



State Initiatives to Support Grocery Stores and Address Food Insecurity

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Many factors—healthcare access, social and physical environments, individual behaviors, and economic resources—contribute to rural health disparities, but food insecurity exacerbates all these rural health challenges (Slack and Monnat, 2024). The food retail landscape has changed dramatically over the past half century, as chain dollar stores and supercenters have replaced single-location, locally owned grocery stores. These trends have left many communities without ready access to fresh, healthy foods and an uncertain future for remaining independent grocery stores. Nearly half of the rural grocery stores that responded to a University of Minnesota Extension survey indicated that they were concerned that their store would go out of business within five years (Olive et al., 2020). Many of these stores were family-owned businesses that often lacked any kind of transition plan.

To address the challenges and their impact on residents with inadequate food access, several states have developed grocery store support programs targeting both urban and rural “[food deserts](#).” This article examines state approaches for supporting smaller, locally owned, and independent grocery stores, particularly in more rural communities. We begin by exploring the factors that have led to these challenges. The article then reviews state programs designed to address these issues, focusing on their goals and objectives. Finally, we identify several resources available to communities aiming to support their rural grocery stores.

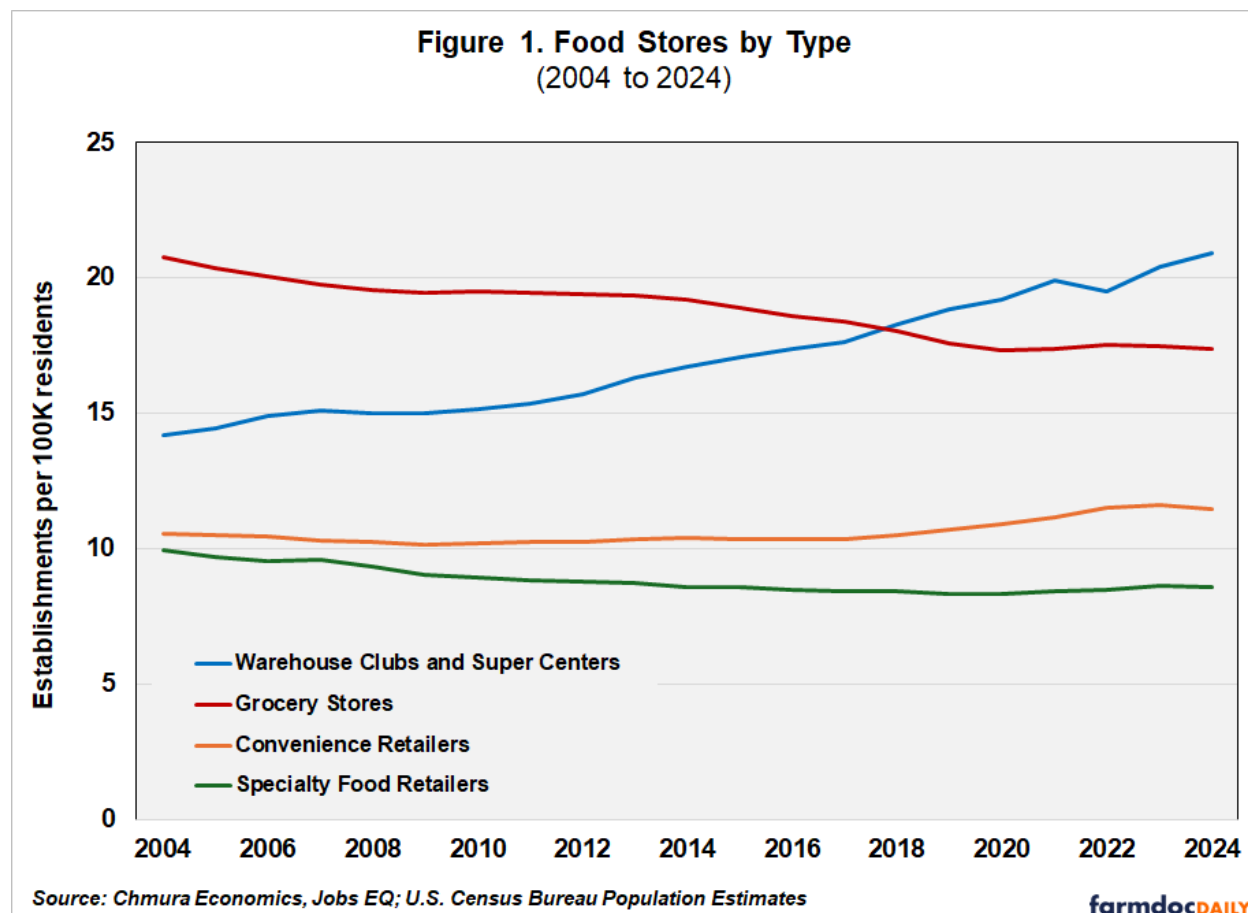
Local, Single-Location Grocery Stores Struggle due to Declining Populations and Unfavorable Regulatory Environments

Several factors contributed to the changing food retail landscape and the emergence of rural food deserts. Within the United States, domestic migration patterns have most benefitted metro areas—and especially suburban areas—while many rural regions have lost population (Johnson, 2023). Declining populations

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reduce demand for basic goods like groceries, making it more difficult for single-location grocers in rural communities to remain profitable and continue operating. At the same time, large supercenters (e.g., Walmart) and dollar stores (e.g., Dollar General) can offer lower prices because they have greater buying power and economies of scale relative to single-location or independent grocery stores.

Figure 1 shows that nationwide the number of warehouse clubs and super centers and convenience retailers have increased on a per capita basis over the past two decades. During that same period the number of grocery stores per capita has declined. However, these trends vary across the urban-rural continuum. In an examination of the U.S. food retail landscape, researchers from the USDA Economic Research Service (ERS) found that the smaller the county's population, the more likely the county was to not have any grocery stores as well as the fewest number of other food retailers ([Stevens, Cho, Cakir, Kong, and Boland, 2021](#)). The business model of most national chains revolves around large superstores that serve a regional customer base. This model gives them stronger bargaining power with their suppliers. While this strategy benefits the firm, it forces many rural residents to travel greater distances to access their groceries. This distance may inhibit food access for many rural residents who have limited time or lack reliable transportation.



One reason these market forces took hold was the federal decision not to enforce the Robinson-Patman Act ([Hanley, 2023](#); [Mitchell, 2024](#)). Congress established the Robinson-Patman Act in 1936, to limit the rapid spread of chain stores and maintain a more even playing field for food retailers. The Act prohibited large retailers from dictating preferential deals from suppliers that did not reflect the cost savings associated with their economies of scale. During the Reagan administration in the 1980s, however, the federal government no longer enforced this act. As a result, large food retailers returned to the practice of securing highly preferential wholesale prices from suppliers. This change in the regulatory landscape led to growing numbers of supercenters and chain dollar stores, and declining numbers of single-location grocers.

Given this retail landscape, many single-location or independent grocery stores are unable to compete. As a result, many communities—both rural and urban—are left without good options and must travel significant distances to regional supercenters to purchase fresh produce, meat, and dairy. Consumers that are unable to travel must therefore rely upon dollar stores or convenience retailers that frequently do not sell fresh and/or healthy foods. Given these challenges, many residents simply cut fresh and healthy food products out of their diets. These trends can have negative consequences for both the community's health and its economy.

State Grocery Initiatives Promote Food Access and Community Economic Development

Many public and private organizations (e.g., food pantries, etc.) address broader issues of food access, but several states have created business-focused initiatives to address the challenges facing many independent grocery stores. We identified 13 states with grocery store assistance programs. Most of these programs do not differentiate between urban and rural grocery stores. Rather they seek to address the food access challenges in disadvantaged areas, more generally. In some instances, these initiatives extend beyond grocery stores to include a broader range of food-based businesses.

These programs vary in scale and scope across different states. For instance, the [Illinois Grocery Initiative](#) was established in 2023 designed and awarded \$7.9 million in its first year to establish new grocery stores or upgrade the equipment for stores located in food deserts. By contrast, for the first time the Iowa Economic Development Authority—through its [Rural Innovation Grant](#) program—allocated \$200,000 to assist rural grocery stores. Through this new program, rural grocery stores will be eligible to receive grants up to \$25,000. [Alabama's Healthy Food Financing Program](#)—administered by the Alabama Department of Economic and Community Affairs—also has a \$200,000 annual budget.

Figure 2 identifies 13 states that have created programs designed to support independent grocery stores and tackle the problem of food deserts. These programs support several different activities, including:

- **Construction and renovation grants:** These grants provide direct assistance to applicants establishing new stores in underserved areas (e.g., [USDA-defined food deserts](#)) or providing resources to renovate existing stores. These resources may go toward building construction, build out, and/or necessary infrastructure improvements. Supporting these investments is a primary focus area for several state programs including the Illinois Grocery Initiative, [Virginia Food Access Investment Fund Grants program](#), [Pennsylvania Fresh Food Financing Initiative](#), [Food Desert Relief Program in New Jersey](#), Delaware Grocery Initiative and Alabama's Healthy Food Financing Program. Given that these programs are designed to assist underserved areas, eligibility often depends on factors such as location or poverty level. Some state programs also require applicants to contribute matching funds in order to qualify for these grants.
- **Equipment grants:** Many of the same that states that support grocery store construction and renovation, also provide resources for new equipment purchases, such as refrigeration units (walk-in coolers, refrigerated display cases), shelving and storage, and/or technology and point of sales systems (e.g., registers, self-checkout). These resources can enable stores to invest in new or updated equipment as part of their set up or renovation. Some programs, such as [California's Health Refrigeration Grant Program](#), promote greater use of modern, energy efficient equipment.
- **State-funded loans:** Some states provide loans, rather than grants, to achieve similar goals. For instance, the [Michigan Good Food Fund](#) provides loans ranging from \$2,500 to \$6 million to support property improvements and expansion, equipment, and inventory. This program, however, is also not just focused on grocery stores but rather food-based businesses more generally. [Maryland's Fresh Food Financing Initiative](#) also uses loans to support food-based businesses, but these resources are targeted toward businesses in areas defined as food deserts.
- **Tax incentives:** New Jersey's [Food Desert Relief Supermarket Tax Credit Program](#) and the [District of Columbia](#) use tax incentives and abatements to promote grocery stores in underserved areas that lack access to groceries and fresh food. New Jersey's program is a subcategory of its broader Food Desert Relief Program. The District of Columbia's Supermarket Tax Exemption Act allows the District to waive certain taxes and fees (e.g. real property taxes, business licensing fees, personal property taxes, and sales and use taxes on construction materials) for grocery

stores that located in specific neighborhoods. Given that both places are highly urbanized, these efforts are focused primarily on urban food deserts.

- **Technical assistance:** These grocery store support programs commonly include technical assistance services, which play a crucial role in ensuring their utilization. Some states actively connect eligible businesses with experts to help with the application process and grant management. Additional technical assistance may focus on developing business plans or completing the administrative and regulatory requirements associated with opening and operating a grocery store. The California Health Refrigeration Grant program also provides more subject matter expertise related to issues such as cold storage technology, energy efficiency, and global warming potential standards and/or healthy retail best practices. In states such as [Kansas](#), [Illinois](#), and [Minnesota](#), University Extension organizations or other higher education institutions serve as technical assistance providers. New Jersey, on the other hand, offers technical assistance through its own Economic Development Authority.

Figure 2. Focus Areas of State Grocery Support Programs

State	Construction & renovation grants	Equipment grants	State funded loans	Tax incentives & abatements	Technical assistance
Alabama	X	X			
California		X			X
Delaware*	X	X			X
District of Columbia				X	
Illinois	X	X			X
Iowa		X			
Kansas					X
Maryland			X		X
Michigan			X		
Minnesota		X			X
New Jersey	X	X	X	X	X
Pennsylvania	X				
Virginia	X	X			

*The Delaware Grocery Initiative was signed into law in August 2024

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The activities described above represent some of the more common business-focused measures to address food deserts, but this is not an exhaustive list. Some states, for instance, also provide eligible grocers with access to working capital during their first year. However, states must also address several challenges to make these programs more effective. For instance, not all local grocery store owners live in the same community as their store. As a result, they may either be difficult to identify or not fully invested in their community. Even if a store owner is interested in taking advantage of these programs, they may lack the capacity or matching funds necessary to pursue these grant opportunities.

Persistent Challenges Make Addressing Food Access Difficult

While these programs tackle many significant challenges faced by local, independent grocery stores, they often overlook several other, more fundamental issues. For example, they fail to address wholesale and distribution challenges, which can greatly impact a store's market viability. Additionally, many struggling grocery stores operate in disadvantaged communities, so future federal reductions to SNAP funding will decrease local residents' spending power, further undermining these stores' economic viability. Given these numerous challenges, some have questioned these programs overall efficacy (Parker, 2024). That said, many of these programs are relatively new, and addressing these entrenched problems will require a multi-year commitment involving monitoring, capital reserves, and technical support.

Given that this issue affects many rural communities, several state university extension services have developed informational resources to help local grocers and their communities. Two notable examples include:

- Kansas State's [Rural Grocery Initiative](#) has developed a [Rural Grocery Toolkit](#) for existing grocers and those seeking to establish new stores. They also provide a series of publications, research, and webinars for store owners and community leaders.
- [University of Minnesota Extension](#) has also published informational resources for local grocers. Among other topics, these resources provide information about facilitating the sale of farm-grown products in local grocery stores, handling produce and identifying grocery opportunities for more specialty products (e.g., Halal and Kosher meat markets).

Addressing these persistent challenges will require ongoing attention and resources. The inability to address these issues will leave many communities without access to fresh, healthy foods, and further exacerbate the health disparities that they face.

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