance Institute)

Food Desert: A location lacking fresh fruit, vegetables, and other healthy whole foods, in part due to a lack of grocery stores, farmers' markets, or healthy food providers (IDPH)

Food Insecurity: a household-level economic and social condition characterized by limited or uncertain access to adequate food (USDA)

Illinois Department of Public Health (IDPH). (n.d.). Food desert. A location that lacks fresh fruit, vegetables, and other healthy whole foods, in part due to a lack of grocery stores, farmers' markets, or healthy food providers.

Independent grocery stores: full line grocery stores where the owner has fewer than four outlets (e.g., Mom & Pop stores, superettes, local corner store)

Investopedia. (n.d.). Margins. A common measure of the degree to which a company or a particular business activity makes money. Expressed as a percentage, it represents the portion of a company’s sales revenue that it gets to keep as a profit, after subtracting all its costs.

Investopedia. (n.d.). Market failure. The economic situation is defined by an inefficient distribution of goods and services in the free market. Furthermore, the individual incentives for rational behavior do not lead to rational outcomes for the group.

Investopedia. (n.d.). Monopsony. A market condition in which there is only one buyer, the monopsonist. Like a monopoly, a monopsony also has imperfect market conditions. The difference between a monopoly and a monopsony lies in the difference between the controlling entities.

Investopedia. (n.d.). Oligopsony. A market for a product or service which is dominated by a few large buyers. The concentration of demand in just a few parties gives each substantial power over the sellers and can effectively keep prices down.

Investopedia. (n.d.). Pareto efficiency. Pareto efficiency, or Pareto optimality, is an economic state where resources cannot be reallocated to make one individual better off, without making at least one individual worse off. Pareto efficiency implies that resources are allocated in the most economically efficient manner.

Investopedia. (n.d.). Shrink. Describes the loss of inventory due to circumstances such as shoplifting, vendor fraud, employee theft, and administrative errors.

Margins: a common measure of the degree to which a company or a particular business activity makes money. Expressed as a percentage, it represents the portion of a company's sales revenue that it gets to keep as a profit, after subtracting all its costs (Investopedia)

Market Failure: the economic situation defined by an inefficient distribution of goods and services in the free market. Furthermore, the individual incentives for rational behavior do not lead to rational outcomes for the group (Investopedia)

Modified retail food environment index (mRFEI): The mRFEI is calculated for each census tract using the following formula: Healthy food retailers include supermarkets, larger grocery stores, supercenters, and produce stores within census tracts or ½ mile from the tract boundary. The following stores as defined by North American Industry Classification Codes (NAICS) were included: supermarkets and larger grocery stores (NAICS 445110; supermarkets further defined as stores with >= 50 annual payroll employees and larger grocery stores defined as stores with 10–49 employees); fruit and vegetable markets (NAICS 445230); warehouse clubs (NAICS 452910). Fruit and vegetable markets include establishments that sell produce and include markets and permanent stands (CDC, 2011)

Monopoly: A monopoly in a market occurs when a single seller or producer has significant control over the supply of a particular product or service. This control allows the monopolist to influence market prices by adjusting their supply levels. The monopolist typically earns higher profits and can establish barriers that prevent other companies from entering the market (The Economic Times)

Monopsony: a market condition in which there is only one buyer, the monopsonist. Like a monopoly, a monopsony also has imperfect market conditions. The difference between a monopoly and a monopsony lies in the difference between the controlling entities (Investopedia)

National or regional chain grocery stores: A large chain grocery store is a supermarket chain that includes many stores across the country (ex. Kroger, Albertson's, Schnuck's)

Oligopoly: an economic term that describes a market structure wherein only a select few market participants compete. Competitive dynamics within an oligopoly are distorted to favor a limited number of influential sellers (Wall Street Prep)

Oligopsony: a market for a product or service which is dominated by a few large buyers. The concentration of demand in just a few parties gives each substantial power over the sellers and can effectively keep prices down (Investopedia)

Pareto Efficiency: Pareto efficiency, or Pareto optimality, is an economic state where resources cannot be reallocated to make one individual better off without making at least one individual worse off. Pareto efficiency implies that resources are allocated in the most economically efficient manner (Investopedia)

Shrink: describes the loss of inventory due to circumstances such as shoplifting, vendor fraud, employee theft, and administrative error (Investopedia)

Supercenters: stores that consist of a full-line supermarket and a full-line discount merchandiser under the same roof (ex. Walmart, Costco, Target)

The Economic Times. (n.d.). Monopoly. A monopoly in a market occurs when a single seller or producer has significant control over the supply of a particular product or service. This control allows the monopolist to influence market prices by adjusting their supply levels. The monopolist typically earns higher profits and can establish barriers that prevent other companies from entering the market.

United States Department of Agriculture (USDA). (n.d.). Food insecurity. A household-level economic and social condition characterized by limited or uncertain access to adequate food.

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