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Stopping Sticker Shock at the Grocery Store

A Plan To Make Food More Affordable

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Introduction and summary

Over the past few years, Americans have faced sticker shock at the grocery store. Following years of very moderate price growth, the price of groceries is up 30 percent since January 2020, and the typical family of four is now spending more than $1,000 per month at the grocery store.

The Trump administration has only made groceries less affordable and agriculture more volatile since retaking office. The administration's policies on tariffs and immigration, and massive cuts to the Supplemental Nutrition Assistance Program (SNAP), have driven up food costs for families and forced farmers to face higher costs for key inputs such as fertilizer and farm machinery while grappling with labor shortages, resulting in disruptions in the agriculture industry. And this has taken place while American farmers and ranchers have navigated decreasing net farm income, contributing to a 46 percent rise in farmer bankruptcies from 2024 to 2025. Beef, fruits, vegetables, coffee, and cocoa were all made more expensive to import by Trump's tariffs, and recent polling shows that food affordability ranks as a top concern for households.

This comes at a time when millions of families face cuts to SNAP benefits—following the One Big Beautiful Bill Act that President Donald Trump signed in July 2025—further limiting families' resources to afford the rising cost of food. Children will face long-term impacts of these cuts, as every $1 in SNAP going to families with kids returns $62 in economic and health benefits over the course of a child's lifetime. The legislation's SNAP cuts also harm thousands of small grocers and retailers that rely on revenue from shoppers using SNAP benefits, harming local economies and worsening food access, especially in rural and urban communities dependent on small grocers and retailers.

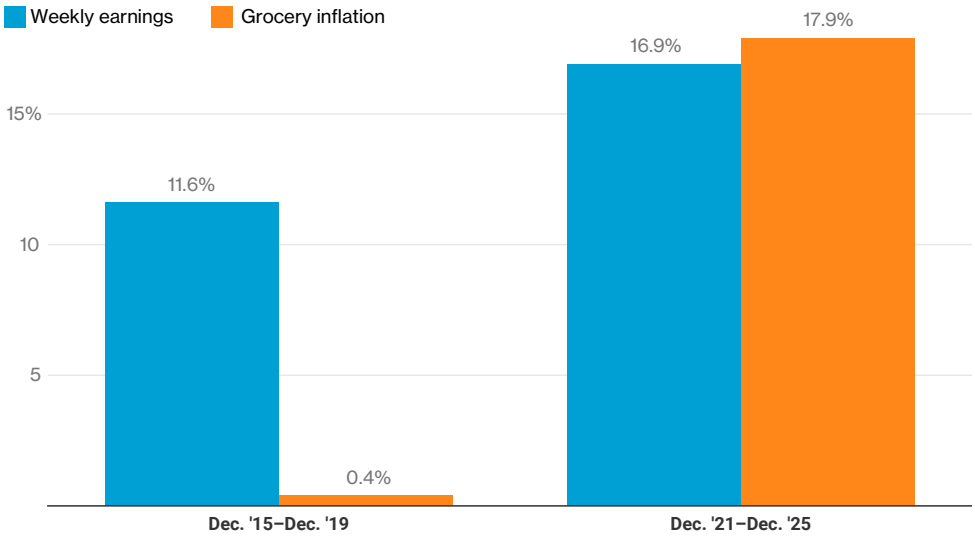
The administration's policies on tariffs and immigration, and massive cuts to SNAP, have driven up food costs for families and forced farmers to face higher costs for key inputs such as fertilizer and farm machinery while grappling with labor shortages, resulting in disruptions in the agriculture industry.

Recent price increases have not only outpaced overall inflation but also significantly eroded households' purchasing power at the grocery store. Over the long term since the 1960s, annualized wage growth was faster than grocery price growth, meaning that Americans could generally expect a typical paycheck to go further at the store. That trend—where wages grew faster than grocery prices—was a bedrock of the American middle class. But the 2021–2022 price spike ended that trend, as shown in Figure 1 below, meaning grocery prices rose so fast that they swallowed up increases in worker pay. The total change in earnings since December 2021 is only now about to match the total change in food costs, despite moderation in food inflation.

FIGURE 1

Grocery inflation outstripped the growth in weekly earnings over the past four years

Total change in average weekly earnings for production and nonsupervisory workers and in the Consumer Price Index Food at Home series, December 2015–2019 and 2021–2025



Notes: The U.S. Bureau of Labor Statistics defines food at home as "total expenditures for food at grocery stores (or other food stores)." Data are seasonally adjusted.

Source: FRED, Average Weekly Earnings of Production and Nonsupervisory Employees, Total Private (last accessed January 2026); FRED, A Consumer Price Index for All Urban Consumers: Food at Home in U.S. City Average (last accessed January 2026).

It is not just grocery inflation—the change in prices—that invokes affordability concerns for many shoppers. It is also the level of grocery prices. The inflationary shock of 2021–2022, especially following a period of flat price growth, hit shoppers hard with steep price jumps from just a few years ago, and they have not yet recovered. The distinction is an important one because it suggests that reduced grocery inflation will not, on its own, leave people feeling better off.

They will need low and stable grocery inflation, time to acclimate to new price levels, and continued increases in the real buying power of their paychecks.

To help with this transition and to lower costs at the grocery checkout while giving wages a chance to catch up with the price increases since 2019, the Center for American Progress proposes the following new strategy for food affordability. The CAP plan has three major components:

- Provide immediate relief to households through a negotiated, temporary price cap on core grocery items to help wages catch up to food costs while ensuring farmers receive a fair price on these products.
- Increase competition and protect consumers and producers from abusive practices.
- Modernize U.S. agricultural policy to build resilience to prevent future price shocks by supporting farmers, strengthening supply chains, and investing in innovation.

This strategy would save the typical family of four an estimated $134 per year on average while also ensuring producers receive their fair share of the food dollar on these essential goods. Cracking down on anticompetitive practices and making the U.S. food system more resilient against future supply shocks will help reduce costs and strengthen the agricultural system.

There are additional actions that policymakers could take today on food affordability. This includes repealing the Trump administration's price-increasing tariffs, reversing the Big Beautiful Bill's enormous cuts to SNAP, and reversing the disastrous cuts to agriculture research and U.S. Department of Agriculture grant programs that facilitated the direct purchase and distribution of domestically grown foods from farmers for schools and food banks. These policy actions are crucial to the long-term affordability of food and the health of the American farm and food system.

After a long period of price predictability, food prices outpaced inflation

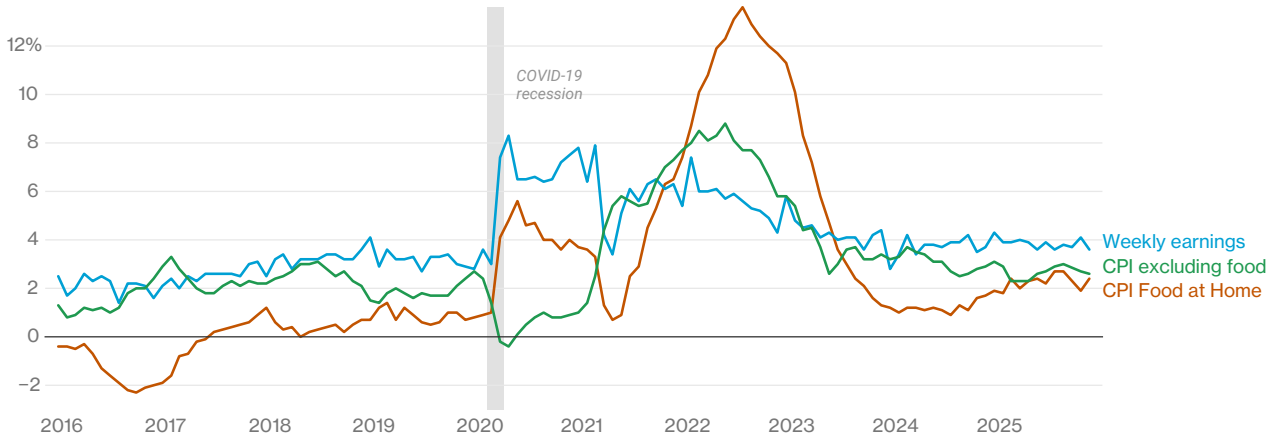
For the 40 years before 2022, the prices of food consumed at home—the main metric for grocery prices—increased by an average of 2.6 percent per year. After the pandemic, grocery price growth diverted from its 40-year trends, reaching 13.6 percent in August 2022—the fastest month of growth since 1979 and a shock to generations of consumers accustomed to more moderate price growth. Grocery inflation has come down since this peak but still remains above pre-pandemic levels.

While worker wage gains generally outpaced prices over the post-pandemic period, grocery price inflation peaked far above wages and other prices in 2022, as shown in Figure 2.

FIGURE 2

Grocery inflation exceeded inflation and wage growth

Year-over-year change in the Consumer Price Index (CPI) Food at Home series, CPI excluding food, and average weekly earnings of production and nonsupervisory workers



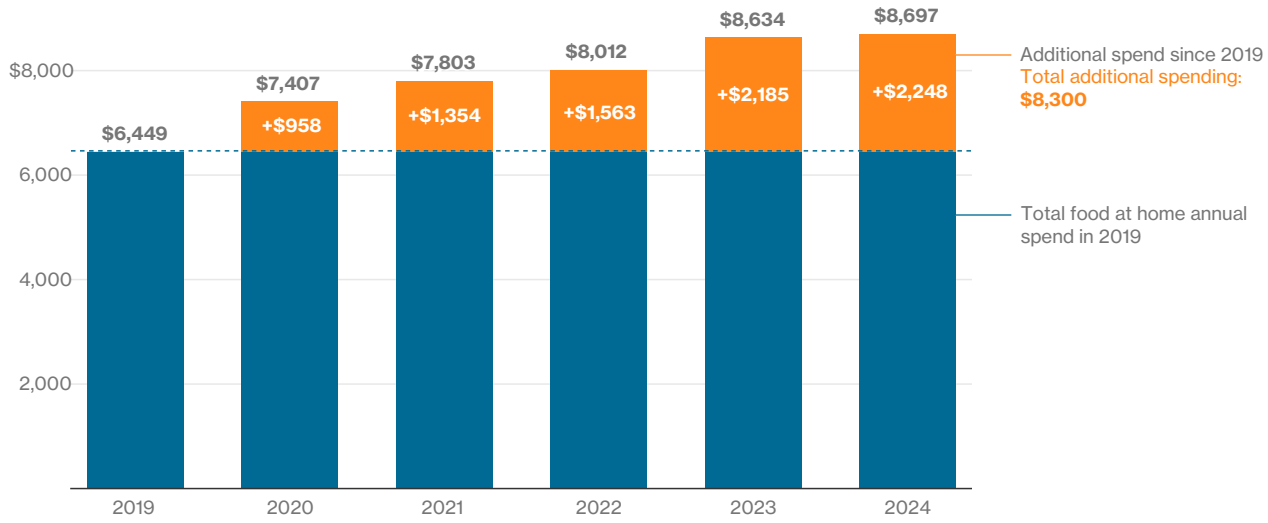
Note: Data are seasonally adjusted. CPI excluding food removes all food categories from the CPI, including food away from home.

Source: FRED, Average Weekly Earnings of Production and Nonsupervisory Employees, Total Private (last accessed January 2026); FRED, A Consumer Price Index for All Urban Consumers: Food at Home in U.S. City Average (last accessed January 2026); U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers – All items less food in U.S. city average (last accessed January 2026).

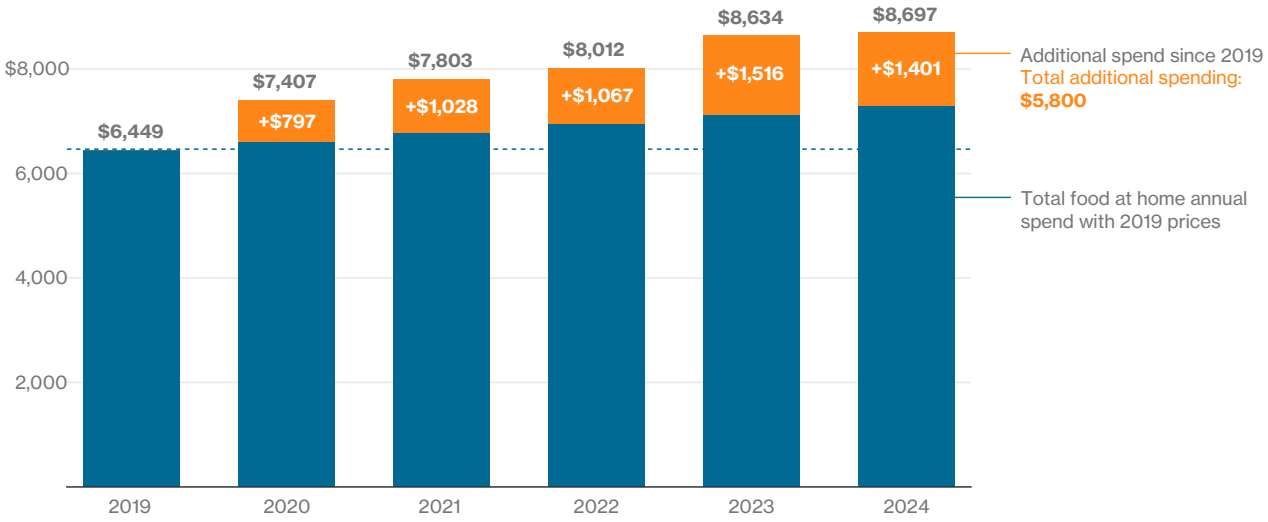
FIGURE 3

The average family's annual grocery expenditure increased by thousands of dollars from 2019 to 2024

Four-person family holding spending fixed, in nominal terms, 2019–2024:



Four-person family adjusted for long-run trends in spending, 2019–2024:



Notes: 2025 data on consumer expenditure was not available at the time of this report publication. Total additional spending figures for 2019–2024 have been rounded to the nearest hundred.

Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Surveys Demographic Tables - by Size of Consumer Unit, 2019-2024 (last accessed January 2026).

Households' food expenditures also rose over this period. Between 2020 and 2024, CAP estimates that an average family of four spent an additional $8,300 (or $5,800 adjusting for long-run trends in spending) on groceries over the period. And in 2025, various comparisons of grocery costs have found substantial increases in the past year, including an increase of more than $300 based on a typical basket of goods and an average 5 percent price increase across a broad range of typical products at Walmart.

At the same time, food insecurity—limited or uncertain access to adequate food—has reached rates not seen in a decade. Nearly 48 million people struggled to afford food in 2024, equivalent to 1 in 7 American households. A study from Purdue University found that the rate of food insecurity likely rose further in 2025, reaching 16 percent in November 2025. This likely stemmed from trends over several years, including overall inflation and food price increases, the end of pandemic-era expansions in basic assistance supports, and the Trump administration's elimination of grants and supports to food programs. Cuts to SNAP from the Big Beautiful Bill, and a government shutdown that needlessly and illegally created uncertainty for millions who receive SNAP, will only have worsened food insecurity for low-income families.

Concurrently, since 2020, farmers have navigated significant price spikes that were a result of shocks in the market such as Russia's war in Ukraine, pandemic-induced disruptions to supply chains, and climate change-induced disasters. While overall net farm income remains higher than the historical average, this number is skewed because typically about 7 percent of U.S. farms receive 85 percent of overall farm income, which means the remaining 93 percent of U.S. farms share only 15 percent of farm income. The increasing cost of inputs, along with a lack of market access because of the Trump administration's tariff and trade policies, and corporate control of markets puts farmers and ranchers in a precarious position, navigating both high prices and high costs. Some agricultural economists warn that there are indicators in the farm economy reminiscent of the farm crisis of the 1980s.

The 2022 grocery price inflation shock was driven by a broad range of factors. The COVID-19 pandemic snarled supply chains, and changes in purchasing behavior resulted in demand outpacing a shaky delivery system. Amid pandemic-era shortages, some larger grocery companies used their market power to pressure suppliers into selling them severely limited product stock, to the detriment of smaller firms. Price pressures in the food supply chain were compounded by challenges that American farmers and ranchers and the agriculture sector more broadly faced including droughts and disease outbreaks such as bird flu, as well as economy-wide post-pandemic inflation and Russia's invasion of Ukraine, which also contributed to supply shocks that drove up prices for agricultural products and fuel.

And unique conditions, including temporarily elevated savings and strong fiscal support, led consumers to be less sensitive than usual to price increases, leading many food wholesalers and retailers to raise prices beyond their higher costs.

How the Trump administration made groceries more expensive

Although President Trump promised to lower prices on day one during the 2024 campaign, the Trump administration has instead rolled out policies that are increasing Americans' grocery bills. The Trump administration's steep and unpredictable tariffs have driven up the prices of important grocery staples, such as meat and coffee. DOGE ended programs that helped farmers sell their products to local school districts and food banks. And the biggest-ever cut to SNAP means millions of families will have less to spend on food each month. But it also means that families who benefited from free school lunch for their children because many of their neighbors received SNAP will have to spend more as well.

With nearly 70 percent of the farm labor force consisting of immigrants, the Trump administration's immigration policies and raids on agricultural workers are wreaking havoc on the agriculture industry, especially dairy, meat processing, and produce. The farm labor force shrank by 155,000 workers between March and July of 2025. Without sufficient workers, farmers and agricultural employers are dealing with unharvested crops, reduced food production, and supply chain disruptions. In October 2025, the U.S. Department of Labor declared that the Trump administration's immigration raids were "threatening the stability of domestic food production and prices for U.S. consumers."

Farmers and ranchers are sounding the alarm. According to a set of bipartisan former agriculture leaders from commodity organizations and former U.S. Department of Agriculture (USDA) officials, farm bankruptcies are on the rise, and less than half of American farms are on track to turn a profit in 2026. Major food companies, on the other hand, are profitable and continue to grow. For example, one major meat processor in the third quarter of 2025 reported strong financial results with net revenue rising 13 percent compared with the same period in 2024. Another multinational food company reported 5.6 percent year-over-year net revenue growth for the fourth quarter of 2025. An example of the size and dominance of the handful of players that dominate food and agriculture sectors, Walmart, is now the purveyor of more than 20 percent of all food sales in the United States and has joined the ranks of some tech firms as a $1 trillion company with rapid e-commerce growth and corresponding investments in technology and artificial intelligence.

In 2025, several common food items have seen significant price spikes – linked to supply chain or other shocks – including beef (16 percent), coffee (20 percent), and eggs (26 percent). Tariffs implemented by the Trump administration prolonged these and other food price pressures at a time when food costs were already high. As a direct result of the administration's tariffs, American consumers in January 2026 paid prices that were higher for coffee, tea and cocoa (12 percent), fish and seafood (8 percent), fruits (7 percent), and meat (5 percent), compared with pre-tariff trends. Moreover, despite rollbacks of tariffs on some imported foods in November 2025, the Trump administration's tariffs still apply to more than half of all food imports.

Anticompetitive practices in the food industry cost consumers

Abuse of market power by entities in the food industry—propped up by high levels of concentration in many parts of the supply chain—influences the prices Americans pay for groceries. It also diminishes the power farmers have in the marketplace, often forcing producers to accept unfairly low prices since there may be only one or two potential buyers of their goods. While consolidation can lead to operational efficiencies, dominant firms' exercise of market power to block rivals or erect barriers to entry can stifle a truly competitive marketplace. Importantly, nonfarm industries are responsible for a significant share of the food prices that consumers pay.

Meatpacking and processing is one of the most concentrated sectors. The top four companies in each market represent around 85 percent of beef processing, 67 percent of pork processing, and 60 percent of poultry processing. Grocery retail consolidation occurred largely in the 1990s and early 2000s as grocery retailers used mergers and acquisitions to gain market share. As of 2019, the top four food retailers accounted for 34 percent of total sales. Market concentration for food retail is higher at the state and metropolitan area level than at the national level, and it is well above antitrust agencies' "highly concentrated" threshold at the county level. One study found that in 43 metropolitan areas and 160 smaller markets across the country, at least half of grocery sales go to just a single retailer.

Market concentration has given rise to several specific tactics that can distort pricing and limit consumer choice:

- **Contract practices that raise costs for consumers:** The ability to negotiate reduced prices for consumers due to greater purchasing power is an advantage that comes with greater market share. But the recent disclosure of the Federal Trade Commission's (FTC) complaint in its January 2025 price discrimination suit under the Robinson-Patman Act of 1936 against PepsiCo alleged concerning practices that go beyond the legitimate benefits that come with bulk purchases and unfairly drive up costs for consumers. The FTC complaint alleged, following a review of company internal documents, that PepsiCo monitored the price levels of Pepsi products at Walmart's competitors and intentionally increased what it charged those competitors to ensure that Walmart's prices remained the lowest.

After the Trump administration took office, the FTC later dismissed the lawsuit in May 2025. This disclosure followed years of complaints from organizations such as the National Grocers Association (NGA), which represents independent grocers. The NGA has argued that such practices are prevalent in the industry and had the effect of driving up prices for the majority of consumers. In the wake of this disclosure, a group of Republican senators called upon the FTC and the U.S. Department of Justice (DOJ) to investigate "potential discriminatory pricing and product supply practices that harm small and medium-sized businesses, particularly in the grocery industry," echoing a similar request in 2024 from Democratic members of both houses.

- **Surveillance and individualized pricing:** A January 2025 FTC study outlined the rise of "surveillance pricing," where companies leverage artificial intelligence and personal data—such as browser history, location, and previous purchases—to charge individual consumers different prices for the same goods or services. This emerging practice reduces transparency for consumers, can raise consumer costs as companies seek to raise prices to the maximum level that individual consumers are willing to pay, and can have discriminatory impacts. It also foreshadows the potential rise of pricing that is both individualized and dynamic, where prices for the same product could differ by consumer and time of day or week, making it more difficult for households to plan their grocery budgets.

- **Anticompetitive land restrictions:** As retail grocery market consolidation has accelerated at the national level, there are even greater levels of concentration in some regions. Recent research by the Federal Reserve Bank of Atlanta found that from 2006 to 2020, food inflation was higher in low-income metro areas as higher market concentration allowed retailers to more fully pass through higher costs from supply shocks due to less competition. One contributor to consolidation is the practice by some large grocery chains of using restrictive covenants in property deeds to prevent competing stores from opening in locations they have vacated. These clauses, which can remain in effect for up to 50 years, effectively lock up land in underserved neighborhoods, preventing new entrants from alleviating food deserts and forcing residents to travel further to get their groceries. According to a 2012 Business Insider piece, as of 2010, Walmart "had 250 abandoned stores across the country sitting empty because of deed restrictions." Albertsons and Stop and Shop have also used restrictive covenants, preventing competitors from opening stores when land becomes available.

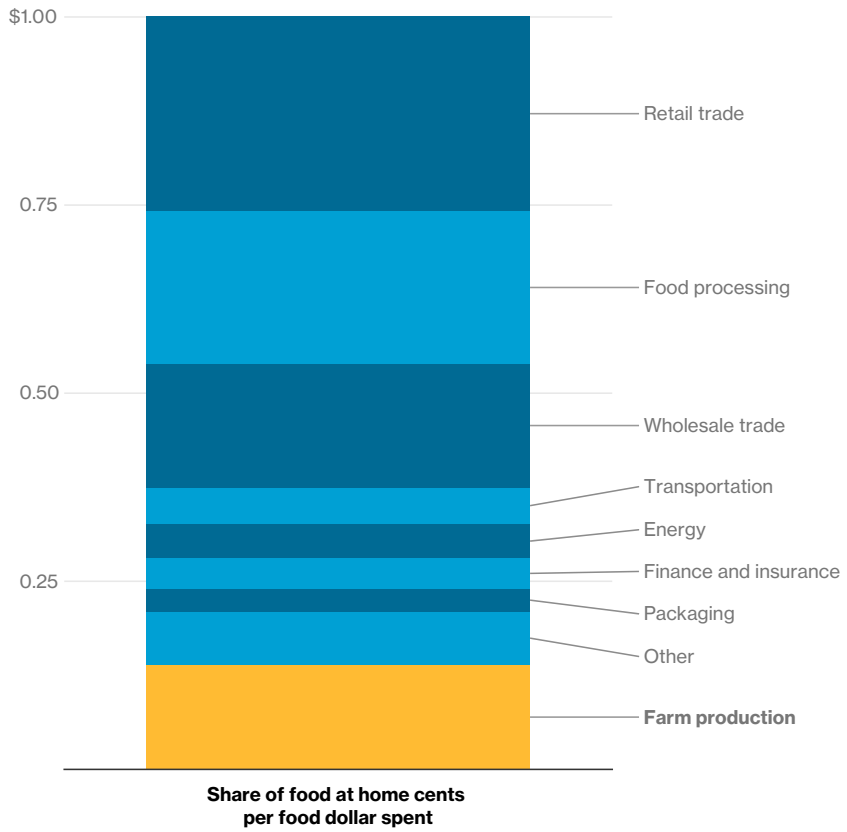
- **Price fixing in the meat and poultry industries:** While scale in the food processing industry provides benefits to retailers and consumers, such as product diversity and other efficiencies, the dominant actors in the beef, poultry, and pork

industries have also in recent years entered costly settlements in lawsuits that alleged the companies coordinated to restrict supply to create artificial scarcity and raise prices. From 2021 to 2026, Tyson Foods alone has settled for more than $550 million* in price-fixing lawsuits to settle claims that Tyson's conduct caused consumers, grocery retailers, restaurants, and ranchers to pay higher prices for beef, pork, and poultry. Other major players such as Cargill, Pilgrim's Pride, Smithfield, Hormel Foods, and JBS have also paid large settlements for allegedly constraining supply to increase prices for consumers, restaurants, retailers, and other buyers. In addition to costs to consumers, some companies in the meat and poultry industries have settled claims over worker wage abuses. These cases illustrate the potential risks to consumers, retailers, farmers, ranchers, and workers absent stronger guardrails to prevent such abuses.

FIGURE 4

Share of grocery costs by industry

Industry group shares of value added to the cost of food at home in 2023, per dollar



Note: The "Other" category includes the four smallest categories by share: food services, legal and accounting, advertising, and agribusiness. Values may not add to $1.00 due to rounding.

Source: U.S. Department of Agriculture Economic Research Service, Food Dollar Series - Download the Data (last accessed January 2026).

Anticompetitive practices in the food processing and retail industries can flow through to higher consumer prices due to how much they contribute to the prices consumers see on store shelves. It also turns into lower earnings and less market power for producers. Figure 4 shows the composition of food prices based on the value added of each industry. For every dollar Americans spent on food at home in 2023, 13.9 percent of the cost was attributable to farm production, with larger shares coming from retail trade (25.9 percent), wholesale trade (16.4 percent), and food processing (20.3 percent). For food categories with minimal processing—such as fresh fruits, fresh vegetables, and dairy products—farm production accounts for a larger share of the price, though still not the majority on average, of the retail cost. For example, the farm share of the retail price is 81 percent for carrots, 36 percent for peaches, and 50 percent for whole milk, according to USDA's Economic Research Service. By comparison, the farm share for bread was about 5 percent.

The practices highlighted above focus on anti-competitive practices that inflict direct harm on consumer affordability. Given the household affordability focus of this report, it does not discuss additional anticompetitive practices that may also be inflicting harm on producers.

America's food system is vulnerable to shocks

Decades of consolidation have contributed to concentrated and fragile supply chains at risk of breaking when their limits are pushed. Over the past few years, the U.S. food system has proven vulnerable to shocks, often resulting in price spikes and shortages.

Even years before the COVID-19 pandemic, researchers warned that the food system was ill-prepared for such an event, so it should come as no surprise that food prices rose as workers throughout the supply chain were insufficiently protected, and production and transportation were scaled back as infections spread. Each day during the initial outbreak of COVID-19 until June 2020, an estimated 3.7 million gallons of milk were dumped as supply chain bottlenecks piled up. Millions of livestock animals were also euthanized during the rapid spread of COVID-19 in a concentrated industry, meaning each individual factory closure added substantial pressure to supply bottlenecks. Beef and pork processing plant capacity fell by more than 30 percent, creating disruptions in the supply chain that could have been avoided.

The food system was further strained during and after the pandemic by other factors. While some were unpredictable—such as Russia's invasion of Ukraine destabilizing global markets for fertilizer, wheat, and fuel—the dangers climate change and disease have on food production has been felt for years and will only continue to grow more severe.

The outbreak of avian flu that began in 2022 sent egg prices to record levels, roughly tripling in price to $6.23 per dozen in less than two years as more than 185 million birds were killed to curb its spread. The concentrated nature of the industry hastened the spread of the virus. Egg producer and distributor Cal-Maine's profits increased sevenfold in just two years, while local producers were better able to supply their communities with eggs. A more diverse array of smaller producers carried less risk through the supply chain, helping to lower price volatility.

Meanwhile, extreme weather events are increasing in intensity and frequency due to climate change, threatening the nation's food supply. Multiyear droughts across the central United States have forced ranchers to reduce the cattle herd to its lowest levels since the mid-20th century, and recovery will take years. The Southwest's most extreme drought in 1,200 years was shown to be a key contributor to the 80 percent increase in vegetable prices in 2022. U.S. orange juice prices have roughly doubled since 2020, after hurricane damage and disease in Florida helped push production forecasts to the lowest level in 88 years. In each instance, consumers felt the pain both from the harms extreme weather brought to their communities and on their wallets in the grocery store.

Farmers are not adequately equipped to navigate the consequences of more frequent extreme weather events, and the federal farm safety net is not designed to step up to the task. One telling example of how the current network of farm programs regularly fails U.S. farmers and ranchers is the frequency and scale of federal ad-hoc disaster payments, which are made on top of other farm program payments intended to help mitigate farmers' risk and are often only available to those participating in these programs. Congress appropriated supplemental funding for natural disaster-related losses totaling almost $40 billion from 2018 to 2024. In 2025 alone, the USDA provided about $30 billion in ad hoc disaster assistance to farmers. There must be a better way to mitigate farmer risk on the front end and to manage taxpayer dollars and federal expenditures on the back end.

Compounding these risks are declines in public research investments accompanied by a rise in private research and development (R&D) focused on commercial opportunities rather than overall public good. Throughout the 20th century, the federal government invested in basic science and agricultural research, leading to crop hardiness innovations, increased yields, and changes in the international market that drastically decreased costs and increased food supply. However, public R&D spending has fallen by about one-third since 2002. Publicly funded agricultural research and development from 1900 to 2011 generated, on average, $20 in benefits to the U.S. economy for every $1 of spending, and projected increases in investment have been estimated to provide further benefits for reducing prices. For instance, nearly doubling all public agricultural R&D spending was estimated to increase productivity by an extra 20 percent while creating a roughly 10 percent reduction in crop and livestock prices compared with the baseline.

Essential to these outcomes will be changes to U.S. farm policy to better help farmers manage risk, reward innovation, and focus investments on new and beginning farmers and those who are producing the foods needed to create a more diverse and resilient food supply chain here at home.

America's farmers and food systems must be better prepared to withstand a changing climate and future shocks. Global risks—whether geopolitical, environmental, or economic—are expected to continue to disrupt food systems, making farming increasingly risky and supply shocks and price spikes more likely in the future. Policymakers should take action to reduce concentration in the food supply chain and increase the food system's resiliency. Essential to these outcomes will be changes to U.S. farm policy to better help farmers manage risk, reward innovation, and focus investments on new and beginning farmers and those who are producing the foods needed to create a more diverse and resilient food supply chain here at home.

A plan to reduce grocery costs

The CAP plan would slow price growth of grocery staples to allow wages to catch up with prices while implementing reforms to foster fairer and more competitive marketplaces throughout the food system and do right by American farmers and ranchers with investments that result in a more resilient food supply chain and a stronger U.S. agriculture sector where farmers and ranchers can make a living and consumers have consistent access to affordable, nutritious food.

Pillar 1

Provide immediate relief through a negotiated, temporary price cap on core grocery items to help wages catch up to food costs

CAP proposes that the federal government establish a negotiated, temporary price cap to hold flat the prices on a core basket of essential grocery store products through an "affordability contract" with grocery stores and food companies. The "Go-To Grocery List" would keep prices level and should apply to a list of products that make up roughly half of the average four-person household's grocery bill, and the program would be in place for a limited period of two years. Food industry players that agree to participate would receive access to incentives that would provide them with additional revenue to reduce the impact of holding prices on the Go-To Grocery List flat and would have to make a concurrent commitment to maintaining fair wages for workers and ensuring farmers and ranchers receive a fair price for these essential products.

Implementing the Go-To Grocery List approach to cap price growth using the example basket of 24 goods below could save a family of four an estimated $88 throughout 2027 and $179 in 2028, providing households with cost relief while wages catch up with prices. (For details, see the Methodology appendix). A sample of Go-To Grocery List items includes: eggs, ground beef, chicken, pork chops, canned tuna, milk, cheese, butter, rice, flour, bread, pasta, cereal, potatoes, lettuce, tomatoes, apples, oranges, strawberries, bananas, canned corn, dried beans, coffee, and canola oil.

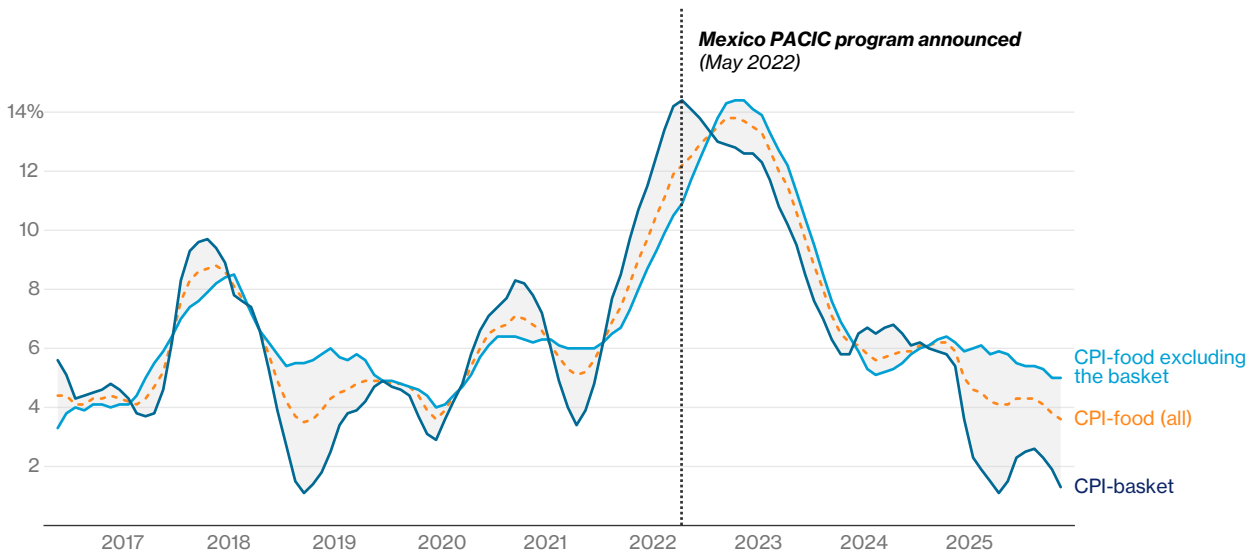
The Mexican government negotiated such a cap with the food industry in 2022 through the Program to Combat Inflation and Scarcity (Paquete Contra la Inflación y la Carestía, or PACIC) to keep costs stable in the wake of inflation shocks brought on by the pandemic. The Mexican government brought important actors (grocery chains, producers, and growers) to the table to agree to limit price growth for a core group of grocery items that are important to consumers. Recent research by economists Jesus Lara Jauregui, Guillermo Matamoros, and Isabella Weber analyzed PACIC and found that the program contributed to constraining prices.

New CAP analysis of trends in Mexican consumer prices also suggests that prices for items in the program's basket grew more slowly than for other items following the implementation of the cap, based on Mexican Consumer Price Index (CPI) data from the National Institute of Statistics and Geography. (see Figure 5) From May 2022 to December 2025, average year-over-year inflation for CAP's approximation of the Mexican program's basket was 6.4 percent—much closer to pre-pandemic rates than with the 8 percent rate for all other items in the Mexican Food CPI.

FIGURE 5

Mexico's price cap appears to have restrained price growth in basic goods

Year-over-year change in a constructed consumer price index (CPI) basket, and the residual of CPI-food, six-month moving average



Notes: Mexico's PACIC program was announced in May 2022. The constructed CPI basket includes a subset of basic goods categories subject to a maximum cost under the program and is compared with all other goods categories in the CPI-Food (excluding the basket goods). Data are not seasonally adjusted. See methodology appendix for more detail.

Source: National Institute of Statistics and Geography, National Consumer Price Index data (last accessed February 2026).

The federal affordability contract would include both incentives for key industry players to come to the table to agree to cap prices and requirements that cost savings for consumers do not come at the expense of workers or farmers. The federal government could pursue this negotiation with the industry via new legislative authorization from Congress or potentially through the Defense Production Act.

Incentives

CAP proposes that industry participants in this initiative be offered incentives to participate, including:

- **Capping credit card swipe fees.** One of the most appealing incentives to encourage participation in this initiative would be to provide relief on credit card swipe fees for grocery retailers. Swipe fees are per transaction fees imposed on merchants by credit card networks, dominated by Visa and Mastercard with 80 percent of the market, to pay for security, technology, and rewards. These fees average around 2 percent of each transaction and are typically a grocery retailer's highest cost after labor. CAP estimates that credit card transactions cover roughly one-third of total grocery spending, making a roughly 2 percent per transaction cost particularly burdensome in light of the industry's typical profit margin of 1.7 percent. One approach could be to provide retailers that participate in this program with relief by reducing credit card swipe fees for purchases made in their stores. The Canadian government reached an agreement in 2024 with Visa and Mastercard to provide such relief by lowering swipe fees for small businesses by about 27 percent while preserving airline rewards programs. One option for this initiative would be to cap these fees at the same level as debit card swipe fees set by the Federal Reserve under the 2011 Dodd-Frank Act, which limits debit card transaction fees to 21 cents per transaction plus 0.05 percent of the value of the transaction. The existing debit card cap amounts to roughly 0.7 percent per typical transaction, making a similar cap on credit card fees on grocery transactions equivalent to a reduction of more than 50 percent in these fees. CAP estimates that this cap could save grocers $4 billion to $6 billion annually each year that it is in effect if all retailers participated in the initiative. (see Methodology appendix for details.)

- **Tariff relief.** The federal government could also exempt affordability contract participants from the food, food processing, retail, and agricultural products industries from current tariffs on inputs, including farm inputs, food products, materials, and equipment. CAP estimates that this could result in additional revenue of between $11.8 billion and $14.3 billion on the same volume of sales, compared with current tariff levels. (see Methodology appendix)

- **SNAP incentives.** Another incentive that would prove attractive to consumers, producers, and industry alike would be to the expand use of and access to SNAP healthy incentives, such as Double Up Food Bucks, which is currently available in more than 25 states but limited to about 900 locations. These programs encourage SNAP recipients to purchase fruit and vegetables by increasing the purchasing power of benefits used for these items through coupons, discounts, gift cards, bonus food items, or extra funds. The USDA's Health Incentives Pilot (HIP) final evaluation report indicated that HIP households spent more SNAP benefits on fruit and vegetables than non-HIP households in participating supermarkets and superstores. Similarly, researchers at Colorado State University estimated that a national SNAP healthy incentive program would generate about $700 million to $1.3 billion in grocery store incentive redemptions per year in 2021. After adjusting total SNAP benefits to projected 2027 and 2028 levels, CAP estimates that a national incentive program would generate between $1 billion and $1.7 billion in annual redemptions at grocery stores. (see Methodology appendix)

Through the above incentives, CAP estimates that prices for products in the essentials basket could be capped for two years or more on a cost-neutral basis for the food industry. CAP analysis indicates that even under an upper threshold scenario for industry impacts with full participation in the program, these incentives would cover the maximum of roughly $10 billion revenue reduction associated with the temporary arrangement.

The program should also use the food industry's reliance on federal spending to incentivize participation. Federal food procurement contracts used to feed kids in school, people who rely on food banks, and troops on military bases should not be given to large food companies that refuse the price agreement. Additionally, the program would make clear that companies that refuse to agree to the caps could be excluded from recovery funds for future supply shocks, such as bird flu outbreaks.

Program management

The U.S. Department of Commerce and the USDA should co-lead the Go-To Grocery List. The agencies would receive data on a confidential basis from participating retailers on their retail prices and their own costs per unit paid to allow for evaluating program effectiveness.

Protections for workers and growers

As part of the affordability contract, retailers, food processors, and consumer goods corporations would be required to commit to ensure participants do not use the price agreement as leverage to depress wages or command unfairly low prices from farmers.

For example, the Commerce Department and the USDA would monitor pricing data received from the industry, along with information obtained through engagement with labor unions, from ranchers and growers via the farmerfairness.gov portal on meatpacker and processor prices for livestock and poultry, and from workers through filed complaints to the Department of Labor's Wage and Hour Division.

Pillar 2

Increase competition and protect consumers

Given the consolidation in the food industry, an agenda for food affordability must include a robust set of policies to increase competition. A level playing field will help bring prices down and benefit consumers.

Root out price discrimination that harms consumers

CAP recommends reforms to the Robinson-Patman Act (RPA), which prohibits sellers from charging different prices to equivalent buyers for the same products, to crack down on discriminatory practices that benefit dominant retailers while disproportionately driving up costs for the rest of the retail industry. Following decades of active enforcement of the RPA, federal cases declined precipitously in the 1980s as courts and policymakers adopted the view that the advantages of scale that came with large retailers only benefitted consumers. There is growing evidence of practices by some dominant retailers and their suppliers that discriminate against other retailers, resulting in higher prices paid by consumers. This goes beyond the ability of large retailers to secure a lower price for their consumers due to their buying power, with recent disclosures by the FTC filed in 2025 and dismissed after the Trump administration took office, presenting allegations demonstrating how one major consumer good producer engaged in a coordinated effort to monitor and affirmatively raise retail prices at competing stores to ensure Walmart maintained the lowest price. This alleged practice, if it occurs in as widespread a manner as alleged by competition advocates, would be creating a price gap that may be artificially inflating prices for the majority of consumers who shop at competitors to dominant retailers.

There is growing evidence of practices by some dominant retailers and their suppliers that discriminate against other retailers, resulting in higher prices paid by consumers.

Reforms of the RPA should include:

- **Ensure accountability for the buyer.** Policymakers should remove the "knowledge requirement" for buyers for liability under the RPA. This ensures accountability for dominant retailers who may be encouraging these practices but evading liability because under current law it is significantly easier for the federal government and private plaintiffs to sue the supplier who engaged in the discriminatory practices than the buyer who pressured it to do so.

- **Simplify damages under the RPA.** Reforms should simplify damages by adopting a standard of calculating them based upon the discriminatory difference in pricing between the product paid by the dominant retailer and the retailer facing discrimination. Currently, litigants are required to prove lost profits or customers, which requires a complex analysis that is difficult for small retailers or suppliers to prove in private litigation.

- **Close loopholes that make it hard to prevent harmful price discrimination.** Reforms should close loopholes and realign burdens of proof that allow retailers and suppliers that engage in discriminatory practices to evade liability. For example, courts have allowed for price differentials defended as "functional discounts" for retailers for handling their own shipping or marketing without requiring substantiation or evidence that such discounts are offered to other retailers on the same terms. Policymakers could reform the RPA to require that such discounts be quantified and justified. Similarly, policymakers could disallow firms accused of price discrimination from defending their actions in court as necessary to "meeting competition" of equally discriminatory practices from other retailers or suppliers. Lastly, Congress should clarify that the RPA applies both within and across state lines; courts have narrowly interpreted the RPA to apply to practices that occurred crossing state boundaries.

Crack down on surveillance pricing that may lead some consumers to pay more for the same product than others

CAP recommends that Congress prohibit dynamic pricing through the use of consumer data to offer individualized, discriminatory pricing at grocery stores and that the FTC aggressively pursue its recently launched investigation into the practice. In late 2025, an investigation by Groundwork Collaborative, Consumer Reports, and More Perfect Union exposed the emerging challenges posed by the use of data collected on consumers to offer individualized pricing. The study, which tracked more than 400 shoppers across four cities, found that 74 percent of grocery items tested on the Instacart platform were offered at multiple price points for different users simultaneously. Maximum price variations for identical items from the same store

location exceeded 20 percent. Additionally, the retail industry's rapid transition to electronic shelf labels (ESLs)—now being deployed at thousands of locations by large retailers—creates the infrastructure for in-store surveillance pricing, creating additional consumer risks the FTC should be prepared to investigate as well. This practice occurs when businesses leverage artificial intelligence and surveillance technologies—including browsing history, location data, and shopping habits—to charge individualized prices for the same products. ESLs provide the capability for real-time pricing, where shelf prices can be spiked during peak hours. If individualized, dynamic pricing is adopted broadly by the industry, there will be a significant decline in price transparency for consumers. This recommendation is aimed specifically at the use of surveillance technology to identify and extract the maximum price an individual is willing to pay, rather than traditional, transparent loyalty programs or broad-based promotional discounts that offer consistent savings to all participating consumers.

Reduce long-standing barriers to entry for new grocery store development

CAP recommends that the federal government act to prohibit local land restrictions that reduce competition in retail markets. This can be accomplished by leveraging either federal spending power to require state and local governments to restrict this practice or by the FTC through its authority under Section 5 of the FTC Act to prohibit unfair methods of competition. Large retailers use deed restrictions as a key component of their strategy to increase consolidation, restricting additional grocery store options from opening up in communities across the country. Also called restrictive land covenants, this tactic prevents new grocers from opening on abandoned land once a store closes. These restrictions can last decades, and recent reporting has found that the practice is widespread across the industry. This can contribute to increased concentration in local markets, which research published by the Federal Reserve Bank of Atlanta found contributes to higher food inflation in low income areas in particular. Several cities have already banned these restrictive deeds, and some states may soon follow suit.

Reforms to prevent price fixing and other abuses by large food processors

CAP recommends that policymakers make reforms to ensure that federal agencies can prevent the abusive, price-fixing behavior that has resulted in costly settlements for the big meatpacking, pork, and poultry firms. These reforms should include changes to the Packers and Stockyards Act (PSA) of 1921, which is intended to ensure fair competition in the meat and poultry industries by prohibiting "unfair, deceptive, unjustly discriminatory and monopolistic practices." CAP's recommended reforms include:

- **Make it easier to crack down on unfair practices** by amending Section 202 of the PSA to clearly lay out that plaintiffs do not need to provide evidence of industrywide harms to competition in order to prove a violation. Over the years, courts have narrowed the scope of the PSA by requiring plaintiffs to prove that the defendant corporation harmed competition across the entire industry, which is a difficult standard to meet. Instead, the PSA should explicitly state that a violation does not require proof of industrywide competitive harm, thereby ensuring individual farmers and ranchers are protected from unfair or deceptive practices.

- **Increase price transparency for ranchers and farms to prevent price fixing,** requiring greater transparency and fairness in cattle, hog, and poultry sales to ensure prices are set by real competition. Currently, roughly 80 percent of cattle and more than 98 percent of hogs are sold through private formula contracts rather than open auctions, while nearly all poultry are bought and sold within vertically integrated corporate structures. This apparent lack of pricing transparency makes it easier for major producers to engage in unfair practices such as manipulating supply to drive up prices. Several legislative proposals introduced in recent years, such as the Cattle Price Discovery and Transparency Act and Poultry Grower Fairness Act, would force these transactions into the light of day.

- **Reduce bottlenecks in enforcement** by granting the Department of Justice concurrent jurisdiction to initiate PSA cases. Under current law, the USDA investigates PSA allegations and makes a referral to the DOJ. This structure has slowed the ability of the federal government to police the sort of problematic practices revealed by the settlements identified above through timely action, as the USDA first must investigate an issue and then refer the matter to the DOJ. The Trump administration recently finalized a memorandum of understanding to address this issue by more establishing a clearer process for collaboration between the agencies, but legislation would provide a lasting solution.

Ensure that farmers have the right to repair their own equipment

Section 5 of the Federal Trade Commission Act should be altered to explicitly state that farmers have the right to repair farm equipment themselves or have it repaired by a third party. Currently, when equipment breaks down, farmers are often unable to repair that equipment, even if they are in the middle of a harvest season where every day counts. Manufacturers can prevent repair by unauthorized dealers and self-repair by withholding software keys and instructions needed to diagnose and repair equipment failings. According to one estimate, requiring farmers to seek out the original manufacturer for repairs costs farmers $3,348 per year on average,

reducing production capacity during added downtime. Amid ongoing FTC litigation against John Deere, the company released a digital repair tool that has been criticized for lacking essential features and being locked behind an annual $195 paywall per machine.

Pillar 3

Modernize food and agriculture policy to prevent future price shocks

While the measures suggested below are not designed to lower prices for today's food consumers, they are important for expanding supply and for reducing the consumer impact of future disruptions to the food supply. To keep food affordable and reduce grocery price volatility over the longer run, U.S. food and agriculture policy needs an overhaul. Most fundamentally, farming must be a business that young people and families want to get into—and it must be financially viable for producers of all sizes, types, and kinds in every state and territory in the nation.

The prices farmers receive for their crops and livestock are routinely lower than the prices they paid to produce them. USDA estimates from 2024 suggest that the median farm income per household was a loss of $1,830. Farmers often hold a separate job to make farming financially viable. According to the 2022 Census of Agriculture, the average age of U.S. farm producers is 58.1 with nearly 1.3 million farmers at or beyond retirement age and fewer than 300,000 farmers and ranchers under the age of 35. Policymakers should consider how to modernize U.S. food and agriculture policy so that public investments align with the outcomes that will make the nation stronger and more secure.

Reorient U.S. farm and food policy toward outcomes

A jumble of acronyms and often antiquated and clunky programs, U.S. food and agriculture policy is ill-suited to the challenges farmers are facing now, let alone the challenges of the future. Today's food and agriculture policy requires significant reform and modernization. At a bare minimum, farm and food policies should do no harm to farmers or consumers.

Currently, taxpayer dollars are being poured into the agriculture sector in a way that benefits those with the most sophisticated operations while providing very little support to those who are newer to farming or growing crops that the system does not reward or recognize. The result of so much more money in the system is higher input prices for everyone—and higher food costs for consumers. Policymakers can and must do better for both farmers and consumers.

A modernized food and farm policy should ensure that farmers and ranchers, including new entrants, can access land, turn a profit, and compete in free, fair markets. To achieve this, the sector must prioritize supporting innovation, increasing soil health, and climate resilience while expanding the domestic share of healthy foods that consumers want. Finally, the United States must move away from consolidation toward a distributed processing infrastructure that is better equipped to weather future shocks to the food system.

Examples of changes that could move the United States toward a farm and food policy for the future include:

- **Modernize the farm safety net to expand access.** The farm safety net should be updated so that it is designed to help young farmers, innovators, and those in the early stages of farming, rather than paying the same people more money over and over again. Policymakers should put taxpayer dollars into programs that help farmers adapt and navigate a changing climate and make changes to their farm operations that will enable them to mitigate that risk (e.g., growing different crops, using different farming methods or technology) rather than rewarding the status quo. Running a diversified farming operation and changing what one grows over time requires continual learning, investments in technology, and taking on risk—the farm safety net should reward that rather than disincentivize adaptation and change.

- **Reform crop insurance** so that producers have access to crop insurance policies with better integrity and policies that do not lock farmers into growing cycles. There need to be more and different kinds of crop insurance policies and federal support specifically for producers growing fruits and vegetables and the foods that Americans eat. Expanding access to crop insurance for beginner farmers and those growing fruits and vegetables would make increased food production more financially viable. These groups are less likely to have access to risk management tools such as crop insurance, which have been shown to influence decisions on what gets planted.

- **Require transparency and cap farm program payments and crop insurance premiums at a reasonable level.** Taxpayers have a right to know how public dollars are being spent. The U.S. Department of Agriculture should make data available on farm program payments and other public investments public so that research and evaluation can be conducted on program efficacy. Similarly, there should be reasonable caps on how much public support a single producer or farm operation receives each year. These actions would be consistent with other public programs

(e.g., SNAP and SBA lending programs) and a prudent way to ensure investments align with desired outcomes. For example, capping the payment limit for premium subsidies to $50,000 would have saved an estimated $16.6 billion over 10 years from 2023 to 2032. This would help ensure that resources are directed at supporting producers that are most vulnerable while only affecting 3.5 percent of farms.

- **Better credit access for farmers equals opportunity for progress.** Reforms to the Farm Service Agency (FSA), the division that works directly with farmers and ranchers, would make it easier for producers to invest in the equipment needed and preserve their ability to grow more food. Farming and ranching are capital intensive businesses with lots of direct costs. The FSA enhances farmers' access to credit by providing direct loans and loan guarantees and thus taking on risk where traditional financial institutions will not. Direct farm loans through the FSA are critical to getting new and beginner farmers started and ideally positioned to help resolve distress, but the system is set up to cycle out its best customers to commercial lenders after producers reach arbitrary term limits with no regard for their financial strength. Producers are then forced to grapple with higher interest rates that can quickly lead to financial ruin. Small farmers, those new to the sector, or producers who have had to take on private debt in the past often have less revenue and weaker credit histories that make it harder to qualify for private loans. Farmers and ranchers would be better served and have better access to affordable capital if the FSA were allowed to compete with the private market. In addition to reforming the farm safety net more broadly, the FSA should be modernized to be more farmer-friendly generally, and policymakers should embrace reforms such as abolishing term limits so that FSA can keep the customers it already has, allowing loans to larger farms alongside the implementation of a progressive interest rate scale, and allowing the FSA to refinance commercial loans that would otherwise keep farmers trapped in debt.

- **Restoring mandatory country of origin labeling (MCOOL).** In conjunction with the other pro-competition reforms laid out in this report, policymakers should create a fairer market for ranchers by addressing the added barrier imposed in 2015 when Congress repealed the requirement that beef and pork be labeled with the country where the animal was born, raised, and slaughtered. This reduces transparency into where the nation's food is coming from. MCOOL would be an important tool for rebuilding the cattle herd by signaling that U.S.-raised beef will be recognized and rewarded by consumers. Action to restore MCOOL could be taken by Congress through the bipartisan American Beef Labeling Act of 2025 as well as by the executive branch through negotiations to reinstate labeling requirements in the United States-Mexico-Canada Agreement.

Invest in new market opportunities and food supply chain resiliency

Policymakers should increase access to a wider range of markets without the nation's food supply coming from the same few increasingly concentrated players and utilize additional investment and reforms to create a more stable food supply to better strengthen resilience against shocks. Actions they can take include the following:

- **Create new market opportunities for farmers and better options for consumers with stronger local and regional systems.** Local and regional systems responded nimbly during the pandemic due to their smaller structure, even as bottlenecks in the largest processors restricted supply. Restoring and strengthening connections between farmers and food hubs, farm-to-school programs, food bank purchasing, markets and health-focused programs, and child care and health care settings can ensure farmers have a reliable market and source of income while improving consumer access to nutritious food. The federal government committing to ensuring a minimum portion of funds go to small business and local sources through "Local set-asides" is one example of a tool that can ensure federal purchases benefit family farmers while also strengthening local and regional food supply chains. Grants and startup support for smaller producers, processors, and food entrepreneurs would strengthen small businesses that face barriers to access in increasingly concentrated markets. In many cases, small businesses need processing and selling to take place in their own communities because of the prohibitive expense or duration of shipping for freshness.

- **Save consumers and retailers money by reducing needless food waste.** CAP recommends utilizing a nationwide standard of food labeling using consistent language to clearly indicate whether food is labeled for freshness or for safety to reduce instances of good food being thrown away due to misleading date labels. This would save consumers, retailers, and manufacturers an estimated $1.6 billion per year combined. Almost 30 percent of food went unsold or uneaten in 2024 across the entire supply chain, and the average family of four loses $2,913 per year in wasted food. An estimated 7 percent of waste at the household level and nearly half of food waste at the retail level are due to concerns and confusion about the meaning of date labels on food packaging under different labels, including "sell-by," "use-by," "expires on," and "best before." There is currently no national standard for which quality or safety-based date label phrases should be used on packaging (outside the requirements for baby formula), leading to consumers and retail workers discarding perfectly good and safe food due to the unclear and varying language. The existing patchwork of state laws with different sets of labeling standards have added to this confusion, creating the need for federal intervention to provide a more clear set of labels as seen in legislation such as the bipartisan, bicameral Food Date Labeling Act of 2025.

- **Invest in R&D to future-proof the food and agriculture sectors.** Publicly funded agricultural research and development between 1900 and 2011 generated, on average, $20 in benefits to the U.S. economy for every $1 of spending. CAP recommends doubling the funding for USDA's key agricultural research agencies, the Agricultural Research Service and the National Institute of Food and Agriculture, for a combined increase of about $3.5 billion per year over their 2025 budgets. Additionally, the Agriculture Advanced Research and Development Authority, or AgARDA, which supports high-risk, high-reward research similar to the Advanced Research Projects Agencies for defense and energy, be reauthorized, fully funded, and made a permanent component of the USDA's R&D toolkit to take on bold new projects. These changes would help build resilience in the nation's food supply against increasingly common instances of extreme weather events. Areas where significant price benefits could come from additional research include increased automation in the growing process for fruits and vegetables, solutions to greening disease that kills citrus trees, innovations to increase drought tolerance in plants and for livestock grazing, and more.

Conclusion

The spike in grocery prices since the COVID-19 pandemic has eaten away at wage gains, making it hard for Americans to feel like they can get ahead. At the same time, farmers and ranchers are being squeezed by higher input costs and Trump administration policies that have created significant volatility and increased the risk of farming. More frequent supply shocks are making it increasingly difficult for households to budget around a steady grocery bill, particularly as some of the largest players in an increasingly concentrated food industry have demonstrated their willingness to push up prices for consumers. This report lays out a plan policymakers can adopt to assure Americans that costs for their go-to essential groceries will stay flat in the short term while reforms to the nation's food and agriculture systems that prioritize increasing competition and building resilience against future price shocks take hold.

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***Authors' note:** Tyson's settlements include: $82.5 million on beef sales to grocers, $55 million on beef sales to consumers, $85 million on pork sales to consumers, $48 million to business and institutional purchasers, $50 million on pork sales to grocers, $221.5 million on poultry sales to wholesalers, $10.5 million on poultry with Washington state, and a $4.6 million settlement on turkey sales to consumers.*

Appendix: Methodology

Go-To Grocery List: Consumer savings

The estimated savings for a four-person household are based on an example basket of 24 commonly purchased grocery items. Items and estimated quantities were selected to sum to around half of weekly consumer grocery expenditures for a family of four, based on data from the U.S. Bureau of Labor Statistics' (BLS) Consumer Expenditure Surveys. Average prices for these items were based on December 2025 prices, drawn from the BLS' Consumer Price Index–Average Price data. For the four items in the basket where average price data were not available (cereal, canned tuna, canola oil, and apples), an example product with prices available from an online Walmart price tracker was used, as of December 2025. The full list of items included in this example basket are included in Table A1 below.

To quantify the potential savings attributable to the policy, a scenario where the total cost of the basket of goods was held fixed at estimated December 2026 prices was compared to a counterfactual scenario based on expected future price increases, in absence of the policy. These estimates assumed food prices increased by 2 percent in 2026, 2027 and 2028, which is the long-run average inflation rate in CPI for food at home for the relatively stable period of grocery prices between 2000 and 2019. The change in total expenditure for the fixed basket of goods was compared in the two scenarios, and the estimated saving was the difference in the total cost. Because the basket of goods was held fixed to compare across the periods, this analysis did not account for potential changes in consumer behavior. Items outside the basket were not considered in this analysis.

TABLE A1

List of example go-to grocery list items and quantities

Category	Quantity
Meats, poultry, fish, and eggs	
Eggs, grade A, large	2 dozen
Ground beef, 100% beef	2 lb
Chicken, fresh, whole	2 lb
Pork chops	1 lb
Canned tuna	12 oz
Dairy products	
Milk, fresh, whole, fortified	2 gal
American processed cheese	0.5 lb
Butter, stick	0.5 lb
Cereals and bakery	
Rice, white, long grain, uncooked	2 lb
Flour, white, all purpose	2 lb
Bread, white, pan	1 lb
Pasta	2 lb
Cereal	2 x 18 oz
Fruits and vegetables	
Potatoes, white	3 lb
Lettuce, romaine	1 lb
Tomatoes, field grown	1 lb
Apples, gala	3 lb
Oranges, navel	2 lb
Strawberries, dry pint	12 oz pint
Corn, canned, any style, all sizes	2 lb
Beans, dried, any type, all sizes	1 lb
Bananas	3 lb
Canola cooking oil	48 oz
Coffee, 100%, ground roast, all sizes	0.5 lb

Go-To Grocery List: Industry incentives and impacts

Impacts of tariff relief and industry revenue impacts were estimated based on the pre-pandemic long-run average growth rate in food sales at grocery stores as well as warehouse clubs and supercenters of 3.8 percent, for which data were available (1997–2019) from the USDA's Economic Research Service. Impacts were estimated for 2027 to 2028. Additional methods for each potential impact are discussed below.

1. Capping credit card swipe fees

The roughly one-third estimated share of grocery expenditures covered by credit card transactions was estimated based on 2024 grocery store expenditure data and a Consumer Financial Protection Bureau report that estimated $300 billion in credit card purchase volumes for food and groceries in 2024. The range reflects an average swipe fee of between 2 percent and 2.5 percent, with the savings estimated based on a reduction in these fees to 0.7 percent.

2. Tariff relief

The Yale Budget Lab estimated that as at January 19, 2026, the Trump administration's tariffs will increase food prices by 1.4 percent in the short run and 1.2 percent in the long run, due to both tariffs on agricultural products and indirect effects on input costs. Applying this estimate to total grocery food sales—and assuming a symmetric, full pass-through effect—suggests that removing tariffs could result in additional revenue of between $11.8 billion and $14.3 billion. Applying this price change also implies that expenditure changes move one to one with price changes.

3. SNAP incentives

The estimate of potential revenue impacts draws from 2021 research from Colorado State University, which found that a nationwide healthy food incentive program would have substantial benefits for SNAP participants who shop at grocery stores, corner stores, and farmer's markets. Estimates for grocery store incentive redemptions were calculated by multiplying the average "incentive-to-SNAP ratio" (2.1 percent) based on incentive programs the researchers were able to collect data for by the value of SNAP benefits redeemed at grocery stores. SNAP grocery store redemptions for 2027 and 2028 assume the share of SNAP benefits going to grocery stores in fiscal year 2019 (93.1 percent) holds steady and is multiplied by February 2026 CBO baseline projections for total SNAP benefits in fiscal years 2027 and 2028. An upper bound for incentive redemptions was calculated by assuming all SNAP retailers participate, while the lower bound uses the same 60 percent participation assumption as the Colorado State University paper. This provides a range of annual grocery store incentive redemptions of about $1 billion to $1.7 billion.

4. Industry revenue impacts

If the Go-To Grocery List captured around half of all food expenditures at grocery stores, full participation by all retailers in this initiative would result in a maximum possible revenue gap of roughly $10 billion on average each year. This counterfactual assumed food prices increased by 2 percent in 2027 and 2028, which is the long-run average inflation rate in CPI for food at home for the relatively stable period of grocery prices between 2000 and 2019. This also assumes no change in consumer purchasing or industry pricing behavior.

Analysis of Mexico's PACIC initiative

CAP analysis draws on Mexican Consumer Price Index data from the National Institute of Statistics and Geography, obtained via Haver. This compares a basket of 17 CPI categories within the Mexican CPI that either directly reflected or were the closest available CPI categories for the items included in the Mexican program. Items for which available data were identified in the CPI categories were mapped based on the list of eligible products. These 17 CPI categories make up the "basket" of goods for which prices were capped under the Mexican program and are compared with the residual of the CPI Food series, which excludes these items. Due to limited data availability, the 17 categories in the basket as modeled represented only a subset of goods that were covered by the program. In some cases, these categories may include products that were not included in the basket; for example, the constructed basket includes all beans and onions, whereas the program specifically applied to black beans and white onions. The inclusion of some nonbasket items in these categories would underestimate—rather than overestimate—any effects of the program on the basket CPI. Items subject to the price cap at participating retailers were sourced from program documentation.

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