



# MICROBUSINESS:

## A Community-Centered Solution to Inequitable Food Systems

## Acknowledgments

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## About AEO

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The Association for Enterprise Opportunity is the leading voice of innovation for microfinance and microbusiness. Our mission is to create economic opportunity for underserved entrepreneurs throughout the United States. We engineer transformational change through research, convening, incubation, and advocacy to foster a robust and inclusive market place.

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# Executive Summary

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Low food access areas are disproportionately located in lower income areas and disproportionately impact communities of color. Compared to middle income zip codes, communities in low income zip codes have 25 percent fewer chain supermarkets located in their neighborhoods. When compared to zip codes with predominantly white residents, zip codes with predominantly Black and Latinx residents have half and one third the amount of chain supermarkets respectively.

Although billions of dollars have been dedicated to increasing food access, the success of food access initiatives are varied and provide scant evidence to prove the claim that increasing healthy food access for lower income families will help them eat healthier.

The truth is that a family cannot afford to eat healthy foods if they cannot afford their housing, do not have quality jobs, and are laden with debt. Poverty and income inequality are the largest barriers to accessing healthy foods.

With 40% of Americans lacking the savings to withstand a financial hardship such as losing a job<sup>1</sup>, every American is vulnerable to hunger and are at risk for being food insecure. With over 40 million Americans already food insecure, strategies geared at securing healthy food for all should strive to make disadvantaged communities more financially secure and to make food systems more equitable.

AEO's research explores the possibility of local food system microbusiness to increase food access, food security, and economic opportunity while building community wealth. Defined as all the processes and actors involved in transforming a seed into food, food systems include farmers, distributors, food manufacturers, retailers, and consumers. By bridging economic development and financial security with locally owned food systems, local food system microbusiness empowers community members with the capacity to change their food systems while disrupting the effects of poverty.

With over 300,000 microbusinesses operating within the food system and responsible for more than 1.9 million jobs and \$17 million in paid salaries, the presence of microbusinesses in the food system is significant. Greater capital investment and increased technical assistance<sup>2</sup> would provide tremendous support for food system microbusinesses. Supporting the growth and success of food system microbusinesses in lower income communities means that those who are most affected by food insecurity and poverty become the voices that are most amplified and empowered in realizing solutions.

<sup>1</sup> Wiedrich, Kasey, and David Newville. (2019). Vulnerability in the Face of Economic Uncertainty. Prosperity Now, pp. 1-12. Retrieved from [https://prosperitynow.org/sites/default/files/resources/2019\\_Scorecard\\_Key\\_Findings.pdf](https://prosperitynow.org/sites/default/files/resources/2019_Scorecard_Key_Findings.pdf)

<sup>2</sup> For the purpose of this paper, the term 'technical assistance' will be used despite the fact that in lieu of 'technical assistance,' AEO utilizes a 'trusted guidance' model that is uniquely structured to meet the needs of low-wealth, small business owners.

# Despite Billions, Millions of Americans Are Still Hungry

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Food touches every aspect of life and is critical for sustaining health and healthy communities. From the cafeteria breakfast that starts a child's school day to the comfort foods that unite and bridge heritage, communities, friends, and memories, food is a unique symbol and representation of who we are, what we value, and where we call home.

However, food is not a right that is equitably afforded to everyone: an estimated 1 in 8 people in the United States, or over 40 million Americans, are food insecure and lack consistent and reliable access and/or resources to purchase culturally appropriate, nutritious, and affordable food.<sup>3</sup> To address food insecurity, government agencies, NGOs, and the private sector have invested billions of dollars into initiatives designed to increase access to healthy food and decrease nutritional inequality.

Operating with the assumption that people would purchase healthy food if made conveniently available,<sup>4</sup> the Healthy Food Financing Initiative (HFFI) launched in 2011 to finance the opening of full service grocery stores and healthy food retailers in underserved communities nationwide. HFFI has distributed more than \$500 million in funding and has also leveraged more than \$1 billion in additional resources such as private capital, loans, and federal tax incentives to increase healthy food access.<sup>5</sup>

Additionally, mobile grocery stores have opened nationwide in an attempt to connect fresh fruits and vegetables to communities with low access to grocery stores.<sup>6</sup> Convenience stores and bodegas, or small corner stores selling limited groceries, have converted to "healthy corner stores" to provide a convenient, neighborhood source for fresh fruits and vegetables.<sup>7</sup>

In an attempt to connect urban residents to fresh and locally grown food, urban farms have sprouted in many cities across the United States.<sup>8</sup> The number of farmers' markets grew from 2,000 in 1994 to 8,600<sup>9</sup> in 2019 and in 2017, Supplemental Nutrition Assistance Program (SNAP) participants spent more than \$22.4 million at farmers' markets.<sup>10</sup>

“ There is INSUFFICIENT evidence to prove that opening grocery stores is an effective strategy for tackling food insecurity ”

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Although billions of dollars have been dedicated to securing healthy food for all, the success of food access initiatives and strategies are greatly varied and provide scant evidence to support the claim that increased food access increases positive health outcomes or changes unhealthy eating behaviors.<sup>11</sup>

There is insufficient evidence to prove that opening grocery stores and making healthy foods available is an effective strategy for tackling food insecurity and nutritional inequality in low food access areas and in lower income communities.<sup>12</sup> Although the opening of grocery stores in low food access areas have shown positive changes in how communities' perceive their access to healthy foods,<sup>13</sup> positive perceptions have

<sup>3</sup> <https://hungerandhealth.feedingamerica.org/understand-food-insecurity/>

<sup>4</sup> Nathan A. Rosenberg and Nevin Cohen, Let Them Eat Kale: The Misplaced Narrative of Food Access, 45 *Fordham Urb. L.J.* 1091 (2018), <https://ir.lawnet.fordham.edu/ulj/vol45/iss4/55>

<sup>5</sup> *Ibid.*

<sup>6</sup> <http://www.myveggievan.org/mobile-market-summit.html>

<sup>7</sup> Meyers, Theresa, "Building Healthy Corners," DC Central Kitchen, 20 Apr. 2018, [dcentralkitchen.org/2018/04/20/building-healthy-corners/](https://dcentralkitchen.org/2018/04/20/building-healthy-corners/).

<sup>8</sup> <https://www.d-townfarm.com/>

<sup>9</sup> <https://farmersmarketcoalition.org/education/qanda/>

<sup>10</sup> *Ibid.*

<sup>11</sup> Nathan A. Rosenberg and Nevin Cohen, Let Them Eat Kale: The Misplaced Narrative of Food Access, 45 *Fordham Urb. L.J.* 1091 (2018), <https://ir.lawnet.fordham.edu/ulj/vol45/iss4/512>

<sup>12</sup> Abeykoon, Am Hasanthi, et al. "Health-related outcomes of new grocery store interventions: a systematic review." *Public Health Nutrition*, vol. 20, no. 12, 2017, pp. 2236-2248, doi:10.1017/s1368980017000933.

<sup>13</sup> Blitstein, J.L., Snider, J., Evans, W.D. (2012). Perceptions of the food shopping environment are associated with greater consumption of fruits and vegetables. *Public Health Nutrition*, 15(6), 1124-1129.



“ A local food system *DRIVEN* by locally owned microbusinesses can address both low food access and the economic conditions that affect food insecurity.

not been shown to cause healthier food buying or eating behaviors.<sup>14</sup> Although some studies have shown increases in fruit and vegetable consumption,<sup>15</sup> other studies examining the impact of grocery stores have not detected any significant improvements in healthy eating behaviors.<sup>16</sup> Although the introduction of a supermarket and increasing food access may lead to healthier eating and buying habits, an isolated approach to addressing food insecurity, such as increasing food access, is an inadequate “solution” to achieving nutritional equality and healthy, well-fed communities.

Newer research frames food insecurity as an effect of social and economic inequality and has shifted focus away from downstream interventions, such as healthy food retail, to instead focus on upstream interventions, such as policy solutions.<sup>17</sup> Policy recommendations include increasing minimum wage<sup>18</sup>, strengthening labor protections to ensure job security,<sup>19</sup> protecting and expanding SNAP,<sup>20</sup> and providing universal free school lunches.<sup>21</sup>

While advocates for community food and financial security should continue to look upstream to advocate for equitable policies, frontline communities living with poverty and food insecurity also need immediate economic opportunities and financial solutions to survive and thrive in disinvested conditions.

A local food system driven by locally owned microbusinesses can address both low food access and the economic conditions that affect food insecurity. Bridging economic security with locally owned food systems, local food system microbusiness is an economic development approach that empowers community members with the capacity to change their food systems, while improving their financial security. Through enterprise ownership, job creation, and wealth building, the people that are most affected by food insecurity and poverty become the voices that are most amplified and qualified in determining appropriate food security solutions.

<sup>14</sup>Nathan A. Rosenberg and Nevin Cohen, *Let Them Eat Kale: The Misplaced Narrative of Food Access*, 45 *Fordham Urb. L.J.* 1091 (2018). <https://ir.lawnet.fordham.edu/ulj/vol45/iss4/5>

<sup>15</sup>*Ibid.*

<sup>16</sup>Allcott, Hunt, et al. “The Geography of Poverty and Nutrition: Food Deserts and Food Choices Across the United States.” *SSRN Electronic Journal*, Jan. 2018, doi:10.2139/ssrn.3095779.

<sup>17</sup>Nathan A. Rosenberg and Nevin Cohen, *Let Them Eat Kale: The Misplaced Narrative of Food Access*, 45 *Fordham Urb. L.J.* 1091 (2018). Available at: <https://ir.lawnet.fordham.edu/ulj/vol45/iss4/5>

<sup>18</sup>*Ibid.*

<sup>19</sup>*Ibid.*

<sup>20</sup>*Ibid.*

<sup>21</sup>*Ibid.*

# Inequitable Food Systems

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Food arrives to our tables through a complex journey. Beginning with a seed that is planted at a farm, fruits and vegetables are harvested by human hands then transported for processing before being sold to grocery stores and prepared into a meal. The food journey continues to encompass how food is disposed: does food head to a landfill where it sits and rots, or is it composted and recycled back into the earth?

The processes and actors involved in transforming a seed to food is called the food system. Operating simultaneously on a global, local, industrial, and small farm scale, food systems are commonly described in different stages and broken down into the smaller systems of production, processing, distribution, retail, and food waste management. A complex and interconnected web involving many people, places, resources, policies, and markets, food systems generate profound economic, environmental, social, and health impacts.

Although every community participates in a food system, food systems are not equitably designed and therefore contribute to inequities in how food is accessed, who can afford nutritious foods, and why certain foods are purchased.

From which crops receive government subsidies to which neighborhoods have convenient and abundant access to grocery stores, the food system inequitably benefits some communities while disadvantaging others. The disparities in healthy food access, food security, and nutritional equality are exacerbated by race and class: food insecurity disproportionately affects lower

income households and lower income households are more than twice as likely to be Black, Latinx and Native American than white.<sup>22</sup> Because food systems have profound economic, cultural, and health effects, food systems can accelerate harm or benefits in a number of wide-reaching ways.

## Understanding Low Food Access

The term 'food desert' has become commonplace in explaining the conditions that characterize low food access. Framing low food access as a result of being more than a mile away from a grocery store,<sup>23</sup> the concept of 'food desert' provides a limited and inadequate understanding of why some communities cannot and do not consume healthier and more nutritious foods. Low food access areas are disproportionately located in lower income areas and disproportionately impact communities of color. Compared to middle income zip codes, communities in low income zip codes have 25 percent fewer chain supermarkets located in their neighborhoods.<sup>24</sup> When compared to zip codes with predominantly white residents, zip codes with predominantly Black and Latinx residents have half and one third the amount of chain supermarkets respectively.<sup>25</sup> For example, Washington D.C.'s two lowest income neighborhoods, which are predominantly African-American, only have 1 supermarket for every 70,000 residents whereas the highest income neighborhood, which is predominantly white, has 1 supermarket for every 12,000 residents.<sup>26</sup>

Within urban cities, low food access is intimately linked to a history of racial segregation and discriminatory government policies. While redlining, restrictive housing covenants, and discriminatory lending practices concentrated Black communities in inner

<sup>22</sup> Walker, Renee E., et al. (2010) Disparities and Access to Healthy Food in the United States: A Review of Food Deserts Literature. *Health & Place*, vol. 16, no. 5, pp. 876-884., doi:10.1016/j.healthplace.2010.04.013.

<sup>23</sup> <https://www.ers.usda.gov/amber-waves/2010/march/access-to-affordable-nutritious-food-is-limited-in-food-deserts/>

<sup>24</sup> Walker, Renee E., et al. "Disparities and Access to Healthy Food in the United States: A Review of Food Deserts Literature." *Health & Place*, vol.16, no. 5, 2010, pp.876-884., doi:10.1016/j.healthplace.2010.04.013.

<sup>25</sup> Ibid.

<sup>26</sup> Nathan A. Rosenberg and Nevin Cohen, *Let Them Eat Kale: The Misplaced Narrative of Food Access*, 45 *Fordham Urb.L.J.* 1091 (2018). Available at: <https://ir.lawnet.fordham.edu/ulj/vol45/iss4/5>

cities, white communities moved to the suburbs where supermarkets subsequently followed.<sup>27</sup> In the 1980s, supermarkets in cities were closing in unprecedented rates while supermarkets nationwide were opening in unprecedented rates.<sup>28</sup>

The closing of supermarkets in inner cities exacerbated low food access as well as inner city disinvestment: supermarkets not only provide food but also employment, foot traffic, commercial activity, and local tax revenue.<sup>29</sup>

Disinvestment has also exacerbated low food access and poverty in rural communities. While poverty rates in rural counties are greater than in urban counties,<sup>34</sup> rural communities have to travel the furthest distances to access healthy food.<sup>35</sup> Rural tribal communities, in particular, have disproportionately high rates of food insecurity and poverty as well as the lowest access to healthy food and the lowest concentration of grocery stores.<sup>36</sup>

## Understanding the Health Impacts of Food Inequality

Lower income communities that are most stretched on time and income are more likely to have neighborhoods saturated by cheap fast food restaurants and less grocery stores, while higher income communities with greater disposable income and time are more likely to have double the amount of grocery stores.<sup>37</sup> Compounded by low food access, inadequate income, and insufficient time to purchase, prepare, and cook healthy meals, the high density of fast food restaurants in lower income neighborhoods exacerbate unhealthy eating behaviors and contribute to increased vulnerability to diet-related illnesses such as obesity, diabetes and heart disease.<sup>38</sup> Furthermore, decreased nutritional quality can adversely influence early childhood cognitive development, increase susceptibility to illness, and impact educational outcomes.<sup>39</sup>

Additionally, households in the top income quartile tend to purchase more healthy groceries than households in the bottom income quartile.<sup>40</sup> Food purchasing and consumption behaviors vary for a number of reasons such as differences in disposable income,<sup>41</sup> access or the ability to purchase healthier foods,<sup>42</sup> knowledge of



<sup>27</sup>New York Law School Racial Justice Project. "Unshared Bounty: How Structural Racism Contributes to the Creation and Persistence of Food Deserts. (with American Civil Liberties Union)." (2012). Racial Justice Project. Book 3. [http://digitalcommons.nyls.edu/racial\\_justice\\_project/3](http://digitalcommons.nyls.edu/racial_justice_project/3)

<sup>28</sup>Ibid.

<sup>29</sup>Ibid.

<sup>30</sup>Wiedrich, Kasey, and David Newville. Vulnerability in the Face of Economic Uncertainty. Prosperity Now, 2019, pp. 1-12, Vulnerability in the Face of Economic Uncertainty.

<sup>31</sup><https://hungerandhealth.feedingamerica.org/understand-food-insecurity/>

<sup>32</sup><https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx>

<sup>33</sup>Ibid; U.S. Census Bureau

<sup>34</sup>Ibid.

<sup>35</sup>Jernigan, Valerie Blue Bird, et al. "Food Insecurity Among American Indians and Alaska Natives: A National Profile Using the Current Population Survey-Food Security Supplement." *Journal of Hunger Environmental Nutrition*, vol. 12, no. 1, 2016, pp. 1-10, doi:10.1080/19320248.2016.1227750.

<sup>36</sup>Ibid.

<sup>37</sup>Ibid.

<sup>38</sup>Walker, Renee E., et al. "Disparities and Access to Healthy Food in the United States: A Review of Food Deserts Literature." *Health & Place*, vol. 16, no. 5, 2010, pp. 876-884, doi:10.1016/j.healthplace.2010.04.013.

<sup>39</sup>Bell, Judith, et al. Access to Healthy Food and Why It Matters: A Review of the Research. Policy Link, 2013, Access to Healthy Food and Why It Matters: A Review of the Research.

<sup>40</sup>New York Law School Racial Justice Project, "Unshared Bounty: How Structural Racism Contributes to the Creation and Persistence of Food Deserts. (with American Civil Liberties Union)." (2012). Racial Justice Project. Book 3. [http://digitalcommons.nyls.edu/racial\\_justice\\_project/3](http://digitalcommons.nyls.edu/racial_justice_project/3)

<sup>41</sup>Treuhaf, Sarah, and Allison Karpyn. "The Grocery Gap: Who Has Access to Healthy Food and Why It Matters." *PolicyLink*, 2010, [www.policylink.org/resources-tools/the-grocery-gap-who-has-access-to-healthy-food-and-why-it-matters](http://www.policylink.org/resources-tools/the-grocery-gap-who-has-access-to-healthy-food-and-why-it-matters).

<sup>42</sup>Vaughan, Christine A., et al. "Does Where You Shop or Who You Are Predict What You Eat?: The Role of Stores and Individual Characteristics in Dietary Intake." *Preventive Medicine*, vol. 100, July 2017, pp. 10-16, doi:10.1016/j.jymed.2017.03.015.



nutritional information,<sup>43</sup> personal preferences,<sup>44</sup> and time available to prepare and cook meals.<sup>45</sup> Research suggests that parents' choice to purchase or deny junk food can be partially explained by income inequality: given financial constraints, lower income parents oblige junk food requests because it is one luxury they can afford their children whereas higher income parents, who can afford luxuries such as vacations, do not perceive junk food as a luxury but rather as unhealthy behavior.<sup>46</sup> Although both lower and higher income parents perceive food as a mechanism of care, the income differences drive parents to behave differently in their food purchasing choices.<sup>47</sup>

## Combating Food Insecurity Through Quality Jobs and Stable Employment

Because food insecurity is strongly associated with poverty, strategies geared at decreasing hunger and encouraging healthy eating need to address economic inequality. Where systems have failed to provide affordable, culturally appropriate, and healthy foods, systems have also failed to provide quality jobs, capital access, public transportation, and affordable housing.<sup>48</sup> The conditions that fail to provision communities with adequate and affordable healthy food are the same conditions that continually fail to lift communities out of poverty. To champion for improved health outcomes while expecting communities to persist in inequitable economic conditions is unreasonable and inadequate; communities need to be equipped with the ability, capacity, and resources to change their economic and health outcomes and systems need to be modified to enable such change.

To ensure that families have sufficient and healthy food, families first need to have the income and ability to purchase fresh fruits and vegetables—which are generally more expensive than cheap, processed foods.<sup>49</sup> Although low food access impacts food buying behavior,

“ Although low food access impacts food buying behavior, the **GREATEST INFLUENCE** on food purchases is disposable income

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the greatest influence on lower income families' food purchases is disposable income.<sup>50</sup> Therefore, efforts directed at encouraging lower income<sup>51</sup> families to eat healthier should also focus on increasing disposable income so that families can afford to buy healthier foods.

Disposable income is affected by financial security, or the ability to save while still being able to afford basic needs such as food and housing.<sup>52</sup> For a lower income household to achieve long term financial security, their current finances need to be stabilized and improved.

Quality jobs and stable employment are vital to helping stabilize household income and for helping families achieve long-term financial security. An effective strategy for achieving lasting, long-term food security and nutritional equality is to invest in creating quality jobs that enable families to afford to save and to afford their basic needs and healthy food.

Investing in a locally owned food system builds a market infrastructure for long-term, sustained financial security as well as supports immediate financial stability by generating quality jobs and opportunities for ownership and wealth creation.

<sup>43</sup>Ibid.

<sup>44</sup>Ibid.

<sup>45</sup>Ibid.

<sup>46</sup>Fielding-Singh, Priya. "Why Do Poor Americans Eat so Unhealthfully? Because Junk Food Is the Only Indulgence They Can Afford." Los Angeles Times, Los Angeles Times, 7 Feb. 2018, [www.latimes.com/opinion/op-ed/la-oe-singh-food-deserts-nutritional-disparities-20180207-story.html](http://www.latimes.com/opinion/op-ed/la-oe-singh-food-deserts-nutritional-disparities-20180207-story.html).

<sup>47</sup>Ibid.

<sup>48</sup>Ibid.

<sup>49</sup>Walker, Renee E., et al. "Disparities and Access to Healthy Food in the United States: A Review of Food Deserts Literature." Health & Place, vol. 16, no. 5, 2010, pp. 876–884, doi:10.1016/j.healthplace.2010.04.013.

<sup>50</sup>"An Equitable Food System: Good for Families, Communities, and the Economy." PolicyLink, [www.policylink.org/find-resources/library/casey-equal-voice-series-equitable-food-system](http://www.policylink.org/find-resources/library/casey-equal-voice-series-equitable-food-system).

<sup>51</sup>"Short-Term Financial Stability: A Foundation for Security and Well-Being." The Aspen Institute, 30 Apr. 2019, <https://www.aspeninstitute.org/publications/short-term-financial-stability-a-foundation-for-security-and-well-being/>.

<sup>52</sup>"Bigger Than You Think: The Economic Impact of Microbusinesses in the United States," The Association for Enterprise Opportunity, 2013, [https://aeoworks.org/wp-content/uploads/2019/03/Bigger-than-You-Think-Report\\_FINAL\\_AEO\\_11.10.13.pdf](https://aeoworks.org/wp-content/uploads/2019/03/Bigger-than-You-Think-Report_FINAL_AEO_11.10.13.pdf)

# Microbusiness: An Innovative Solution to Systematic Failure

Microbusiness—or enterprises with less than 5 employees—are uniquely positioned to strengthen local economies and food systems. Representing 92% of all U.S. businesses,<sup>53</sup> microbusiness have a broad, deep, and place-based reach. Microbusinesses create ownership opportunities and contribute to over 26 million jobs nationally.<sup>54</sup> Offering employment opportunities for those with greater employment barriers such as the 50+ age group, individuals without college degrees, returning citizens, recent immigrants, and individuals living outside metropolitan hubs, microbusinesses

drive local economic activity and opportunity for disadvantaged groups in disinvested communities.<sup>54</sup> The capability of microbusiness to build assets and wealth for lower income communities is evidenced to be an effective strategy for narrowing the racial wealth divide and economic inequality.<sup>55</sup> For example, whereas White adults have 13 times the wealth of Black adults, the wealth disparity between White business owners and Black business owners decreases to a multiplier of 3.<sup>56</sup> Moreover, Black business owners have 12 times the median net worth than Black non-business owners.

Potent with the ability to drastically improve individual economic outcomes and effect broad market impact, food system microbusinesses offer an opportunity to increase access to healthy foods while building wealth, creating quality jobs, and strengthening the local food system.



“Food system microbusinesses offer an opportunity to **INCREASE ACCESS** to healthy foods while building wealth, creating quality jobs, and strengthening the local food system

<sup>53</sup>Ibid.

<sup>54</sup>Ibid.

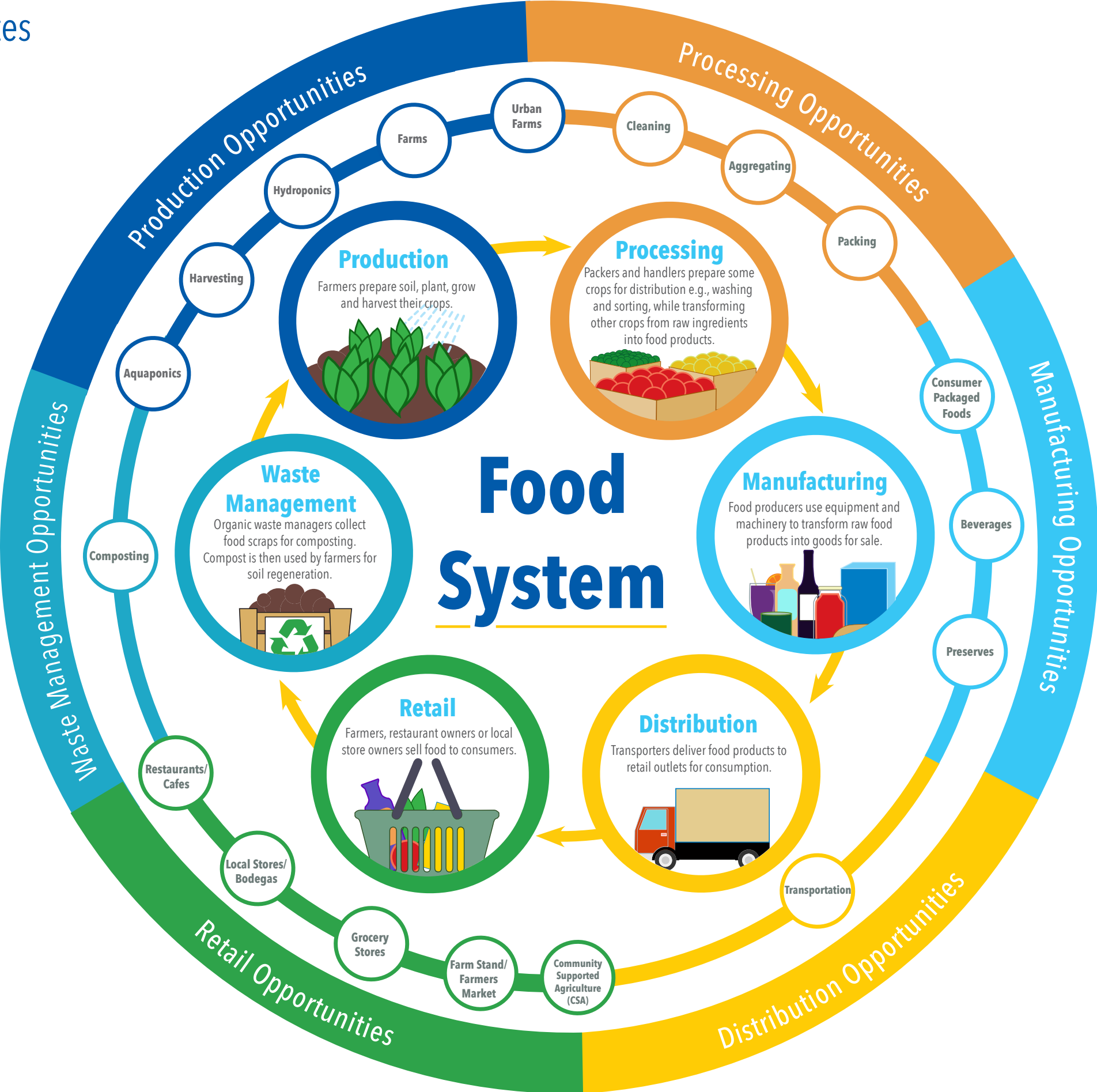
<sup>55</sup>“The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success,” The Association for Enterprise Opportunity, 2016, [https://aeoworks.org/wp-content/uploads/2019/03/AEO\\_Black\\_Owned\\_Business\\_Report\\_02\\_16\\_17\\_FOR\\_WEB.pdf](https://aeoworks.org/wp-content/uploads/2019/03/AEO_Black_Owned_Business_Report_02_16_17_FOR_WEB.pdf)

<sup>56</sup>Ibid

# Microbusiness Opportunitites in the Food System

From farm, to fork, to final disposal, a variety of microbusiness opportunities exist across the local food system. Food system microbusinesses in low food access areas offer communities an opportunity for increased access to healthy foods, wealth building and quality job creation.

The food system can be broken down into six segments: Production, Processing, Manufacturing, Distribution, Retail and Waste Management. Within these segments, a myriad of microbusiness opportunities exist.



## The Food System Microbusiness Difference

With robust, innovative, and local food systems already in existence,<sup>57</sup> lower income communities have been resourcefully provisioning food for themselves long before academics named the problem of food inequality as 'food deserts.'<sup>58</sup> The multitude of resourcefulness and innovation in lower income communities is demonstrated by the prevalence of community gardens,<sup>59</sup> bulk food buying clubs,<sup>60</sup> the sharing of groceries, informal food economies like selling homemade food,<sup>61</sup> and home kitchen entrepreneurs who sell food through the likes of the Cottage Food Act.

A local food system comprised of microbusinesses can achieve lasting food security, nutritional equality and equitable health by dismantling the effects of poverty and improving economic opportunities and conditions in lower income communities. By equipping communities with the ability to own and operate their local food systems, local food system microbusinesses enable communities the ability to effect positive community health outcomes.

A food system owned by the local community is a powerful community engine and tool because it entrusts in communities the ability to control outcomes, make decisions, and adapt to meet unique local needs. Although a locally owned food system is not the panacea to structural, social, and economic inequality, it is a community-centered response to system and market failures. While simultaneously creating opportunities for economic growth, wealth building, and place-based investment, locally owned food systems center communities as the most important stakeholders and decision makers in determining their economic and health outcomes.

Despite the complex intersection of food insecurity, low food access, poverty, and disinvestment in lower income communities, microbusiness provides an opportunity to support communities in changing the local infrastructures that exacerbate adverse economic and health outcomes. Rather than waiting for a supermarket to move in and open in lower income communities, a local food system focusing on microbusiness ownership means that community members have the capacity and resources to fill the grocery gap by opening their own grocery stores.

By equipping communities with the ability to **OWN** and **OPERATE** their local food systems, microbusinesses enable communities the ability to effect positive health outcomes



<sup>57</sup>Brinkley, Catherine, et al. "Culturing Food Deserts: Recognizing the Power of Community-Based Solutions." Latest TOC RSS, Alexandrine Press, 2017, [www.ingentaconnect.com/contentone/alex/benv/2017/00000043/00000003/art00003](http://www.ingentaconnect.com/contentone/alex/benv/2017/00000043/00000003/art00003).

<sup>58</sup>Ibid.

<sup>59</sup>Ibid.

<sup>60</sup>Ibid.

<sup>61</sup>Ibid.

## FoodLab Detroit, MI

FoodLab is a community and membership of good food entrepreneurs and microbusinesses that share resources and knowledge to help incubate, accelerate, and support local food system entrepreneurship. Providing technical assistance, skillshares, and networking, FoodLab helps align food system actors and opens up new market opportunities for local food businesses. A 2017 survey found that 97 FoodLab member food businesses purchased over \$48,000 worth of local food from local producers because of “good public relations, the possibility of purchasing smaller quantities, the support for the local economy, fresher/safer food, and high customer satisfaction.”

<sup>62</sup>

**TAKEAWAY:** Local food system microbusinesses want to support and work with other local food system actors.



## Local Food Pathways Tucson, AZ

Local Food Pathways supports the economic viability of small farmers by facilitating procurement contracts with anchor institutions and increases the capacity of local farmer microbusinesses to remain competitive through networking and knowledge sharing. Building a supply and demand market for local fruits and vegetables, the program is currently expanding its approach by working with local distributors and restaurants to increase the alignment between food system actors.

Although there is an institutional and market demand for local fruits and vegetables, Local Food Pathways' farm microbusinesses require technical assistance for business planning, certification, and licensing.

**TAKEAWAY:** Technical assistance is necessary for local food system microbusinesses to better meet market demand.



<sup>62</sup> <https://foodlabdetroit.com>

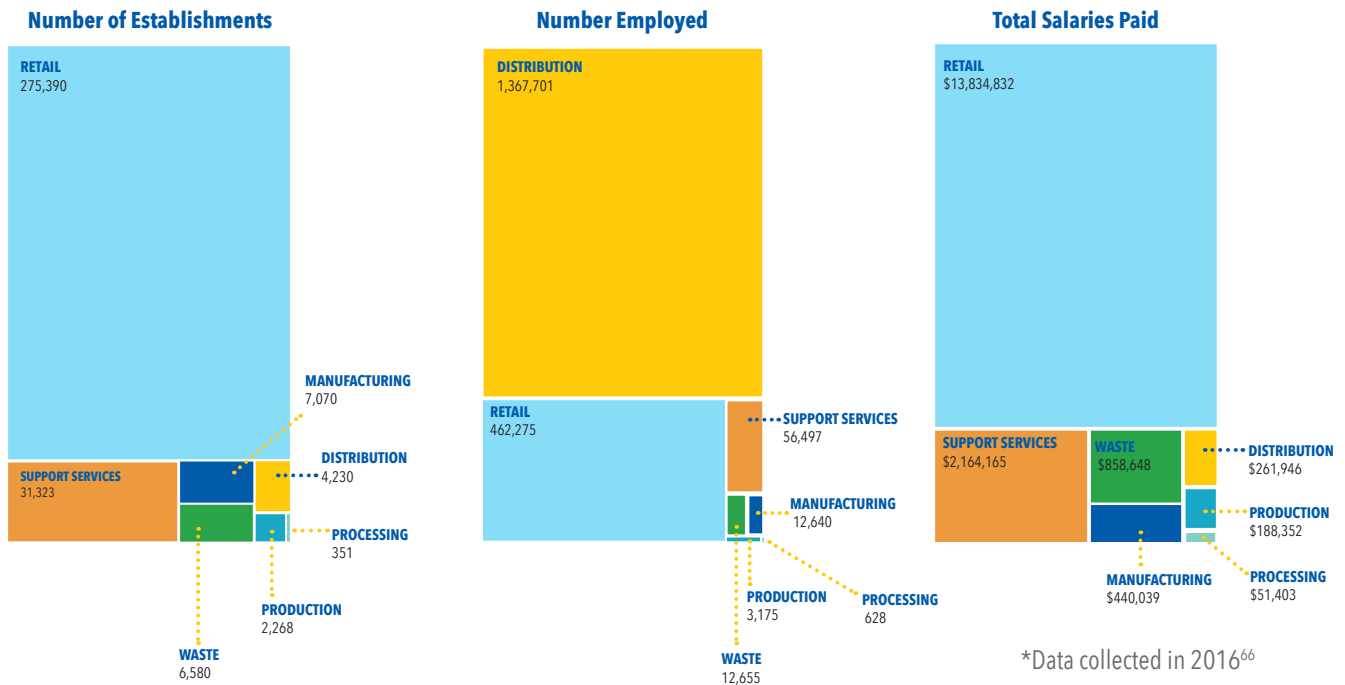
## The Food System Microbusiness Impact

The presence of microbusinesses in food systems is significant. There are over 327,212 microbusinesses operating within the food system, which are responsible for employing more than 1.9 million people.<sup>63</sup> In 2016, food system microbusinesses paid more than \$17 million in salaries.<sup>64</sup> Although significant, these figures do not include the economic contributions from the myriad of informal food economies that operate out of home kitchens and through community networks.

## Microbusinesses Increase Food Access

In low food access areas lacking full grocery stores, smaller stores selling a more limited range of groceries such as bodegas, convenience stores, and ethnic food stores may be unable to stock fresh fruits and vegetables because they cannot meet the minimum purchase requirements from major distributors.<sup>65</sup>

### Food System Microbusiness Segments\*



### DC Central Kitchen Healthy Corners Washington, DC

DC Central Kitchen's Healthy Corners puts fresh fruits, vegetables, and snacks in bodegas and corner stores. Responsible for aggregating, processing, distributing, and marketing healthy foods, DC Central Kitchen acts as a microbusiness-centered wholesaler and "provides free infrastructure like refrigeration and shelving, marketing materials, and direct technical assistance to help store owners engage customers and increase sales of healthy items."<sup>67</sup>

In 2017, 71 bodegas and corner stores were stocked by the Healthy Corners program and sold 251,000 healthy items<sup>68</sup> and increased the walkability to healthy food by 11% in targeted, low food access areas. 50% of participating businesses have seen profit increases, 97% of store owners think differently about selling produce, 91% of participating store owners would recommend the program, 58% of customers purchase their fruits and vegetables from a Healthy Corners store, and 64% of customers reported that the availability of fresh fruits and vegetables has helped them eat healthier.<sup>69</sup>

**TAKEAWAY:** Equipping microbusinesses with the means and technical assistance needed to sell healthy foods is an effective strategy for increasing revenue, food access, and positive changes in perceptions around healthy foods and eating behaviors.

<sup>63</sup>U.S. Census, North American Industry Classification System, 2016  
<sup>64</sup>Ibid  
<sup>65</sup>Ibid  
<sup>66</sup>U.S. Census, North American Industry Classification System, 2016  
<sup>67</sup>Meyers, Theresa. "Building Healthy Corners." DC Central Kitchen, 20 Apr. 2018, dccentralkitchen.org/2018/04/20/building-healthy-corners/.  
<sup>68</sup>Ibid  
<sup>69</sup>Ibid

The inability to stock fresh fruits and vegetables hurts both local businesses by limiting sales, and communities by limiting ability to access healthy foods.

A local food system, however, can fill the gap of stocking healthy foods because local farmers are more flexible and can accommodate smaller orders. Rather than waiting on new grocery store infrastructure, a local food system means that existing microbusinesses, such as bodegas, can be leveraged to increase food access.

In addition to increasing healthy food retail in smaller stores, increasing local food production promotes opportunities for increasing food access through farmers markets, community gardens, school gardens, community supported agriculture (CSA) food boxes, and healthy food pop-ups.

## Microbusinesses Multiple Economic Impact

The economic impact of local food systems are documented in numerous, encouraging studies nationwide. For example, a 2010 study in Northeast Ohio found that a 25 percent shift in agriculture to local production could create 27,664 new jobs which would generate \$4.2 billion in economic activity and \$12 million in state and local taxes.<sup>70</sup>

Another study in the state of Iowa found that a 10% increase in locally grown fruit and vegetable purchases would produce over 4,000 new jobs, \$112 million in income, and \$302 million in industrial output.<sup>71</sup>

According to a multipliers study on local economic impact, for every \$100 spent at one of these food system microbusinesses, an additional \$68 dollars is generated in the community in total economic impact.<sup>72</sup> For

example, if local food system microbusinesses directly received the same amount of funding as the Healthy Food Financing Act, \$500 million infused in microbusiness would generate an additional \$340 million in total economic impact, not including the local tax revenue generated. That would generate an additional 4,788 full time jobs that pay more than \$220 million in additional salaries.

## Food LINC

An example of the potential impact of increased capital investment and technical assistance to support food microbusinesses can be gleaned from the USDA's Food LINC initiative. Food LINC utilized the framework of 'Food Value Chains' to promote collaborative business planning, transparency and exchange of information between food system actors such as farmers and retailers, the FOOD LINC project resulted in a 34% increased returns to producers<sup>73</sup> and helped participants unlock an additional \$3.5 million in federal funding and philanthropic partners.<sup>74</sup> FOOD Linc achieved these results and return on investment by funding a 'value chain coordinator' whose responsibilities included providing technical assistance to farmers, convening food system actors, and assisting in contract negotiations.<sup>75</sup>

**TAKEAWAY:** Aligning food system actors generates significant economic returns for food system microbusinesses.

## Social Impact

In addition to promoting financial stability, wealth creation, and increased food access, local food system microbusinesses promote opportunities for communities to work together to create stronger social ties, to expand social and professional networks, and to increase civic engagement.<sup>76</sup> Organizing around local food systems

<sup>70</sup>Masi, B., Schaller, L., & Shuman, Michael. (2010) The 25% Shift: The Benefits of Food Localization for Northeast Ohio & How to Realize Them. Retrieved from <http://www.neofoodweb.org/sites/default/files/resources/the25shift-foodlocalizationintheNEOregion.pdf>

<sup>71</sup><https://www.amiba.net/resources/multiplier-effect/>

<sup>72</sup>Krouse, Laura, and Teresa Galluzzo. "Iowa's Local Food Systems: A Place to Grow." CiteSeerX, Feb. 2007, [citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.190.5119](https://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.190.5119).

<sup>73</sup>Dunning, Rebecca. Food LINC Final Report. The Wallace Center, 2018, Food LINC Final Report.

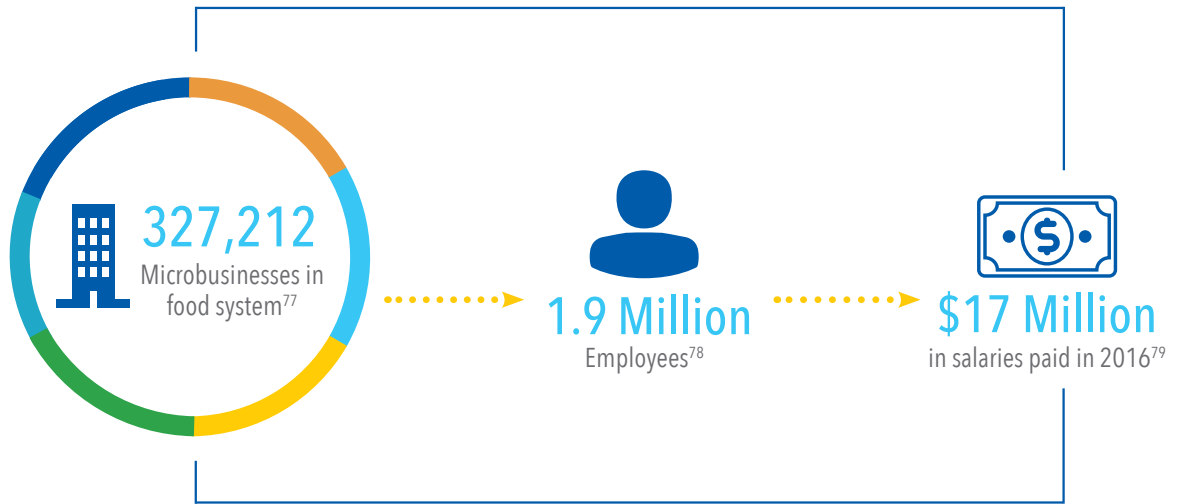
<sup>74</sup>Ibid

<sup>75</sup>Ibid

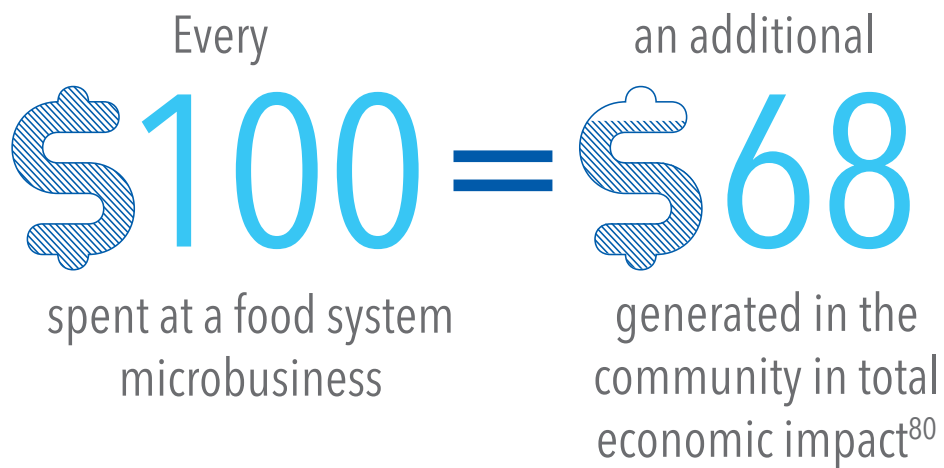
<sup>76</sup>Ibid

# Economic Impact of Microbusinesses in the Food System

Current Food System  
Size and Scope



Multiplier Effect in  
Food System



Potential Economic Impact  
Using the Multiplier Effect



<sup>77</sup> U.S. Census, North American Industry Classification System, 2016

<sup>78</sup> U.S. Census, North American Industry Classification System, 2016

<sup>79</sup> Ibid

<sup>80</sup> Krouse, Laura, and Teresa Galluzzo. "Iowa's Local Food Systems: A Place to Grow." CiteSeerX, Feb. 2007, citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.190.5119.



can drive communities to engage other community issues such as affordable housing, education, and public transportation.

Furthermore, urban agriculture and community gardens can dramatically change the look and feel of neighborhoods. Urban agriculture and community gardens can transform vacant lots into thriving green spaces and create spaces for community gatherings. Studies have shown that community gardens positively affect mental health, preserves culture in immigrant communities, and promote an increased sense of self-empowerment.<sup>81</sup>

## Microbusiness: a Community-Centered Solution to Food Inequality

Intimately linked to income inequality, low food access and food insecurity should be framed as proxies for understanding the broader, adverse impacts of socio-economic inequality and poverty on communities' health, wealth and ability to thrive.

The best strategy for achieving lasting food security, nutritional equality and equitable health outcomes is to improve economic opportunities and financial stability in lower income communities. To effectively correct the conditions of food insecurity, nutritious, affordable, and culturally appropriate foods must be made conveniently available and communities must have the means to purchase, cook, and enjoy nutritious foods.

Food system microbusinesses provides the opportunity to support communities in changing their local infrastructures which exacerbate adverse economic and health outcomes. Because microbusiness creates ownership opportunities, builds assets, and is led by community members, food system microbusiness can accelerate community wealth as well as increase access

## SUPRMARKT Los Angeles, CA

Seeing the food and health disparity in her community, Olympia Auset felt activated to find a grassroots solution to the structural issues of food, health, and opportunity inequality. SUPRMARKT is pop-up market that brings fresh fruits and vegetables to the residents of South Los Angeles and is a grassroots, food system microbusiness that emerged to fill the gap of low food access in South Los Angeles. Beyond increasing food access, SUPRMARKT builds community power to increase community confidence and capacity in changing their conditions and outcomes.



Although successful and growing, SUPRMARKT needs access to flexible capital to continue scaling as well as access to technical assistance to develop accounting skills, legal expertise, and business planning.

**TAKEAWAY:** Successful food system microbusiness startups still require capital and technical assistance to scale and remain successful.

to healthy foods and strengthen the local food system. Investing in food system microbusiness can disrupt poverty in disinvested communities by building a local economic infrastructure that supports access to affordable, convenient healthy food, and creates economic mobility for broad, community prosperity. Supporting the growth and success of food system microbusinesses in lower income communities means that the people that are most affected by food insecurity and poverty become the voices that are most amplified and empowered in realizing solutions.

<sup>81</sup> Kearney, Shanon C. "The Community Garden as a Tool for Community Empowerment: A Study of Community Gardens in Hampden County." CORE, ScholarWorks@UMass Amherst, 1 Jan. 1970. core.ac.uk/display/13599513.

# Recommendations for Advancing Microbusiness as a Response to Inequitable Food Systems

 <p><b>Better Align Food System Microbusiness Actors</b></p>	 <p><b>Increase Capital Investment in Local Food System Microbusiness</b></p>	 <p><b>Increase Technical Assistance to Local Food System Microbusiness</b></p>	 <p><b>Pursue Supportive Food System Microbusiness Policies</b></p>
<p><b>RECOMMENDATIONS</b></p> <ul style="list-style-type: none"> <li>• Efforts aimed at supporting local food system microbusinesses should be geared at better aligning food system actors to build stronger local supply and demand markets. A stronger local supply and demand pipeline will help keep spending and dollars within the local economy</li> <li>• Align local food system microbusinesses with corporate, government, and anchor institution contracts</li> <li>• Invest in a B2B platform that connects local producers to food microbusinesses</li> <li>• Invest in B2C platform that connects microbusinesses to consumers</li> </ul>	<p><b>RECOMMENDATIONS</b></p> <ul style="list-style-type: none"> <li>• Overall greater capital investment is needed to support local food system microbusiness in driving greater food, economic, and social impact. Whether the microbusiness is starting up, scaling up, or trying to stay up, entrepreneurs need capital to remain competitive, profitable, and sustainable</li> <li>• Incubate and accelerate local food system microbusinesses through training programs</li> <li>• Support the scaling of food system microbusinesses with flexible financing</li> <li>• Increase access to patient capital</li> <li>• Invest in commercial kitchen spaces and shared equipment to provide affordable infrastructure to microbusinesses</li> </ul>	<p><b>RECOMMENDATIONS</b></p> <ul style="list-style-type: none"> <li>• Provide products and services that help microbusinesses succeed by equipping entrepreneurs with the appropriate tools, skills, and strategies to overcome their challenges</li> <li>• Provide paperwork assistance for licensing, permitting, and capital access</li> <li>• Provide assistance with marketing materials and healthy food merchandising</li> <li>• Assist in contract negotiations with anchor institutions and microbusinesses</li> <li>• Assist food microbusinesses with food safety practices and certifications</li> <li>• Assist producers with Good Agriculture Practice (GAP) certifications</li> <li>• Offer translation and interpretation for technical assistance services</li> <li>• Provide culturally competent products and services</li> <li>• Provide trusted guidance to help microbusiness grow and scale</li> <li>• Provide tech-enabled, online tools to assist in growing and scaling microbusinesses</li> </ul>	<p><b>RECOMMENDATIONS</b></p> <ul style="list-style-type: none"> <li>• Support immigration and labor reforms that protect farm workers</li> <li>• Expand SNAP benefits and eligibility to ensure that all families can afford healthy and affordable foods</li> <li>• Enact legislation that establishes tax credits and grants to stimulate investment and healthy nutrition options</li> <li>• Provide set-asides for local microbusinesses to provide food for public school cafeterias and anchor institutions</li> <li>• Support policies that legalize street vending</li> <li>• Support zoning policies that increase urban agriculture</li> <li>• Support reduced building code regulations to increase the accessibility of roadside farm stands</li> <li>• Prioritize flexible and common sense solutions to dietary disclosures and packaging restrictions for microbusinesses</li> </ul>