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Legislative Resolution 374: Interim Study to Examine the Availability of Healthy and Affordable Food Choices in Nebraska Communities

By Carlie Jonas, policy associate | September 2024

I. Introduction

Effectively addressing food insecurity in Nebraska requires a holistic approach encompassing multiple coordinated methods, each tailored to a various component of the complex statewide issue. The major contributing factor to household hunger in the U.S. is income level, but race, education, transportation access, rate of affordable housing, and chronic health conditions also play a significant part.¹

The Nebraska counties facing the greatest level of food insecurity are all rural. Thurston, Hooker, and Sheridan counties have the highest rates in the state at 18.8%, 16%, and 15.4%, respectively—each greater than the state and national average.² Furthermore, children are the population most at risk of hunger in Nebraska, particularly in rural areas where the lower number of resources like summer meal sites presents an added challenge.

1 Hubbert, Elice. “Food Insecurity: A Legislative Research Office FAQ.” Nebraska Legislative Research Office, September 2020, nebraskalegislature.gov/pdf/reports/research/food_insecurity_2020.pdf. Accessed June 2024.

2 “Counties with the Highest Rate of Food Insecurity in Nebraska.” Columbus Telegram, April 1, 2024, columbustelegram.com/counties-with-the-highest-rate-of-food-insecurity-in-nebraska/collection_e267f28a-2314-5100-97bb-738301935793.html#2. Accessed June 2024.

Rural residents also face a roadblock to food security in the lack of available options for purchasing healthy food, which leads many people to choose cheaper or more convenient meals and ingredients that have a longer shelf life so they can stretch their dollars.

In rural areas, independent grocery stores are one key component to providing equitable and affordable access to healthy food for all Nebraskans. However, rural communities are rapidly losing access to this essential resource as local stores close because of an increasingly difficult business landscape. Additionally, independent grocery stores are social and economic cornerstones in the rural communities that serve as a major part of our state’s economy. Local grocery stores provide choice in how their community buys food, are a source of employment, generate local tax revenue, and complement other local businesses.³

During its 2024 session, the 108th Nebraska Legislature introduced Legislative Bill 1116, which would have established a grant or loan program for small, locally owned grocery and convenience stores to improve their facilities and/or obtain technical assistance to sustain their

3 “Benefits of Hometown Grocery Stores.” K-State Research and Extension, Kansas Rural Grocery Initiative, ruralgrocery.org/learn/publications/guides/Hometown-Grocery-Factsheet.pdf. Accessed June 2024.

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businesses. The Agriculture Committee did not take action on the bill.

Subsequently, Legislative Resolution 374 was introduced to further examine food accessibility in the state, the role of independent grocery stores, and how to best support local grocers to maintain food access in rural communities. This report examines the impact of food insecurity on rural Nebraska and how independent grocery stores are instrumental mechanisms for food access in our state. It also addresses the challenges business owners face, shares how stores impact their communities, and offers policy considerations for providing needed legislative support to increase food security in Nebraska.

II. Food insecurity and food access

An increasing number of Nebraskans face difficulty putting food on the table due to challenges in affordability and other roadblocks to the accessibility of adequate, nutritious food options. Food insecurity is defined as “the limited or uncertain availability of nutritionally adequate and safe foods, or the limited or uncertain ability to acquire acceptable foods in socially acceptable ways.”⁴ A recent report from the U.S. Department of Agriculture (USDA) showed that food insecurity in Nebraska is higher than the national average.⁵ Furthermore, the number of people facing “very low” food security in our state has risen, which means an increased number of households are reducing how much they eat or skipping meals because they are not able to buy the groceries they need. Nebraska mirrored national trends when its proportion of food-insecure households rose from 10.8% in 2021 to 12.9% in 2023.⁶ Rates of food insecurity in households with children have risen even higher, with an estimated 13.5% experiencing difficulty put-

ting food on their table in 2023.⁷ According to the USDA, more Nebraskans are facing “very high” food insecurity now than in the past 14 years: An estimated 6% of Nebraskans have reduced how much they eat or skipped meals entirely because of the difficulty they have affording food, which is above the national average of 4.7%.⁸

Table 1: Scale of food security

High	Households had no problems or anxiety about consistently accessing adequate food.
Marginal	Households had problems or anxiety at times about accessing adequate food, but the quality, variety, and quantity were not substantially reduced.
Low	Households reduced the quality, variety, and desirability of their diets, but the quantity of food intake and normal eating patterns were not substantially disrupted.
Very low	At times during the year, the eating patterns of household members were disrupted, and food intake was reduced because the household lacked money or other resources for food.

4 “Definitions of Food Security.” U.S. Department of Agriculture, Economic Research Service, Oct. 25, 2023, ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-u-s/definitions-of-food-security. Accessed June 2024.

5 Rabbitt, Matthew, et al. “Household Food Security in the United States in 2023.” U.S. Department of Agriculture, Economic Research Service, September 2024, ers.usda.gov/webdocs/publications/109896/err-337.pdf. Accessed September 2024.

6 Ibid.

7 Barks, Brian, and Michaella Kumke. “Area Food Banks Urge the Governor to Address Rising Childhood Food Insecurity Rates.” Nebraska Examiner, Dec. 19, 2023, nebraskaexaminer.com/2023/12/19/area-food-banks-urge-the-governor-to-address-rising-childhood-food-insecurity-rates. Accessed June 2024.

8 Rabbitt, Matthew, et al. “Household Food Security in the United States in 2023.” U.S. Department of Agriculture, Economic Research Service, September 2024, ers.usda.gov/webdocs/publications/109896/err-337.pdf. Accessed September 2024.

The current increase in food insecurity in Nebraska and the U.S. can be attributed, in part, to the expiration of pandemic-era increases in funding to programs like the Supplemental Nutrition Assistance Program (SNAP), tax credits, and unemployment benefits.⁹ These quick-response measures by the federal government provided much-needed emergency assistance during the uncertainty caused by the COVID-19 pandemic when social distancing was in place and many Americans, especially those in the service industry, were unable to work. In 2021, the additional benefits wound down as people returned to the workplace.

Unfortunately, the end of such measures coincided with economic volatility for individuals and families as inflation increased exponentially. The cost of living in the U.S. increased across the board, with food costs among the highest as prices jumped by 25%, the largest increase since 1979.¹⁰ While the rate of inflation has now cooled, prices have not returned to pre-pandemic levels. The elevated cost of living in our country has not only had a significant impact on low-income families but also on a majority of middle-income Americans.¹¹ Purchasing food is not something that can be put off—unlike buying a car, home, or clothing—and more people are changing their food shopping habits as the portion of their income spent on groceries remains disproportionately high.

A variety of socioeconomic factors affect food security, including income, education, employment, race and ethnicity, and food accessibility, which is defined as “access to... sources of

healthy and affordable food.”¹² Food deserts—areas with limited or no access to a store where healthy, affordable food can be purchased—have long been recognized as a major contributing factor to food insecurity in rural areas. The USDA’s definition of a “food desert” depends on a combination of income and census tract data to identify “low-income and low-access” (LILA) areas, outlined as follows.

- **Low-income:** A tract 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-access:** A census tract with at least 500 people, or 33% of the population, living more than 1 mile (urban areas) or 10 miles (rural areas) from the nearest supermarket, supercenter, or large grocery store.
- **LILA:** A low-income tract with at least 500 people, or 33% of the population, living more than 1 mile (urban areas) or more than 10 miles (rural areas) from the nearest supermarket, supercenter, or large grocery store.

Only LILA areas, census tract regions experiencing both low income levels and low food access, are considered food deserts by the USDA definition.¹³ However, recent research suggests that more sensitive analysis of rural Nebraskans’ financial management practices can provide a more accurate depiction of their spending potential than income alone. A 2024 study that combines the USDA LILA designations with individual potential spending power according to net worth data, available by zip code, demonstrates that as many as 66 of Nebraska’s 93 counties contain one or more food deserts.¹⁴ See Figure 1 on page 4.¹⁵

9 Khairunnisa, Nurfadila. “A Shift in Hunger: U.S. Food Policy and What We Learned from the Pandemic.” Population Reference Bureau, March 27, 2024, prb.org/articles/a-shift-in-hunger-u-s-food-policy-and-what-we-learned-from-the-pandemic. Accessed June 2024.

10 “Food Prices and Spending.” U.S. Department of Agriculture, Economic Research Service, June 27, 2024, ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-prices-and-spending. Accessed June 2024.

11 “New National Poll: Economic Hardships of Millions of Middle-Class Americans Go Unseen, Most Believe They Will Continue to Struggle Throughout Their Lives.” National True Cost of Living Coalition, June 4, 2024, nationaltruecostofliving.org/research/pressrelease. Accessed June 2024.

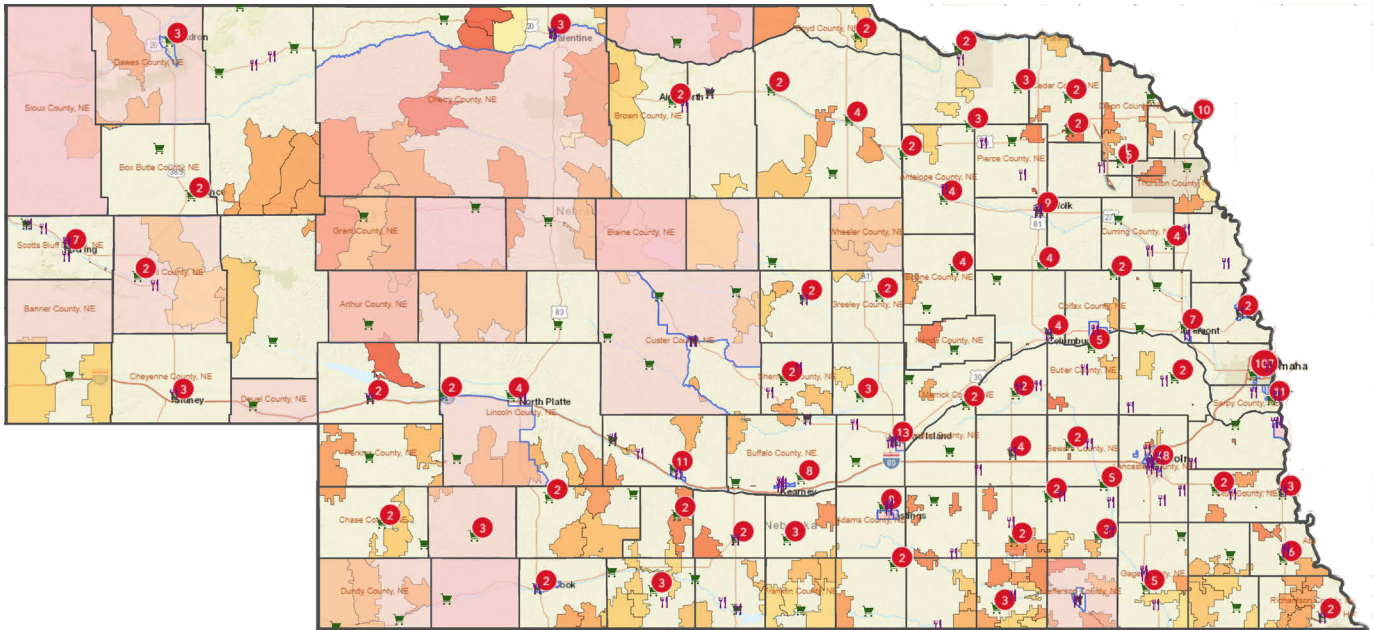
12 “Documentation, Food Access Research Atlas.” U.S. Department of Agriculture, Economic Research Service, Oct. 20, 2022, ers.usda.gov/data-products/food-access-research-atlas/documentation. Accessed June 2024.

13 Ibid.

14 McKee, Gregory J., and Shawn C. Kaskie. “Food Deserts in Nebraska: A Revised Methodology and Analysis.” Center for Rural Affairs and Nebraska Grocery Industry Association, July 2024.

15 McKee, Gregory J., and Shawn C. Kaskie, email correspondence, July 10, 2024.

Figure 1. Nebraska food deserts, as designated by modified food desert criteria



KEY



Value of other financial assets under \$1 million (2028, ESRI)



Grocery stores in Nebraska (2024, Center for Rural Affairs)

> 298



2028 value of Oth Financial Assets (Index)



Farmers markets (2022, University of Nebraska–Lincoln)

In rural areas with low grocery access, additional barriers exist to buying adequate groceries due to the transportation costs of traveling to the nearest grocery store, which affects the food secure and insecure alike. A grocery store in a small community can be the difference between choosing healthy over unhealthy foods due to time and travel constraints, especially for those already on a tight budget. For Nebraskans experiencing such conditions, one solution to addressing the challenge of living in rural areas with low grocery access is to evaluate the needs of locally owned grocery stores and develop legislative programs to help keep existing stores open.

Independently owned grocery stores—those with owners operating fewer than four locations¹⁶—are a vital component of rural food security. A majority of Nebraska’s independent grocery stores are located in rural areas, and they provide an essential service to their communities,

16 McKee, Gregory, et al. “Ownership Transition in Rural Nebraska Grocery Stores: A Multi-Ownership Perspective.” Agricultural Economics, Board of Regents of the University of Nebraska, June 2024, ncdc.unl.edu/Documents/Rural%20Grocery%20Survey%20Report%20061424%20formatted.pdf. Accessed June 2024.

especially for those who face additional barriers to buying food, such as low-income households, elderly or disabled people, and those who lack reliable transportation.¹⁷ These stores provide their communities with healthy food options, and their absence may push people to resort to buying shelf-stable, often highly processed and unhealthy products from convenience or dollar stores that are more accessible. Additionally, independent grocery stores are the ideal place for SNAP participants to use their benefits locally rather than traveling out of town to the next nearest grocery store. Local grocery stores give SNAP participants better choices for where and how to spend their benefits. If people do not have to factor in travel costs when buying groceries, they have a greater ability to choose fresh, healthy foods.¹⁸

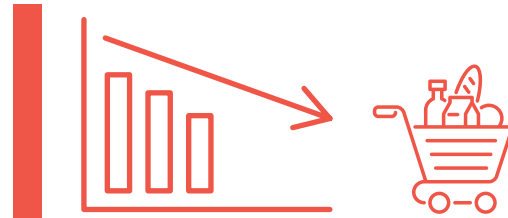
However, the challenges for independently owned rural grocery stores have progressively increased over the past 30 years, making it difficult to attract new owners and often forcing business owners to make the heartbreaking decision to close. While the closure of these stores can have a reverberating impact on the community as a whole, for people facing food insecurity, the lack of a local store can tangibly affect the amount and type of food their family eats each day. Unlike alternatives such as dollar and convenience stores, independent grocery stores stock a wider variety of fresh produce, meat, and dairy products and provide local employment opportunities as well as support for other businesses in their communities.

17 Cho, Clare, and Richard Volpe. “Independent Grocery Stores in the Changing Landscape of the U.S. Food Retail Industry.” U.S. Department of Agriculture, Economic Research Service, November 2017, ers.usda.gov/webdocs/publications/85783/err-240.pdf. Accessed June 2024.

18 “Barriers That Constrain the Adequacy of Supplemental Nutrition Assistance Program (SNAP) Allotments (Summary).” U.S. Department of Agriculture, Food and Nutrition Service, June 2021, fns-prod.azureedge.us/sites/default/files/resource-files/SNAP-Barriers-Summary.pdf. Accessed June 2024.

III. Challenges for independent grocery stores

The increasing challenges encountered by independent grocery stores have arisen from competition with big box stores, declining rural populations, difficulty meeting workforce needs, shifting consumer shopping habits, aging ownership, and changing wholesale distribution requirements such as purchase minimums.



In Nebraska, the number of rural independent stores has decreased **30%**, falling from 290 in 2016 to 204 in 2021.¹⁹

In the wake of the COVID-19 pandemic, existing challenges have been exacerbated by increased competition from online shopping options and rising wholesale prices.

Another considerable challenge, one affecting not only small grocers but also entire rural communities, has been the consolidation of the food supply chain. From the farms where food is grown to the processing, distribution, and sales locations, every step along the way has steadily become more concentrated as total numbers shrink but individual size increases. The food supply chain consolidation happened over the past three decades as more people began traveling to cities to do their shopping and the profits of large chain stores increased. The extent of business consolidations has made it increasingly difficult for independent grocers to compete with

19 McKee, Gregory, et al. “Ownership Transition in Rural Nebraska Grocery Stores: A Multi-Ownership Perspective.” Agricultural Economics, Board of Regents of the University of Nebraska, June 2024, ncdc.unl.edu/Documents/Rural%20Grocery%20Survey%20Report%20061424%20formatted.pdf. Accessed June 2024.

large corporations and compounds persistent challenges in operating their small businesses. The rapid expansion of food retailers, namely supercenters and dollar stores, has resulted in a disproportionate advantage when it comes to stocking store shelves with food because they have more buying power to negotiate product pricing and are able to buy in mass quantities, which results in reduced wholesale prices.

Furthermore, distributors have now established minimum order requirements for stores to qualify for delivery. Independent stores serving smaller populations cannot order wholesale products in the same quantities as their chain-store competitors because they do not have the larger customer base to ensure the products will sell, which means they are not getting the same deals on bulk volume. When order minimums for wholesale delivery become prohibitive, some store owners resort to buying products from large chains and paying retail prices to keep their shelves stocked for their communities. Other owners may partner with nearby independent stores to combine orders to meet minimum delivery requirements, but not every store is in a geographic position to do this. The disadvantages of the higher supply costs for small orders have led to ever-slimming profit margins that create a catch-22 for independent grocery stores as they seek to retain customers with affordable prices while facing rising budgets for general operating costs such as facility maintenance, employee salaries, and equipment upgrades.

The origin of these challenges can be traced to the early 1990s, when supercenters—pointedly Walmart—began expanding outside of larger metropolitan areas. Walmart revolutionized the way Americans shop, and after introducing groceries to its stores in 1988, it emerged and remains the top retailer in the country, now capturing the sale of one in every four dollars spent on groceries in the U.S.²⁰ The growth of Walmart

and similar big box retailers has contributed to a more concentrated retail sector overall.²¹

Walmart’s market dominance has been detrimental to every aspect of the food supply chain, as the conglomerate leverages its buying power to play an outsized role in how food is grown, processed, distributed, and sold, fueling unprecedented market consolidation. To keep up, other national supercenters and grocery chains now operate their own distribution centers, and to remain competitive, small and medium wholesale distributors have consolidated operations. This system of operation has led to the emergence of a vicious cycle that favors stores, distributors, and suppliers that are constantly growing, making it harder for independent grocery stores to serve their customers and, in some cases, survive.

Additionally, consolidation of the agricultural market has contributed to the considerable challenge of shrinking populations in rural communities.²² As the number of family farms shrinks, so does the availability of jobs, which is one factor pushing people to move away from rural towns. Furthermore, Walmart’s large retail footprint may affect stores within a radius as large as 100 miles.²³ Nebraska’s Walmart stores are often located along interstate and other major highways, which can have adverse effects on many small businesses, not just grocery stores. Shops like pharmacies as well as independent hardware, furniture, and clothing retailers served important roles in their communities before the advent of supercenters but have also been devastated by consumers choosing to shop in larger towns at stores where a wide variety of products can be purchased at one location.

20 Thorpe, Alicia. “Walmart vs. Target: When It Comes to Groceries It’s Not Really a Competition.” RetailWire, Aug. 18, 2023, retailwire.com/walmart-vs-target-when-it-comes-to-groceries-its-not-really-a-competition. Accessed June 2024.

21 Stone, Kenneth E., and Georgeanne M. Artz. “Revisiting Walmart’s Impact on Iowa Small Town Retail: Twenty-Five Years Later.” Iowa State University, Department of Economics, May 2012, econ.iastate.edu/papers/p15202-2012-05-31.pdf. Accessed June 2024.

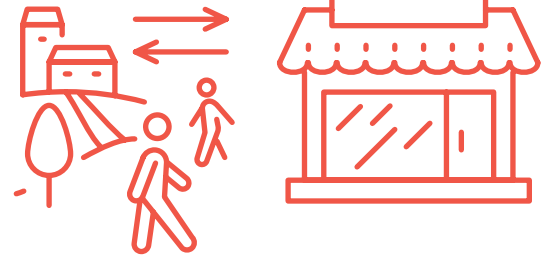
22 Garwood, Grace. “How Rural Population Decline Impacts U.S. Agriculture.” The Food Institute, Aug. 23, 2021, foodinstitute.com/focus/how-rural-population-decline-impacts-u-s-agriculture. Accessed June 2024.

23 Kaskie, Shawn, and Timothy Burkink. “Food Deserts in Nebraska: An Alternative Perspective.” University of Nebraska at Kearney, 2015.

Another significant challenge for rural independent grocery businesses is the rapid increase of dollar stores opening in a disproportionately high number of low-income and rural areas. Between 2007 and 2022, the number of Dollar General store locations—the dominant chain—more than doubled from 8,000 to 19,000.²⁴ Recent studies indicate that competition from dollar store chains in rural areas has negatively impacted the sales and employment at nearby independent grocery stores, which are three times more likely to close than those in urban areas.²⁵ When that happens, residents are left with fewer and poorer food choices, yet they are still likely to pay the same price they did at their local store.

Despite the purported low costs associated with dollar stores, people often do not save money in the long term on their food purchases.²⁶ For example, individual grocery items on the dollar store shelf may be labeled at the same or a lower price than competing stores, but when looking at the price by volume or unit, the dollar store cost is higher. Additionally, dollar stores negatively affect other small local businesses like pharmacies and hardware stores because the larger stores sell similar products at lower prices or offer the convenience for customers to do their shopping in one stop.²⁷ While this is a desirable attribute for customers, the loss of sales affects local businesses, which lose foot traffic because

dollar stores tend to be located on the outskirts of towns. Furthermore, the profits at dollar stores go back to the national corporation, not a local business owner whose profits better support their community.²⁸ Locally owned businesses have a higher “multiplier effect,” the term for how dollars recirculate into the community.



Studies have found that **48%** of each purchase at a local independent business recirculated into the community, compared to **14%** of purchases at chain stores.²⁹

The negative effects of the current food retail market have disparately impacted rural areas, which are most likely to be served by independent grocery stores.³⁰ Remaining competitive and bringing in sufficient revenue to cover things like operating costs, adequate pay to attract and retain employees, and unforeseen expenses such as replacing a refrigerator or fixing a burst pipe

24 Smith, P. “Number of Stores of Dollar General in the United States from 2007 to 2022.” Statista, May 3, 2023, [statista.com/statistics/253587/number-of-stores-of-dollar-general-in-the-united-states](https://www.statista.com/statistics/253587/number-of-stores-of-dollar-general-in-the-united-states). Accessed June 2024.

25 Totty, Michael, et al. “How Dollar Stores Contribute to Food Deserts.” Anderson Review, University of California Los Angeles, March 8, 2023, anderson-review.ucla.edu/how-dollar-stores-contribute-to-food-deserts. Accessed June 2024.

26 Totty, Michael, et al. “How Dollar Stores Contribute to Food Deserts.” Anderson Review, University of California Los Angeles, March 8, 2023, anderson-review.ucla.edu/how-dollar-stores-contribute-to-food-deserts. Accessed June 2024.

27 Carey, Liz. “Study: Dollar Stores’ Entry Into Rural Communities Adds to Rural Grocery Challenges.” The Daily Yonder, June 25, 2024, dailyyonder.com/study-dollar-stores-entry-into-rural-communities-adds-to-rural-grocery-challenges/2024/06/25/. Accessed June 2024.

28 Beacom, Nathan. “Hunger and the Local Economy: Integrated State-Level Approaches to Food Access.” Center for Rural Affairs, April 2021, cfra.org/publications/hunger-and-local-economy. Accessed June 2024.

29 “Expert Alert: The Economic Impact of Shopping Local.” University of Minnesota Duluth, Nov. 18, 2021, news.d.umn.edu/articles/expert-alert-economic-impact-shopping-local. Accessed June 2024.

30 “Buyer Power and Economic Discrimination in the Grocery Aisle: Kitchen Table Issues for American Consumers.” The National Grocers Association, nationalgrocers.org/wp-content/uploads/2021/03/NGA-Antitrust-White-Paper25618.pdf. Accessed June 2024.

are the challenges confronting grocery store owners every day. Furthermore, many of these stores lack a business transition plan and are at risk of permanently closing when the owner reaches retirement age or decides to leave the business.

Independently owned grocery stores are vital to food security in Nebraska and rural community vitality, but the increasingly hyper-competitive food retail landscape has pushed communities throughout the state toward becoming low-access areas, and even more are at risk should they lose their stores. As noted in Figure 1 on page 4, 66 of Nebraska’s 93 counties currently contain one or more food deserts, with demographic factors such as an aging population and a rising number of single-person households increasing the likelihood of additional food deserts developing in rural areas.³¹

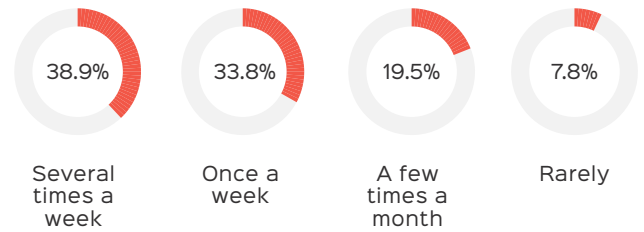
IV. Community impact

Grocery stores serve an essential function as places to buy fresh and nutritious food, but they are also a vital component of the broader social and economic network in rural communities. Many stores are social hubs where people can catch up with friends, family, or neighbors while doing their shopping or stopping at the deli. When planning an event or gathering, local organizations, church groups, and families often turn to their local store for food and supplies.

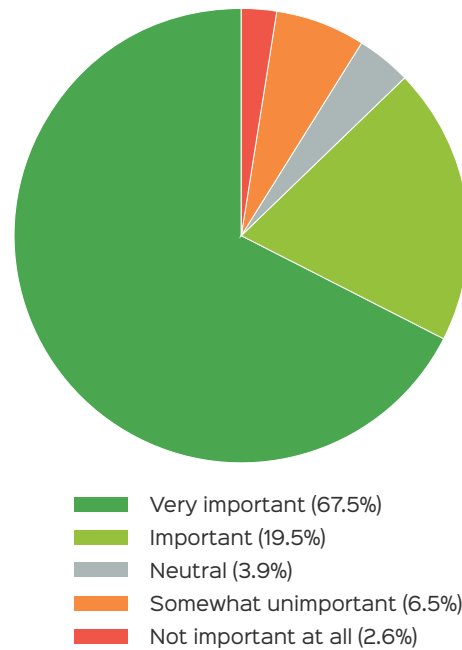
In June 2024, the Center for Rural Affairs conducted an informal survey to understand public perception regarding the role and impact of local grocery stores in rural communities around the state. Seventy-seven respondents from across Nebraska provided insights on how residents view their local grocery stores, and their input echoes other research on this subject. Surveys were sent to Center supporters living in counties with census tracts identified by the USDA as experiencing low grocery access. A majority of respondents said their local store was essential to their community and that its closure would be detrimental. Residents also made clear that they want a community-based place to buy their groceries, with more than 80% reporting that supporting a local business is valuable to them. See Figure 2.

Figure 2. Nebraska rural grocery survey results

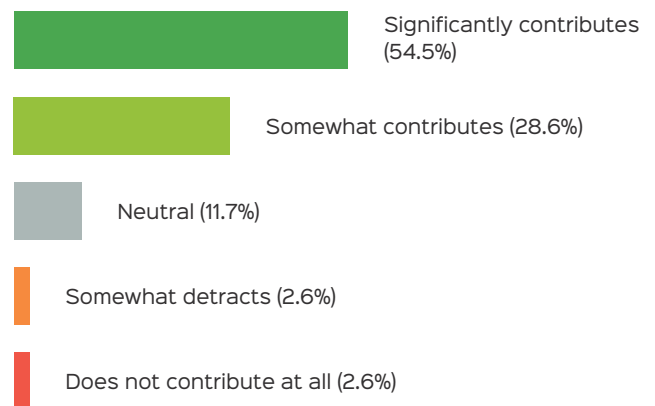
How often do you shop at your local grocery store?



How important is your local grocery store to you?



How do you feel your local grocery store contributes to the sense of community?



31 McKee, Gregory J., and Shawn C. Kaskie. “Food Deserts in Nebraska: A Revised Methodology and Analysis.” Center for Rural Affairs and Nebraska Grocery Industry Association, July 2024.

The Center also interviewed 10 rural independent grocers around Nebraska to contribute their perspective to the conversation. Both the survey feedback and the grocer interviews revealed that store owners are active in and value being part of their local communities. Owners placed feedback and requests from customers in high regard, along with describing how they regularly engage with their customers as a vital business practice.

“All store personnel go out of their way to help, and always say ‘Hi,’ when you go in. The produce is always fresh, the manager is there to help answer any questions, the meat department manager is there to help answer any questions, and the meat is always fresh. Everyone always thanks me for shopping at their store, it makes me feel welcome.”

–Hebron resident

“My local grocery store orders products that I request. They also maintain a fresh produce section that appeals to buyers because the entire store is clean, well lit, and the produce is always fresh.”

–Holdrege resident

“Supporting local isn’t just a slogan for us; it’s a way of life. We believe in building strong relations with local suppliers and offering our customers the freshest, highest-quality products available.”

–Sam Hand,
Scotty’s Ranchland Foods, Valentine

Since most independent grocery stores in Nebraska are located in rural areas, they play a critical role in addressing food access in the state.³² This is especially true for low-income and elderly individuals who face transporta-

32 Cho, Clare, and Richard Volpe. “Independent Grocery Stores in the Changing Landscape of the U.S. Food Retail Industry.” U.S. Department of Agriculture, Economic Research Service, November 2017, ers.usda.gov/webdocs/publications/85783/err-240.pdf. Accessed June 2024.

tion, physical, and financial barriers to buying food when a local grocery store closes. Several survey respondents validated this concern and said a local store closure would be a substantial issue for the people in their community who fall into those demographic categories by increasing travel for food purchases from 10 to 75 miles or more.

“Our local store recently closed. It is 31 miles to the nearest grocery store. It is impossible for the elderly who don’t drive out of town to get their groceries. We have lost a hub for gathering to have a cup of coffee, visit with other local people, and meet tourists who stop for supplies.”

–Harrison resident

“We are fortunate to have two great, locally owned grocery stores in our small town and both are thriving. Without them, food costs will significantly rise if families were forced to source groceries outside of the community, which will be difficult for those on a fixed budget or that are shut in their homes with limited transportation means. Moreover, families may be forced to choose more convenient but less healthy options like fast food or convenience store food.”

–Imperial resident

“If we were to lose our grocery store it would be devastating to our community. Our elderly members and everyone else for that matter would have to drive at least 10 miles to the next closest store. It would cause a significant hardship to many that do not have the time or resources to go to another town for groceries. Our store employs several people who rely on their jobs and want to stay in town for work. Many people rely on the store for noon meals when they prepare them. Our store makes deli sandwiches too, which many people grab for quick meals. I would hate to lose the store for the convenience. I don’t want to have to plan a trip just to buy groceries.”

–Exeter resident

“It would make it difficult or impossible for people who are elderly, have a physical disability, or don’t have transportation to obtain food. I love the convenience of having a grocery store so close that I don’t have to drive 45 miles to another town when I need just a few items.”

–Bruning resident

“Loss of jobs for many, the next closest is [10] miles away, elderly couldn’t get home deliveries from the next closest grocery store, meeting place for coffee would be gone, farmers and local businesses wouldn’t have a lunch option and also nightly specials would be gone for a quick ready to eat meal.”

–Bancroft resident

“As a former social worker, I noticed the lack of food accessibility for older people and wanted to make a difference. It’s been incredibly rewarding to see how much of an impact we can make.”

*–Jessi Chandler-Mason,
The Market and Mill, Anselmo*

For many Nebraskans, the lack of a nearby grocery store limits how often they eat fresh food or increases how often they opt for a less healthy meal from a convenience store or fast food restaurant. The entry of a dollar store into the market affects consumer spending habits, especially for low-income households. Local grocery stores offer healthy choices, and without those options residents would more often be left with only processed, unhealthy meals

“Without local access to fresh food, residents would have to drive 10 miles to a nearby town or leave the state and drive 30 miles to the nearest Walmart and Hy-Vee. Closure of our local store would be detrimental to our community, the only food access would be what is available at gas stations and Dollar General.”

–Hartington resident

A grocery store owner’s close ties to their community can offer flexibility with sourcing products locally. Many of the store owners we spoke with said they source products locally when they can and would like to help support neighboring farms, but significant hurdles, including adequate supply and regulatory burdens, remain.

“We want to support local farmers, but it’s a struggle when they can’t supply enough to meet our needs.”

*–Derek Hawthorn,
Henderson’s IGA, Valentine*

“Our family has always believed in the power of community. That’s why supporting local businesses and farmers is so important to us. It’s about more than just business; it’s about building a better community for everyone.”

*–Sam Hand,
Scotty’s Ranchland Foods, Valentine*

“Knowing everyone in the community and listening to their needs and wants is crucial. We source products locally and aim to continue doing so, despite the timing and supply challenges.”

*–Paula Macke-Rice,
Macke’s Grocery and Deli Corner, Mullen*

“Running this store is more than just a business. It’s about maintaining a connection with the community and supporting local producers, even as we navigate the challenges of labor and supply.”

*–Debbie Clark,
Dredla’s Grocery, Hyannis*

V. Other models and defining scope

In 2004, a partnership between the Pennsylvania state government and several private and non-profit entities launched a program called the Fresh Food Financing Initiative. In its first six years, the program assisted 88 grocery stores in underserved areas, improved healthy food access for

400,000 residents, and created or retained 5,000 jobs.³³ The partnership's success spurred the creation of multiple federal, state, and local healthy food financing initiatives (HFFIs) to support food retailers and promote healthy food access. HFFI is a catch-all term for any private-public partnership project that provides technical assistance, capital, or both to food retailers to enhance the availability and affordability of healthy foods. HFFIs can be funded by state or federal dollars and have improved food access and grocery store sustainability in locations around the country. A state-driven approach offers more flexibility to develop a program that is specific to the most urgent needs for its residents who face food insecurity or limited access. States that have implemented an HFFI have seen increased healthy food consumption, job growth, and economic development through local shopping and tax revenue.³⁴

The largest of the existing HFFI programs is America's Healthy Food Financing Initiative, overseen by USDA Rural Development and administered by the Reinvestment Fund, The Food Trust, and Policy Link. Twenty states have implemented HFFIs via the federal program, which provides grants and/or loans to food retailers to enhance food access in underserved communities. Recipients of grant funds are state or local governments, community development organizations, and nonprofits that provide financial and technical assistance to food retailers to enhance the accessibility of healthy food.

Examples of how federal HFFI funds can be used include:

- Community needs assessment
- Community engagement assistance
- Construction predevelopment
- Assessing capital funding needs
- Development of a business plan and/or operating financials³⁵

Another federal HFFI awards small, one-time grants to assist with business sustainability. Grants have been awarded to stores in 48 states, including three Nebraska grocery stores that received grant funding in 2021: Valley Foods Cooperative in Lynch, Post 60 Market in Emerson, and Open Harvest Co-op Grocery in Lincoln.

However, competing for federal funding can be daunting or even prohibitive. Alabama, Colorado, Illinois, Minnesota, North Dakota, and Oklahoma have passed legislation to enact their own HFFIs and tailor them to meet the specific needs of their state. State models allow for flexibility on eligible expenditures, such as capital improvements and purchasing of equipment, and defining which retailers are eligible, including grocery stores, corner and convenience stores, farmers markets, and mobile food markets.

Although the federal small grant program has benefited three Nebraska stores, due to the complex and competitive application process and the individuality of our rural communities and independent businesses, it may not be a solution for most of the grocery stores in the state. A state-sponsored HFFI in Nebraska would enable a more targeted approach to identifying grocery stores in areas where food access is most critical and addressing our communities' unique needs. The success or failure of a grocery store can serve as a broader signifier of rural economic development. Through legislation, Nebraska could establish a program to provide assistance to help stabilize independent grocery stores in the state, which is an immediate and critical need to address both food and economic security in rural areas.

33 "A Healthy Food Financing Initiative: An Innovative Approach to Improve Health and Spark Economic Development." PolicyLink, The Food Trust, The Reinvestment Fund, March 1, 2012, thefoodtrust.org/wp-content/uploads/2022/06/hffi-one-pager-original.pdf. Accessed June 2024.

34 "Special Report: HFFI Impacts, The Nationwide Success of Healthy Food Financing Initiatives, A Proven, Economically Sustainable Solution." The Food Trust, thefoodtrust.org/wp-content/uploads/2022/07/HFFI-Impacts-Report.pdf. Accessed June 2024.

35 "HFFI Planning Grant Program." America's Healthy Food Financing Reinvestment Fund. investinginfood.com/planning-grants. Accessed June 2024.

North Dakota’s Rural Food Sustainability Grant program, launched in late 2023, is the most recent of the state-level HFFIs. Through feasibility studies and private-public partnership projects, the program seeks to “attract, retain, and expand wealth and improve the quality of life for the people of North Dakota.”³⁶ While other state programs target LILA, North Dakota’s program is open to all rural communities, regardless of income levels and existing food access. North Dakota’s approach integrates food security and economic development to effectively assist rural communities with the complex challenges they face.

If Nebraska were to emulate the targeted rural food sustainability program, our state could invest in a more robust local food system by actively incorporating local producers into the food retail landscape and supporting the cooperative development of grocery stores and wholesaling—a community-driven approach that has seen success in other states despite limited staffing and funding capacity.³⁷ Nebraska has a rich diversity of livestock and produce farmers, but it is difficult for them to enter the independent grocery market. Adapting North Dakota’s model could help connect Nebraska’s local producers, retailers, and consumers and meet the need for improved food access in rural communities.

Perhaps the most crucial aspect of North Dakota’s Rural Food Sustainability Grant program model is its expansion of funding beyond USDA’s designated LILA areas. While the federal government uses LILA areas to define food deserts, the designation has considerable limitations for accurately identifying current rural food access conditions because of ever-changing socioeconomic factors. Circumstances such as population shifts and stores closing or opening cannot be adequately updated because the LILA definition relies on the Decennial Census of Population and Housing, collected only every 10 years, and the American Community Survey, conducted

36 “Rural Food Sustainability Grant.” North Dakota, 2023, nd.gov/living-nd/rural-food-sustainability-grant. Accessed June 2024.

37 “About Us.” Nebraska Cooperative Development Center, University of Nebraska-Lincoln, ncdc.unl.edu/aboutus.shtml. Accessed June 2024.

every five years.³⁸ When identifying the communities where access to healthy food options is at most critical risk, consideration cannot limit eligibility to only those grocery stores in federally identified LILA areas. In doing so, the limitations would disqualify struggling grocery stores in areas that, should they close, pose significant food access challenges for residents, especially the elderly and those with low incomes, disabilities, or a lack of transportation.

Nebraska is poised to follow North Dakota’s example. In 2024, the Center for Rural Affairs partnered with the University of Nebraska to conduct a state-specific evaluation of food access and identify the areas with the most critical need. The evaluation revisited methodology from a 2015 study that proposed an alternative to the USDA’s definition of LILA areas by using different metrics to evaluate the scope of food access and spending capacity in rural Nebraska.³⁹ These proven methods were used to propose an accurate representation of food accessibility in our state by referencing the average net worth of zip codes instead of income by census tract, expanding the distance from a grocery store from 10 miles to 20, and using a more accurate dataset of grocery stores.⁴⁰

In the 2024 study, net worth was proposed as a proxy for income because in rural Nebraska there is a higher percentage of full or partial business owners who can deduct business expenses from their annual income, which can affect reported income. Zip codes were used as an alternative approach to view food access at a more granular level since census tracts are large and, in some cases, make up entire counties in Nebraska. The study also proposed extending the distance of at least 50% of the population from the nearest

38 Lebel, Alexandre, et al. “Identifying Rural Food Deserts: Methodological Considerations for Food Environment Interventions.” *Canadian Journal of Public Health*, 2016, [jstor.org/stable/90006794](https://www.jstor.org/stable/90006794). Accessed June 2024.

39 Kaskie, Shawn, and Timothy Burkink. “Food Deserts in Nebraska: An Alternative Perspective.” University of Nebraska at Kearney, 2015.

40 McKee, Gregory J., and Shawn C. Kaskie. “Food Deserts in Nebraska: A Revised Methodology and Analysis.” Center for Rural Affairs and Nebraska Grocery Industry Association, July 2024.

grocery store from 10 miles to 20 because “rural residents, in general, appear to be habituated to longer travel distances compared to urban residents.”⁴¹

Lastly, more accurate grocery store data was compiled in a cooperative effort by the Nebraska Grocery Industry Association, the Nebraska Cooperative Development Center, and the Center for Rural Affairs because the USDA data identifies supermarkets, supercenters, and large grocery stores with at least \$2 million in annual sales and does not capture smaller grocery stores. The more accurate and relevant methodology of this new study revealed that several communities, primarily in east-central and southeast Nebraska, have critical food access needs but would be ineligible for HFFI funding under the federal America’s HFFI and USDA’s LILA criteria, further underscoring the need for state-level legislative action.

Independent grocery stores are the most accessible place people can buy food, especially in rural areas, but they face considerable challenges to remaining in business. The USDA’s widely used LILA methodology is useful in determining which areas of the country have difficulty accessing healthy food, but Nebraska researchers have been able to develop a study that more accurately reflects the circumstances of our state. Every state in the U.S. has its unique aspects—including demographics, income, access to transportation, population density, culture, and geography—that make a universal tool for the entire country impossible and demonstrates the importance of tailored support designed for Nebraska’s rural communities.

VI. Conclusion

Ensuring access to healthy food is a complex task, and there is no one-size-fits-all solution. Grocery stores are the most reliable and convenient way for people to find a healthy variety of food options. In a geographically large and rural state like Nebraska, with only a few densely populated cities, small, locally owned grocery stores are integral to food security.

41 Ibid.

Independent rural grocery stores provide fresh, affordable, and healthy foods for their communities, but their presence is at risk. The challenges rural grocers encounter in an increasingly hostile food retail environment have pushed many to close their doors, to the detriment of residents living in the community and surrounding areas as well as other local businesses. State-sponsored support for independent rural grocery stores will have a positive effect on the communities that receive investment. It will also give residents facing food insecurity the opportunity to spend their money closer to home and that money, in turn, will continue to support the vitality of the local community and economy.

Nebraska is proud of its rural communities, and by supporting independent grocery stores in the form of capital improvements, technical assistance, or alternatives to product sourcing, lawmakers can facilitate broader rural economic development through a program that would, at its root, address a fundamental need of food access in our state.

About the Center for Rural Affairs

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities. This institution is an equal opportunity provider and employer.

