

Evaluation of the Healthy Fluid Milk Incentives Project, Fiscal Years 2021, 2022, and 2023

Background

Section 4208 of the Agriculture Improvement Act of 2018 (P.L. 115-334; the Act) authorized the Secretary of Agriculture to carry out Healthy Fluid Milk Incentives (HFMI) projects to develop and test methods to increase the purchase and consumption of fluid milk by the United States Department of Agriculture, Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) households by providing incentives at the point of purchase.¹ The Act defines fluid milk qualifying for incentives as all varieties of pasteurized cow's milk that are (1) unflavored and unsweetened, (2) consistent with the most recent dietary recommendations, (3) packaged in liquid form and, (4) contain vitamins A and D in amounts consistent with Food and Drug Administration, State, and local standards for fluid milk. The Act authorized \$20 million to be appropriated for the HFMI projects, to remain available until expended. By the end of Fiscal Year (FY) 2024, Congress had appropriated \$11 million of the \$20 million available. The Act requires an independent evaluation stipulating that no more than seven percent of the appropriated funds be spent on the evaluation.²

Appropriated funds awarded to HFMI pilot projects through FY 2024 are presented in Table 1. The numbers of participating States and stores have continued to increase since FY 2020. Stores participating in the initial pilot projects delivered incentives to SNAP households via coupons generated by SNAP Electronic Benefits Transfer (EBT) purchases on qualifying milk (nonfat and 1% low-fat). The coupons (usually paper) could be redeemed in a future shopping trip. A few FY 2022 pilot stores and all FY 2023 pilot stores are applying an automatic point-of-sale-discount when SNAP EBT is used to purchase qualifying milk.

Table 1. HFMI* pilot projects awarded, FY 2020 through FY 2024

Pilot Year	Grantee (Award Amount)	Number of States ^a	Number of Stores ^a	Incentive Method(s)	Status
FY 2020	Baylor University's Baylor Collaborative on Hunger and Poverty (\$930,000)	1	4	Coupons	Concluded
FY 2021	Baylor University's Baylor Collaborative on Hunger and Poverty (\$930,000)	4	41	Coupons	Concluded
FY 2022	Auburn University's Hunger Solutions Institute (\$2,995,106)	5	111	Primarily Coupons; Point-of-Sale Discount	Ongoing
FY 2023	Auburn University's Hunger Solutions Institute (\$3,999,817)	7	507	Point-of-Sale Discount	Ongoing

¹Agriculture Improvement Act of 2018, Public Law 115-334-DEC. 20, 2018. Sec 4208. Healthy fluid milk incentives projects. www.govinfo.gov/app/details/PLAW-115publ334/.

²The evaluation was conducted by USDA staff as the funding available for the evaluation from the amount appropriated each FY could not support an evaluation contract.

FY 2024	Auburn University's Hunger Solutions Institute (\$2,789,975)			Point-of-Sale Discount	Awarded September 2024
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*Healthy Fluid Milk Incentives

^a For ongoing pilots (FY 2022 and FY 2023), numbers of States and stores reflect operational status as of July 31, 2024, and are subject to change as authorized retailers add or remove stores from the pilot and additional authorized retailers begin operations.

The Act requires biennial reporting on the status of projects and completed evaluations. The findings for the FY 2020 award were presented in the first report to Congress.³ This second report presents findings from the FY 2021, FY 2022 and FY 2023 pilot projects. As the latter two pilot projects are ongoing, findings are preliminary and reflect data available through July 31, 2024. Final findings from these two pilot projects, and preliminary findings from any newly awarded project(s) including FY 2024, will be presented in the next report.

Key Findings to Date

- **During the FY 2021 pilot, participating SNAP households redeemed 17 percent of issued coupons and incentive dollars, totaling \$42,411 in redeemed dollars.** The 41 participating stores issued 71,145 coupons worth a total of \$250,219 during 17 months of operations.
- **In the ongoing FY 2022 pilot, SNAP households redeemed 82 percent of incentive dollars issued across 111 stores between May 2023 and July 2024.** The robust performance is largely aided by 80 stores operating under a retailer that targets the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program and utilizes electronic coupons issued via customer loyalty accounts, reporting 93 percent of issued value redeemed through July 2024. The remaining retailers have cumulatively reported 21 percent of coupons and 19 percent of issued value redeemed through July 2024. A total of 34,190 coupons and \$246,674 incentive dollars have been issued thus far in the FY 2022 pilot.
- **As most paper coupons went unredeemed, beginning with the FY 2023 award, grantees now are required to operate models that immediately apply earned incentives at the point of sale.** The FY 2023 pilot stores are utilizing an automatic discount at the time of purchase.
- **FY 2022 pilot retailers who opted to switch from coupons to automatic discounts reported increased take-up of incentives.** Stores who made the switch have issued an average of \$86 per store per month (totaling \$2,743 to date), compared to \$22 in average redeemed incentive dollars per store per month in stores that retained the paper coupon model (totaling \$7,652 to date).
- **Through July 2024, the FY 2023 pilot issued \$261,518 in incentive dollars across 502 stores.**
- **Across all three pilot years, qualifying healthy milk sales at participating stores represent a minority of milk purchased using SNAP EBT, indicating that SNAP households are predominantly purchasing higher fat and/or flavored milk at participating retailers.** Qualifying milk was typically less than 25 percent of fluid milk purchases by SNAP households in stores offering HFMI incentives, even with a 40 to 50 percent automatic discount.

³ <https://www.fns.usda.gov/research/snap/evaluation-fy20-healthy-fluid-milk-incentives> (accessed May 22, 2025)

Methods

FNS received monthly data on incentive issuance and redemption and milk sales for participating retailers via the pilot grantees for each of the three HFMI pilots (FY 2021, FY 2022, and FY 2023) in this report. To examine take-up of incentives issued in the form of coupons in FY 2021 and FY 2022, FNS computed cumulative and mean issuance, as well as total issuance redeemed. For incentives issued as automatic discounts at the point of sale (FY 2022 and FY 2023), cumulative issuance was computed overall. For FY 2022, data for stores operating a coupon rebate model were analyzed separately from data from stores that had transitioned to an automatic point-of-sale discount model (Table 2). For retailer partners participating in FY 2023, unique households receiving incentives each month were computed. To contextualize the value of issued incentives, FNS computed the share of qualifying milk sales completed with SNAP benefits (EBT) and the share of qualifying milk sales among all EBT milk sales for FY 2021, FY 2022, and FY 2023. See Appendix for reporting data available by award year.

Table 2. Incentive models by HFMI* pilot project: FY 2021, FY 2022, and FY 2023

Pilot	Retailer partner	Store count	<i>Coupon incentive model</i>		<i>Automatic discount incentive model</i>
			<i>Coupon issuance</i>	<i>Redemption-eligible products</i>	<i>Discount applied at point of sale</i>
FY 2021	Jubilee	1	Dollar-for-dollar match rounded down to nearest quarter dollar, up to \$10.00 (ex.: \$5.25 coupon for \$5.40 qualifying purchase)	Any SNAP-eligible item <i>redeemable up to 60 days post-issuance</i>	--
	Wakefern	8	Dollar-for-second-dollar match rounded down to nearest second dollar, up to \$10.00 (ex.: \$4.00 coupon for \$5.40 qualifying purchase)	Any SNAP-eligible dairy item with cow's milk or cream as first ingredient <i>redeemable up to 60 days post-issuance</i>	--
	Wakefern (expansion ^a)	40	Dollar-for-dollar match rounded down to nearest whole dollar, up to \$10.00 (ex.: \$5.00 coupon for \$5.40 qualifying purchase)	<i>redeemable up to 60 days post-issuance</i>	--
FY 2022	Buche Foods	8	Dollar-for-dollar match, up to \$10.00 (ex: \$5.40 coupon for \$5.40 qualifying purchase)	Any SNAP-eligible item <i>redeemable up to 60 days post-issuance</i>	50 percent off qualifying milk sales (no cap on purchase amount that can be discounted) ^b
	JML	17			--
	Little Giant Farmer's Market	5			--
	Mother's Nutritional Center	80			--
	Wright's Market	1			50 percent off qualifying milk sales (no cap) ^c
FY 2023	Meijer	502	--	--	20 to 40 percent off qualifying milk (no cap) ^d

Pilot	Retailer partner	Store count	<i>Coupon incentive model</i>		<i>Automatic discount incentive model</i>
			<i>Coupon issuance</i>	<i>Redemption-eligible products</i>	<i>Discount applied at point of sale</i>
			--	--	50 percent off qualifying milk sales (no cap)
Food Land ^e	5		--	--	50 percent off qualifying milk sales (no cap)

^aHealthy Fluid Milk Incentives

^aThe eight original Wakefern stores also participated in the expansion and applied the modified coupon issuance model described.

^bBuche Foods stores transitioned from the coupon to automatic discount model between March and June 2024.

^cWright's Market transitioned from the coupon to automatic discount model in December 2023.

^dMeijer stores transitioned from a 20 percent to 40 percent automatic discount in May 2024.

^eFood Land stores launched in June 2024 inside the FY 2023 reporting window available in this report (through July 2024); however, this retailer's data was not yet available to FNS as of reporting. The store is described and characterized as an operational partner, though analysis and findings for FY 2023 are limited to participating Meijer stores.

Limitations and Considerations

Differences exist between the HFMI pilot projects that limit direct comparison between years. Key differences include the incentive model utilized, which varied between pilot projects. In FY 2021, a programming error resulted in a different coupon model utilized between the two retailer partners (Jubilee and Wakefern); the impacted retailer (Wakefern) expanded and relaunched pilot operations with an adjusted model. Under the coupon model, eligible items for redemption also varied, which may have impacted redemption. The FY 2022 model and the Jubilee arm of the FY 2021 pilot allowed for coupons to be used toward the purchase of any SNAP-eligible item, while the Wakefern arm of the FY 2021 pilot limited redemption to SNAP-eligible dairy items with cow's milk or cream as the first ingredient.

Within incentive models that operate under the same parameters, unique technological factors created variance. Mother's Nutritional Center (MNC)'s point-of-sale technology allowed SNAP customers to redeem a previously earned coupon toward an eligible item while earning a new coupon for qualifying milk sales in the same transaction. Conversely, the checkout systems for all other FY 2022 participating stores were not able to issue a coupon within the same transaction that a coupon was redeemed. Coupon format and redemption options for MNC was also unique from other retailers issuing paper coupons. MNC coupons are digital-format coupons linked to customers' loyalty accounts, and in subsequent transactions customers were prompted with their available incentive balance and able to redeem all, none, or a partial amount at the customer's discretion. MNC's coupon incentive model as implemented significantly reduces the barrier of breakage that can occur when shoppers forget or misplace paper coupons and allows greater flexibility in redemption; redeeming only partial value of a paper-issued coupon at non-MNC stores results in the loss of remaining funds.

While redemption is eliminated from automatic discount incentive models, the discount size varies and limits direct comparisons. For FY 2022 stores that have transitioned to an automatic discount model, a 50 percent discount is being applied. For the FY 2023 pilot, the majority of stores expected to participate are operating under a single large retailer partner (Meijer). Nearly all Meijer stores commenced pilot operations simultaneously and began with a conservative 20 percent automatic discount given concerns that unexpectedly high qualifying milk sales would detrimentally reduce the operational window for the study and available funds for retailers not yet active. After an assessment of the early months of pilot activity confirmed that participation rates could accommodate a larger discount without adverse impacts to the pilot, Meijer stores transitioned to a 40 percent discount as of May 2024. All Meijer stores beginning pilot operations as of May 2024 will also operate the 40 percent discount. There are no plans as of reporting to increase Meijer's applied automatic

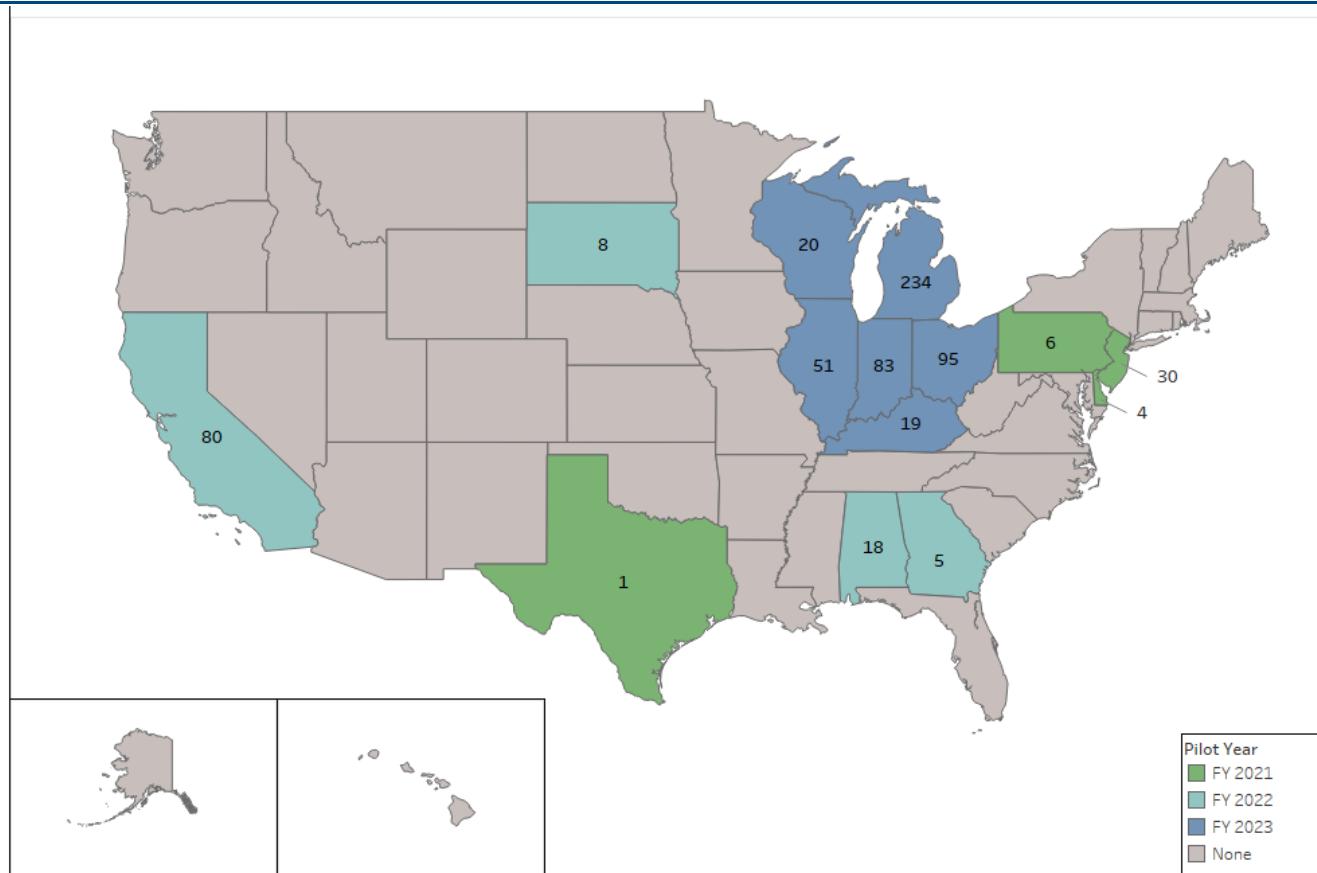
discount further. However, all non-Meijer retailer partners expected to operate the FY 2023 pilot plan to offer a 50 percent automatic discount.

Within pilot projects, variance also exists between months limiting comparison over time. In all pilot projects, not all stores began operations at the same time. As additional stores begin operations and are added to the analysis, comparison of incentives issued (or redeemed where applicable) must be caveated. In some cases, store counts declined between months in FY 2022 due to some stores reporting lapses in pilot operations after encountering technical issues. Stores that operated the pilot for at least part of a calendar month were counted as operational in that month and data for issuance, redemption, and sales were included in analysis, while stores that did not operate the pilot were excluded. In the instances of non-operational stores providing EBT sales data, the sales data were excluded from analysis. One FY 2022 store's system did not allow for complete reporting and was limited to providing dollars issued and redeemed. The number of coupons issued and redeemed and the sales data for that store were not available; therefore, the analysis by number of coupons are underreported, and the store was excluded from sales data analysis.

Retail Settings and Key Milestones

The FY 2021, 2022, and 2023 pilot projects each partnered with unique retailers to develop, implement, and promote the HFMI projects, totaling nine retailers operating 659 participating stores in 16 States to date (Figure 1 and Table 3).

Figure 1. Participating store counts by State and pilot: FY 2021, FY 2022 (to date), FY 2023 (to date)



Source: Baylor University's Baylor Collaborative on Hunger and Poverty (BCHP) and Auburn University's Hunger Solutions Institute (HSI).

Table 3. Participating store overview: FY 2021, FY 2022 (to date), FY 2023 (to date)

Pilot	Retailer	State		Store type(s)		Setting(s)	
FY 2021	Jubilee Food Market Wakefern	Texas	1	Grocery store	1	Urban	1
		Delaware	4	Supermarket	40	Urban	40
		New Jersey	30				
		Pennsylvania	6				
FY 2022	Buche Foods	South Dakota	8	Grocery store	6	Urban	1
				Convenience store	1	Rural	7
				Other	1		
	JMLB	Alabama	17	Supermarket	17	Urban	11
						Rural	6
	Little Giant Farmer's Market	Georgia	5	Supermarket	5	Urban	5
	Mother's Nutritional Center	California	80	Other	80	Urban	80
	Wright's Market	Alabama	1	Grocery store	1	Urban	1
FY 2023	Meijer	Illinois	51	Supermarket	264	Rural	71
		Indiana	83	Convenience store	235	Urban	431
		Kentucky	19	Grocery store	3		
		Michigan	234				
		Ohio	95				
		Wisconsin	20				
	Food Land	Iowa	5	Grocery store	5	Urban	1
						Rural	4

Source: Baylor University's Baylor Collaborative on Hunger (BCHP) and Poverty and Auburn University's Hunger Solutions Institute (HSI)

FY 2021 HFMI Pilot Project

The FY 2021 grantee, Baylor University's Baylor Collaborative on Hunger and Poverty (BCHP) partnered with Jubilee Food Market and Wakefern Food Corporation.

Jubilee Food Market (Jubilee) is a non-profit grocery store founded by Mission Waco in Fall 2016 to serve the high concentration of lower-income residents in the North Waco, Texas food desert.⁴ Wakefern Food Corporation (Wakefern) is the largest retailer-owned cooperative in the U.S. with 51 member companies who independently own and operate retail supermarkets in the Northeast and Mid-Atlantic regions.⁵ Wakefern originally designated eight ShopRite supermarket locations in New Jersey to participate in the FY 2021 pilot. In 2024, Wakefern relaunched operations of the pilot in the 8 original stores and expanded to 32 additional ShopRite supermarkets in Delaware, New Jersey, and eastern Pennsylvania.

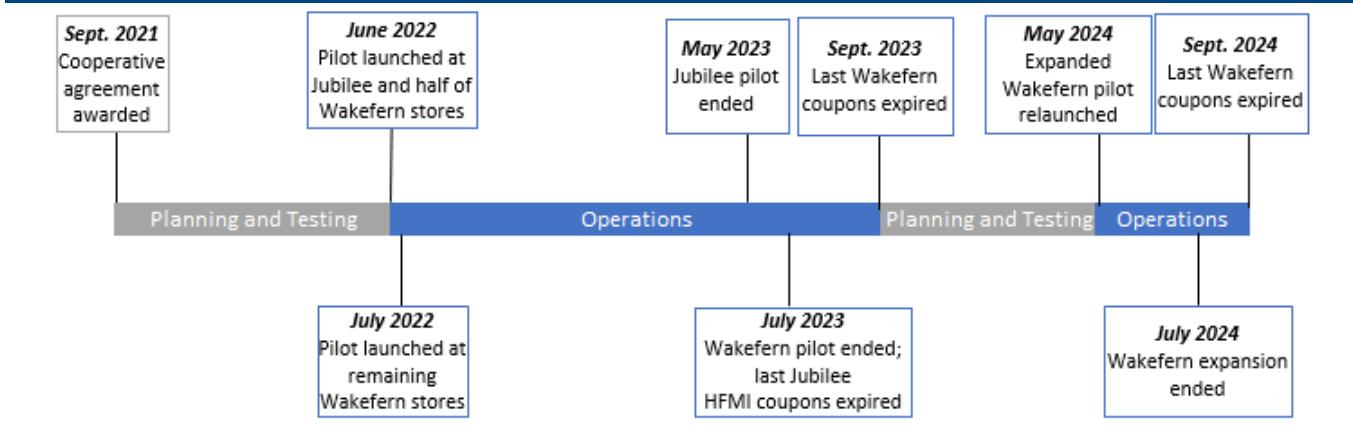
Following the award of the cooperative agreement, BCHP and its partners initiated a nine-month planning and testing phase (Figure 2). The pre-launch phase involved developing plans for pilot operations, testing point-of-sale system changes, training pilot store managers and cashiers, and creating and disseminating signage and promotional materials. Both retailers (Jubilee and Wakefern) began operations in June 2022. Jubilee was in operation for 12 months, while Wakefern's original operations (eight stores) ran for 14 months, and its

⁴ <https://missionwaco.org/our-programs/social-enterprise/jubilee-food-market/> (accessed May 22, 2025)

⁵ <https://www2.wakefern.com/> (accessed May 22, 2025)

expansion (40 stores) operated for 3 months. Throughout the pilot, issued coupons were eligible for redemption up to 60 days from the date of issuance.

Figure 2. Key milestones in FY 2021 HFMI* pilot project timeline



*Healthy Fluid Milk Incentives

FY 2022 HFMI Pilot Project

For the FY 2022 HFMI pilot, FNS entered into a cooperative agreement with Auburn University's Hunger Solutions Institute (HSI) within the university's College of Human Sciences. As of reporting, Auburn has five retailer partners operating 111 participating stores in four States, with plans to add further partners. Currently operational partners are JMBL Inc. (JMBL), Little Giant Farmer's Market, Wright's Market, G.F. Buche Co. (Buche Foods), and Mother's Nutritional Center.

JMBL is an Alabama-based retailer that owns and operates local supermarket chains. For the FY 2022 pilot, JMBL designated 17 stores across three supermarket chains to participate. Little Giant Farmer's Market, originally a single farmer's market, has grown into a family-owned and operated community supermarket chain with five locations in the Atlanta metropolitan area.⁶ All five Little Giant Farmer's Market stores are participating in the FY 2022 HFMI pilot. Wright's Market is an independent grocery store located in Opelika, Alabama,⁷ and was one of the first stores to launch FY 2022 operations and the first to transition to the automatic discount model. Buche Foods owns and operates grocery and convenience stores, along with hardware/lumber stores, in primarily rural locations across South Dakota.⁸ Buche Foods tapped six of its grocery stores and one convenience store for FY 2022 HFMI participation, along with one of its combination hardware/grocery stores that meets multiple needs of the local community. Buche Foods has also transitioned its stores to the automatic discount model.

In April 2024, 80 Mother's Nutritional Center (MNC) stores began pilot operations. MNC is a southern California-based retailer that is open to the public, though it specializes in meeting the needs of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program, aiming to serve mothers with children under five.⁹ Many WIC participants are also eligible for and participate in SNAP, lending to robust fluid cow's milk

⁶ <https://littlegiantfarmersmarket.com/> (accessed May 22, 2025)

⁷ <https://www.wrightsmarkets.com/> (accessed May 22, 2025)

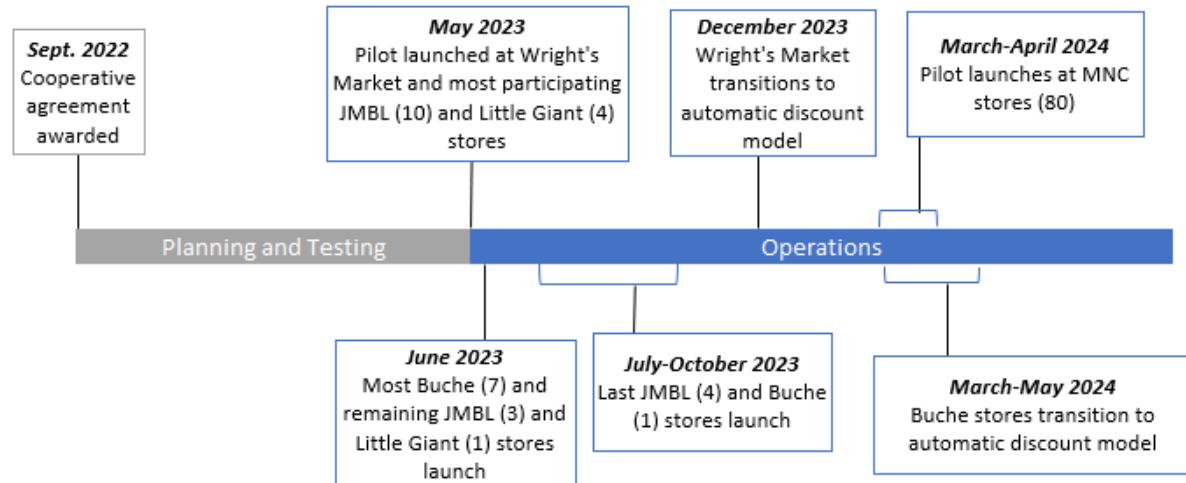
⁸ <https://www.buchefoods.com/> (accessed May 22, 2025)

⁹ <https://mothersnc.com/> (accessed May 22, 2025)

demand (a category eligible under both programs) at MNC store locations.^{10,11} As MNC opens additional locations, they are likely to be added to the pilot.

Following the award of the cooperative agreement, Auburn's HSI and its partners initiated an eight-month planning and testing phase. Three of the five currently participating retailer partners began operations in May 2023 ahead of the allotted 18-month window for setup, with the fourth beginning in June 2023 and the fifth beginning operations in April 2024 (Figure 3). All operations for the HFMI FY 2022 project are expected to conclude on September 30, 2025.

Figure 3. Key milestones in FY 2022 HFMI* pilot project timeline to date



*Healthy Fluid Milk Incentives

FY 2023 HFMI Pilot Project

The fourth HFMI project, FY 2023 was also awarded to Auburn's HSI. FY 2023 is the first pilot year that FNS required electronic integration of incentives, which was implemented in the form of automatic discounts on qualifying milk sales made using SNAP benefits and issued immediately at the point of purchase.

The FY 2023 HFMI project intends to operate the pilot in nearly 600 stores over more than a dozen unique retailers. As of this reporting, one retailer, Meijer, Inc. (Meijer) is operating 502 stores. Meijer is a large supermarket chain based primarily in the Midwest, operating supermarkets often accompanied by adjacent gas stations with convenience stores.¹² Meijer stores in the pilot are split roughly between supermarkets and convenience stores.

Upon award of the cooperative agreement, Auburn's HSI and its partners initiated a two-month planning and testing phase prior to any operations (Figure 4). In December 2023, Meijer launched operations at its participating stores. Food Land, an Iowa-based grocer¹³, began operations at all five of its locations in June 2024. Additional retailers, as of reporting, are in the pre-launch phase and will commence operations as ready. All operations for the HFMI FY 2023 project are expected to conclude on September 30, 2026.

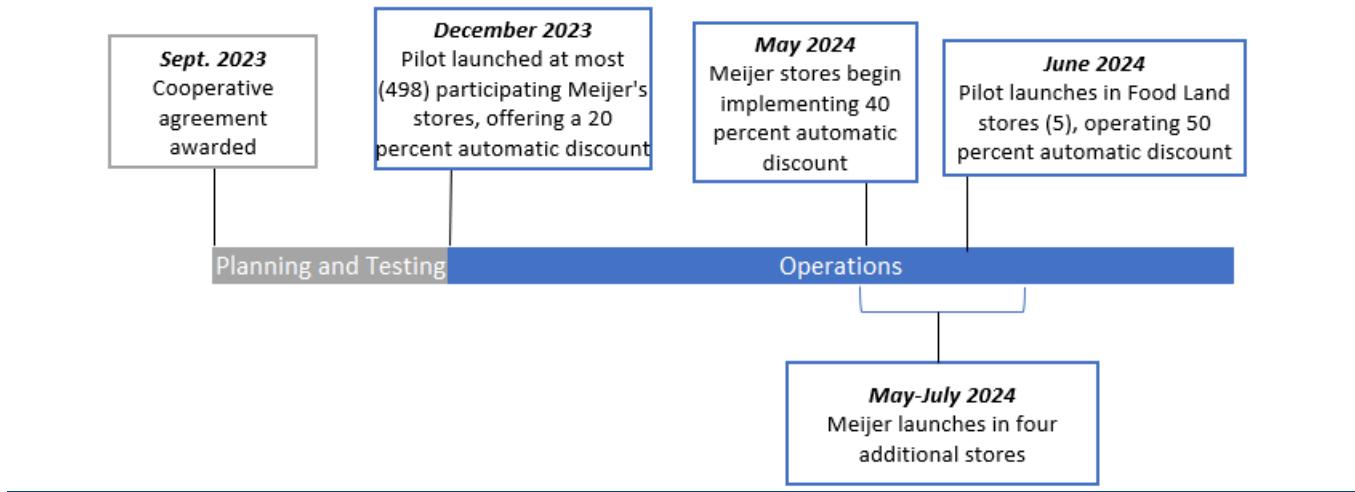
¹⁰ <https://www.fns.usda.gov/research/wic/eligibility-program-reach-estimates-2020> (accessed May 22, 2025)

¹¹ <https://www.fns.usda.gov/wic/food-packages/regulatory-requirements> (accessed May 22, 2025)

¹² <https://www.meijer.com/> (accessed May 22, 2025)

¹³ <https://foodland.biz/> (accessed May 22, 2025)

Figure 4. Key milestones in FY 2023 HFMI* pilot project timeline to date



*Healthy Fluid Milk Incentives

Findings

The report presents findings on the recently completed FY 2021 pilot and ongoing FY 2022 and 2023 pilot projects. Incentive issuance in the form of coupons and automatic point-of-sale discounts as well as relevant SNAP EBT milk sales are discussed in this section.

Most Incentives Issued as Paper Coupons Go Unredeemed

While overall issuance and redemption is up from the FY 2020 pilot,¹⁴ the reported trend from the original HFMI pilot year remains ongoing: most issued coupons (and the corresponding incentive value) are not redeemed by SNAP participants on a future purchase.

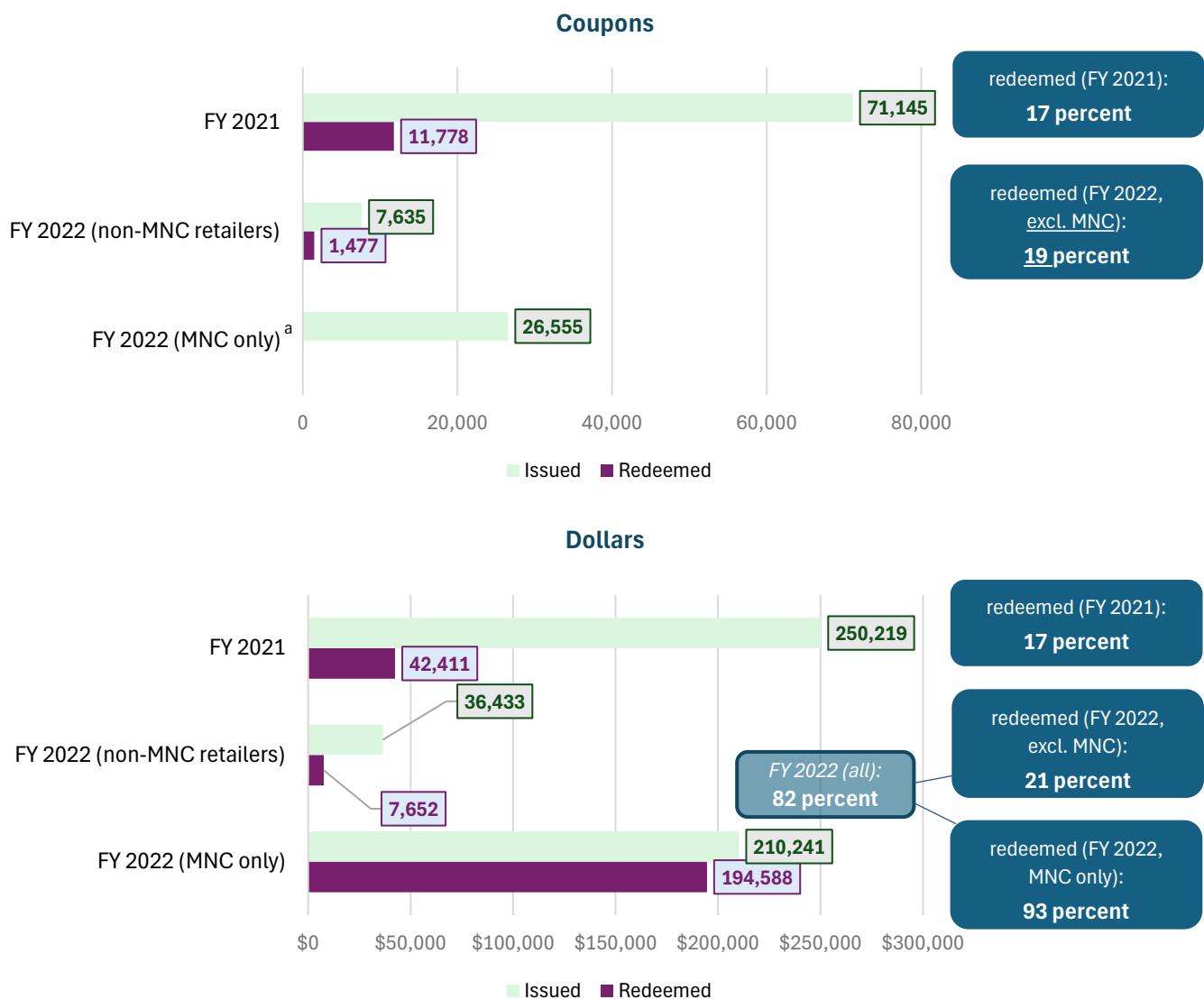
This is observed across both pilots (FYs 2021 and 2022) that utilize(d) rebates in the form of coupons to issue incentives on qualifying milk sales. During the FY 2021 pilot period, 17 percent of coupons and incentive dollars were redeemed. To date, 19 percent of coupons and 21 percent of incentive dollars issued by most FY 2022 participating retailers have been redeemed (Figure 5). The exception is MNC as several retailer factors, including the stores' demographic reach and electronic integration of coupons with customers' loyalty accounts, contribute to extraordinarily high redemption, with 93 percent of issued incentive dollars redeemed to date.

It is possible the slightly higher rates of redemption reported by most FY 2022 retailers compared to FY 2021 may be attributable to the greater breadth afforded for redemption (Table 2). Most coupons issued in FY 2021 were limited to SNAP-eligible dairy products, while coupons issued in the FY 2022 pilot could be redeemed for any SNAP-eligible item.¹⁵ However, the difference is small, and excluding MNC, fewer than a quarter of issued coupons and dollar value have been redeemed in FY 2022. Further, the difference in redemption parameters cannot be seen to drive incentive-qualifying purchases, which (excluding MNC) are relatively low in FY 2022.

¹⁴ <https://www.fns.usda.gov/research/snap/evaluation-fy20-healthy-fluid-milk-incentives> (accessed May 22, 2025)

¹⁵ One of two FY 2021 retailer partners issued coupons that could be redeemed for any SNAP-eligible item, though the issuance and redemption for this single-store retailer was considerably smaller than the other FY 2021 partner. See Appendix for issuance and redemption by retailer partner.

Figure 5. Rates of redemption for issued coupons and dollars, FY 2021 pilot and FY 2022 pilot (to date)

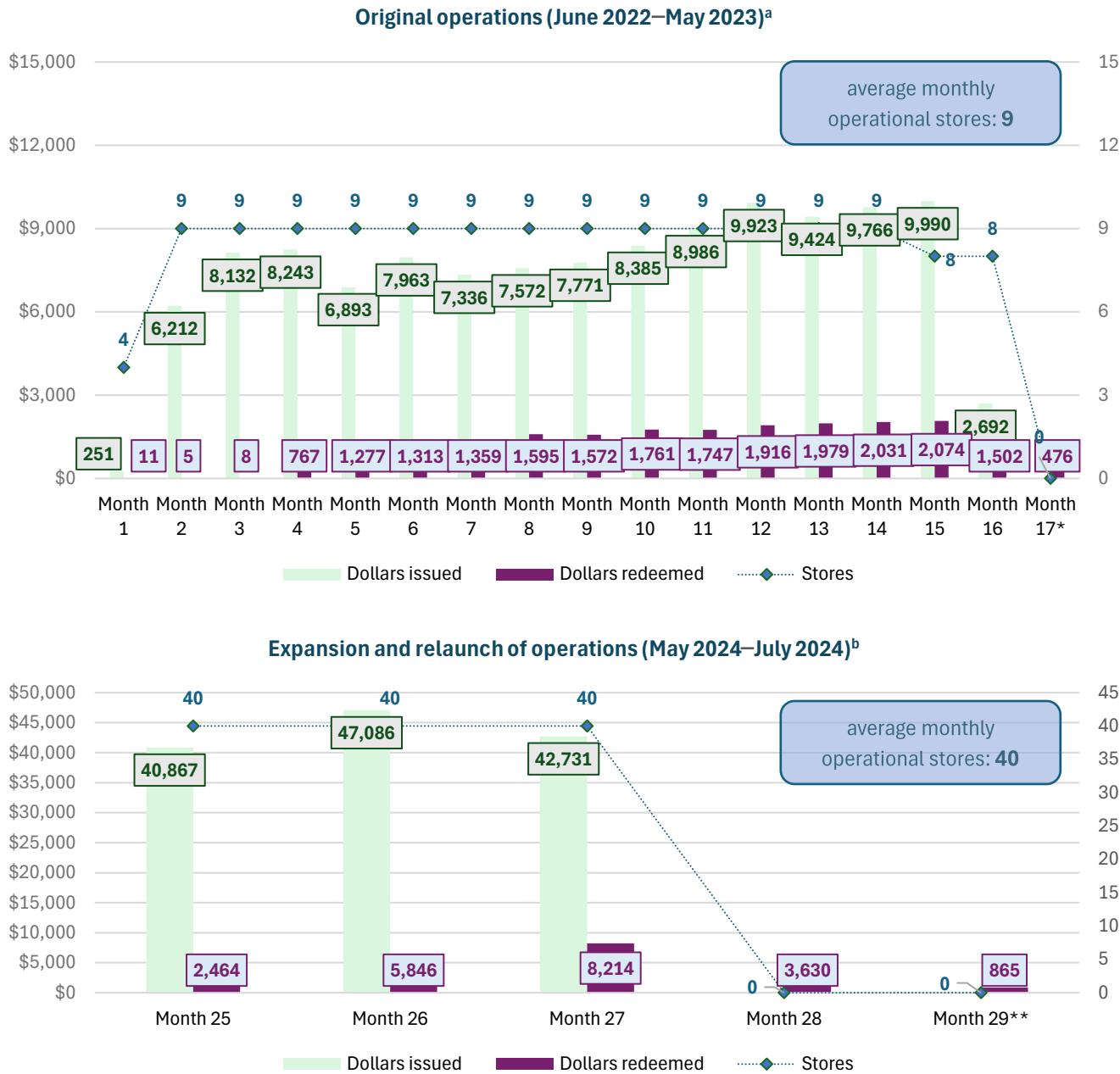


Source. FY 2021 and FY 2022 pilot retailers' weekly issuance and redemption data

^aThe option for MNC customers to redeem a coupon's issued value over multiple transactions results in an issued coupon being counted as redeemed with each occasion. The redemption rate is therefore not directly comparable to or as meaningful as stores operating singular redemption opportunities.

Though the amount of coupons and corresponding value issued and redeemed can be observed to fluctuate over time (Figures 6 and 7), notable changes are predominantly a function of the number of active stores in a given month and the length of those operations (i.e., stores only operational for part of a reporting month as a function of launch or end dates, or due to experiencing technical issues prohibiting operations for part of a month).

Figure 6. Incentive dollars issued and redeemed (coupon model), FY 2021 pilot



Source. FY 2021 pilot retailers' weekly issuance and redemption data

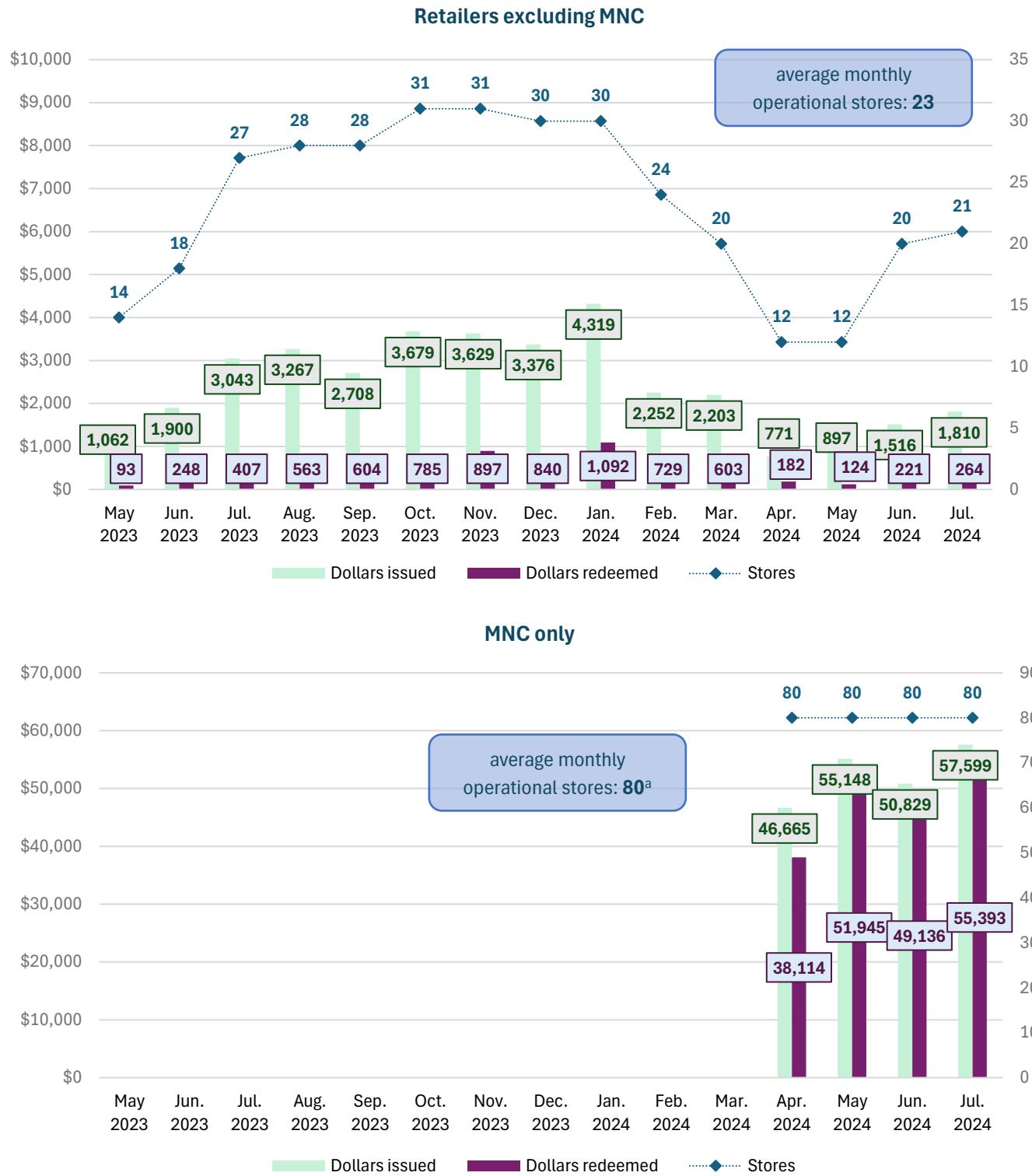
^a The FY 2021 HFMI pilot launched operations over June–July 2022. Due to variance in the reporting schedule between the two retailer partners, the months are computed as 4-week intervals (unless otherwise specified) starting with each retailer's first week of reporting (weeks starting May 29 and June 1, 2022). Only stores that were issuing coupons were counted as an operational store for a month, though redemption data after operations ended were counted in the respective months. Months 14 and 16 in the top panel are the last months containing any Jubilee and Wakefern issuances, respectively. See Appendix for more information on retailer data reporting.

*Month 17 counts 6 weeks of redemption-only data (August 20, 2023, through September 30, 2023).

^b There were no FY21 pilot operations or redemption activity between October 1, 2022, and May 11, 2023 (months 18–24).

**Month 29 counts 5 weeks of redemption-only data (September 1, 2024, through September 30, 2024).

Figure 7. Incentive dollars issued and redeemed (coupon model), FY 2022 pilot (to date)



Source. FY 2022 pilot retailers' weekly issuance and redemption data

^a Average counts stores once operational (beginning April 2024 for MNC).

Automatic Point-of-Sale Discounts Eliminate Redemption Concerns

The FY 2023 HFMI pilot represents a technological shift for the HFMI initiative as retailer partners are required to immediately apply incentives, through an automatic discount on qualifying purchases implemented at the point of sale and/or deposit onto SNAP households' EBT cards as credit that would automatically be applied on future purchases. The FY 2023 pilot project elected to utilize the automatic discount model, implementing a 20 to 50 percent discount on qualifying milk sales purchased with SNAP benefits applied at checkout.

As the grantee for both FY 2022 and FY 2023, Auburn's HSI extended the option to its FY 2022 retailer partners to transition to the automatic discount model. Several have opted in to this model, with the first transition occurring in December 2023 and continuing in calendar year 2024. Although data for stores operating the automatic discount model is nascent and therefore relatively limited as of reporting, both fiscal years show an improvement in HFMI engagement relative to the coupon incentive model. The nine FY 2022 participating stores operating the automatic discount model have issued \$2,743 in automatic discounts since transitioning (Figure 8), more than a third (36 percent) of the \$7,652 of dollars issued in the form of coupons and redeemed by non-MNC retailers between May 2023 and July 2024 (Figure 7). This translates to average incentive amounts of about \$86 per store per month for stores that switched to the automatic discount model compared to \$22 per store per month in redeemed dollars for non-MNC stores that continued the coupon model.

Figure 8. Automatic discount issuance by month, FY 2022 pilot to date



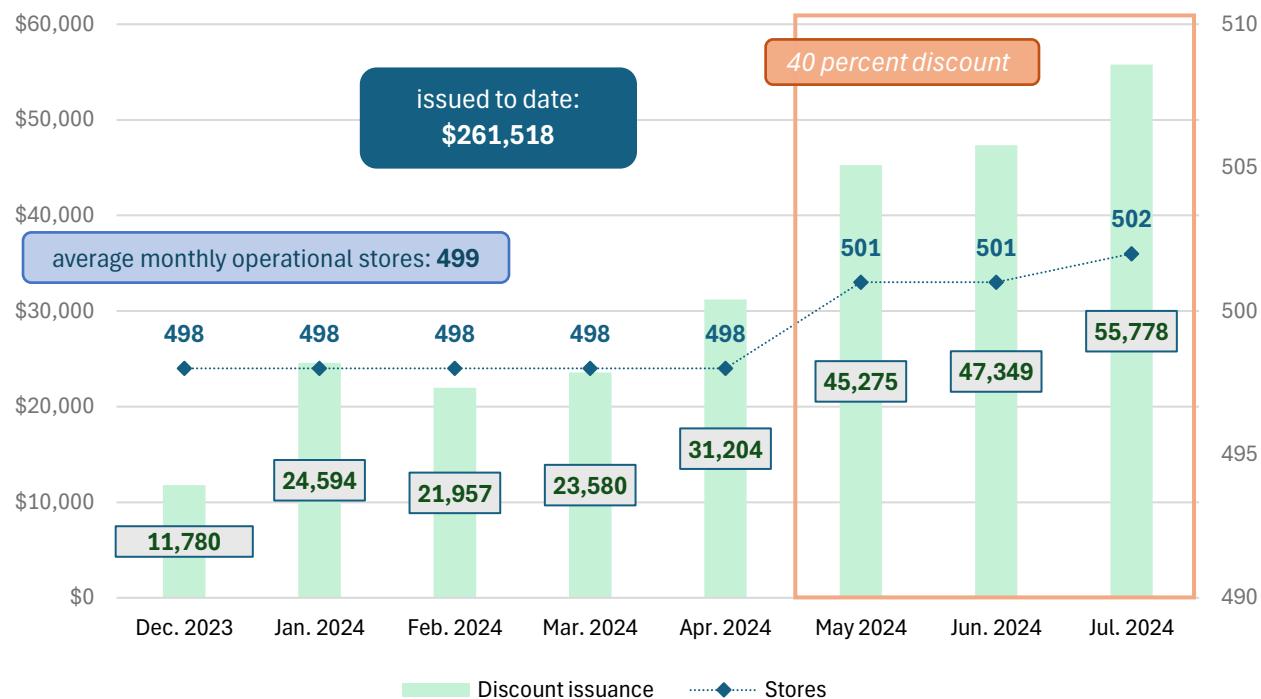
Source. FY 2022 pilot retailers' weekly issuance and redemption data

^a Average counts stores once operations began (beginning December 2023).

The FY 2023 HFMI pilot operation to date (between December 2023 and July 2024) has issued \$261,518 in automatic discounts, averaging \$32,690 in issuance per month across 502 participating Meijer stores (Figure 9). Of note, most of these stores launched simultaneously and as a new incentive model was being introduced at a very large number of stores, the pilot team opted to begin with a conservative discount amount (20 percent) to manage the risk that unexpectedly high qualifying sales among SNAP participants at these stores would limit available funds for the planned duration of the pilot. After assessing initial data and determining that Meijer stores could accommodate a higher discount amount, participating stores increased the discount to 40 percent in May 2024. While issuances have thus far increased as expected, preliminary data suggest the larger discount

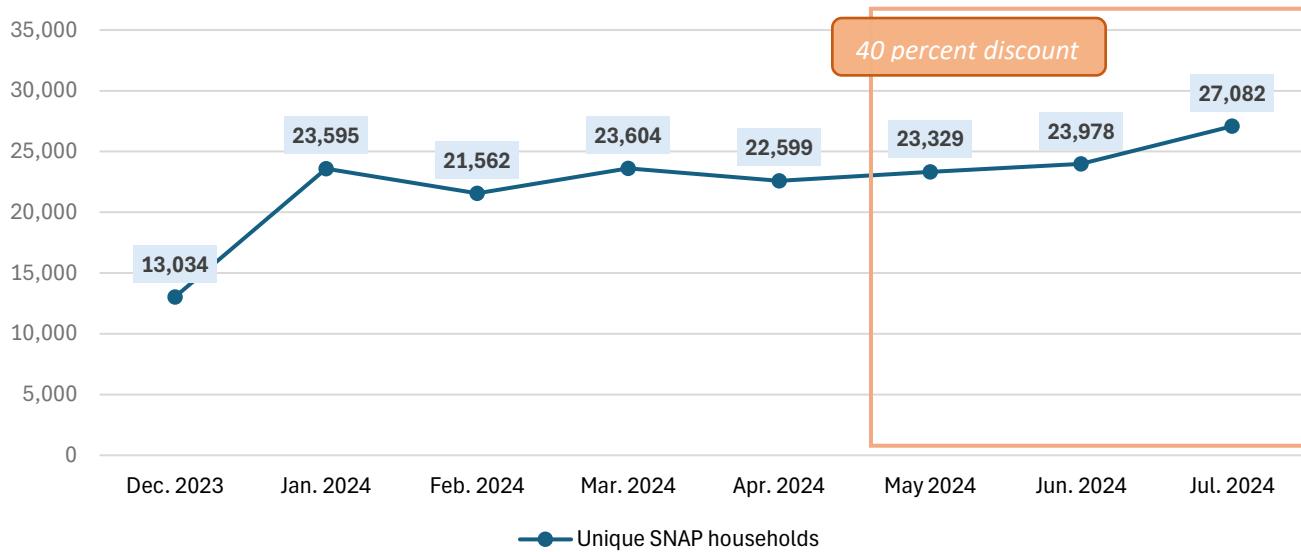
may be motivating: the two most recent months of reporting data (June and July 2024) show the largest number of unique SNAP households earning discounts on qualifying milk sales (Figure 10).

Figure 9. Automatic discount issuance by month, FY 2023 pilot (to date)



Source. FY 2023 pilot retailer weekly issuance and redemption data

Figure 10. Unique SNAP households earning automatic discounts per month, FY 2023 pilot (to date)



Source. FY 2023 pilot retailer weekly issuance and redemption data

Healthy Milk Remains a Lesser Purchased Category of Milk

Examination of milk sales data among retailer partners over the FY 2021, 2022, and 2023 HFMI pilots indicates that qualifying milk (i.e., nonfat and 1% low-fat milk) remains a lesser purchased milk category – qualifying milk was typically less than 25 percent of fluid milk purchases by SNAP households in stores offering HFMI incentives. Across all three pilot years (FY 2021, FY 2022, and FY 2023), qualifying milk sales represent a minority of milk purchased using SNAP EBT (Table 4), indicating that SNAP households are predominantly purchasing higher fat (2%, whole) and/or flavored milk at participating retailers incentivizing healthy fluid milk purchases. Additionally, although the data are preliminary, there was no notable change in the share of qualifying milk among all EBT milk purchases in the early months of FY 2023 sales data, when Meijer implemented an increased automatic discount from 20 to 40 percent.

Table 4. Share of qualifying sales among all EBT milk purchases: FY 2021 pilot, FY 2022 pilot (to date), FY 2023 pilot (to date)

Pilot	Average	Minimum ^a	Maximum ^a
FY 2021			
Wakefern participating stores	0.13	0.10	0.23
<i>Comparison (control) stores</i>	0.13	0.09	0.33
FY 2022 (to date)			
Overall	0.37	0.08	0.77
Overall (excluding MNC) ^b	0.09	0.08	0.11
FY 2023 (to date)			
Overall	0.12	0.12	0.13
20 percent automatic discount ^c	0.12	0.12	0.13
40 percent automatic discount ^d	0.13	0.13	0.13

Source. FYs 2021, 2022, and 2023 pilot retailers' sales data

^a The minimum and maximum values reported represent the month(s) with, respectively, the lowest and highest observed shares of qualifying milk sales relative to other milk sales made with EBT.

^b Due to the heavy influence MNC has on the data attributable to atypically high qualifying milk sales and the large number of stores operating in the pilot relative to other retailers, the overall share was computed both including and excluding MNC sales data.

^c Meijer stores applied a 20 percent automatic discount to qualifying milk sales between December 2023 and April 2024.

^d Meijer stores applied a 40 percent automatic discount to qualifying milk sales starting in May 2024 (table reflects May 2024 through July 2024).

Finally, Wakefern (FY 2021) provided sales data for control stores to use as a comparison against participating stores (Table 5).¹⁶ Although SNAP households shopping at participating and control stores purchased comparable shares of qualifying milk relative to other non-qualifying milk (13 percent), an average of 12 percent of all qualifying milk sales made at participating stores were purchased using SNAP benefits, compared to only 3 percent at control stores. In addition, the share of qualifying milk sales among customers using any form of tender made at participating FY 2023 stores changed little (from 3 to 4 percent) after the 40 percent discount was implemented. This is similar to the findings presented in Table 4, which show no discernable effect from the 40 percent discount.

¹⁶ Comparable sales data is not available for the other FY 2021 retailer. Sales data for control stores (i.e., stores where coupons were not issued) were provided for FY 2021 for comparison. Due to the increased size and scope of subsequent pilots, this was not feasible or requested in the FY 2022 or 2023 pilots. Note that coupons were able to be redeemed at the control stores (and other non-participating stores under the same supermarket banner). A small number of coupons were redeemed at these stores. See Appendix for more details.

Table 5. Share of all qualifying milk sales made with EBT: FY 2021 pilot, FY 2022 pilot (to date), FY 2023 pilot (to date)

Pilot	Average	Minimum ^a	Maximum ^a
FY 2021			
Wakefern participating stores	0.12	0.09	0.23
<i>Comparison (control) stores</i>	0.03	0.03	0.06
FY 2022 (to date)			
Overall	0.47	0.09	0.71
Overall (excluding MNC) ^b	0.11	0.09	0.13
FY 2023 (to date)			
Overall	0.03	0.03	0.04
20 percent automatic discount ^c	0.03	0.03	0.03
40 percent automatic discount ^d	0.04	0.03	0.04

Source. FY 2021, 2022, and 2023 pilot retailers' sales data

^a The minimum and maximum values reported represent the month(s) with, respectively, the lowest and highest observed shares of qualifying milk sales made with EBT.

^b Due to the heavy influence MNC has on the data attributable to atypically high qualifying milk sales and the large number of stores operating in the pilot relative to other retailers, the overall share was computed both including and excluding MNC sales data.

^c Meijer stores applied a 20 percent automatic discount to qualifying milk sales between December 2023 and April 2024.

^d Meijer stores applied a 40 percent automatic discount to qualifying milk sales starting in May 2024 (table reflects May 2024 through July 2024).

Conclusions

The FY 2021 and FY 2022 HFMI pilots built upon the original FY 2020 pilot detailed in the last report to Congress. The pilots utilized a rebate model to issue and redeem incentives in the form of coupons when SNAP households used EBT to purchase low-fat and fat-free milk at participating stores. The HFMI pilots have progressively scaled in size each year, with both FY 2021 and FY 2022 pilots operating at a greater number of locations and geographies and partnering with multiple retailer partners to access these stores. While HFMI operations under the coupon model have demonstrated increases in both issuance and redemption over each progressive fiscal year, it remains the case that the considerable majority of paper coupons (and their issued value) go unredeemed. Further, non-qualifying milk (higher fat and/or flavored) continues to constitute the majority of milk purchases using EBT.

Building off technological advances made in other nutrition incentive programs,^{17, 18} the FY 2023 HFMI grant required potential grantees to implement at least one of two viable incentive models that eliminate the need for customer-driven redemption: an automatic discount on qualifying purchases implemented at the point of purchase and/or deposit of earned incentives onto SNAP households' Electronic Benefit Transfer (EBT) cards through integration with State EBT systems. The FY 2023 grantee, Auburn's HSI, opted to utilize the automatic discount model and began operations in over 500 supermarkets and convenience stores under the Meijer banner in December 2023. HSI extended the option to its FY 2022 pilot retailer partners to transition to the automatic discount model. Several have opted in to this model, with the first transition occurring in December 2023 and continuing in calendar year 2024. Although data for stores operating the automatic discount model are early and therefore relatively limited as of reporting, both fiscal years show an improvement in HFMI

¹⁷ <https://www.fns.usda.gov/snap/evaluation-implementation-food-insecurity-nutrition-incentives-fini-final-report> (accessed May 22, 2025)

¹⁸ <https://www.fns.usda.gov/grant/snap-ehip> (accessed May 22, 2025)

engagement relative to the coupon incentive model. FNS looks forward to reporting more comprehensive findings as the pilots continue and conclude, currently expected at the end of September in 2025 (FY 2022) and 2026 (FY 2023), and as the newly awarded FY 2024 pilot prepares to begin operations.

Appendix

Table A1. Reporting data available by pilot year

Pilot	Incentive model	Incentive issuance data	Incentive redemption data	Milk sales data
FY 2021	Coupons	Weekly data throughout operational period of total coupon issuance (count and dollar value) by individual store	Weekly data throughout operational period and for 60 days afterward of total coupons redeemed (count and dollar value) by individual store	<p><i>Jubilee:</i> weekly sales data of product-level milk sales completed with any tender</p> <p><i>Wakefern:</i> monthly sales data of the count and dollar value of product-level qualifying and non-qualifying milk sales by store, further disaggregated into items purchased using SNAP EBT. Same format also provided for a limited number of control stores identified as comparable for comparison</p>
FY 2022	Coupons	Weekly data throughout operational period available for report (May 1, 2023 through July 31, 2024) of total coupon issuance (count and dollar value), and number of unique households issued coupons, by individual store operating model	Weekly data throughout operation period (May 1, 2023, through July 31, 2024) of total coupons redeemed (count and dollar value) by individual store operating model. Stores that have transitioned to automatic discount model continue to provide redemption data until all coupons expire	<p>Weekly data throughout operational period (May 1, 2023, through July 31, 2024) for each store broken down by five categories of fluid milk (non-fat, low-fat, reduced fat, whole, and flavored), further disaggregated by tender type (EBT or any other tender) for each milk category</p>
	Automatic discount	Weekly data throughout operational period (December 2, 2023, through July 31, 2024) of dollar value of automatic discounts, and number of unique households earning discounts, by individual store operating model	--	
FY 2023	Automatic discount	Weekly data throughout operational period available for report (December 17, 2023, through July 31, 2024) of dollar value of automatic discounts, and number of unique households earning discounts, by individual store	--	Weekly data throughout operational period to date (December 17, 2023, through July 31, 2024) for each store broken down by five categories of fluid milk (non-fat, low-fat, reduced fat, whole, and flavored), further disaggregated by tender type (EBT or any other tender) for each milk category