

# Accepted Here! Food Access Programs at Washington State Farmers Markets<sup>1</sup>

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## **Introduction**

Programs seeking to increase low-income people's access to nutritional, fresh, and local foods have proliferated around the nation. Various goals drive such programs: reducing hunger, building community food security, promoting public health, advocating for food justice, and/or supporting local agriculture. Collectively, this work is referred to by the term "food access." Food access in this context implies addressing both the financial and the physical barriers people face when trying to acquire healthy foods for themselves and their families<sup>1</sup>.

Farmers markets can be key assets and active partners in improving food access at the neighborhood, city, county and statewide levels (Briggs, et al. 2010). In Washington State, a recent survey of farmers markets found that "serving low-income community members" was an important goal for over 70% of market organizations. Moreover, improving their community's "access to fresh farm produce" or "access to healthy foods" was the primary motivation for starting a third of farmers markets (Ostrom and Donovan 2013).

Farmers markets play a specific role in implementing two federal nutrition assistance or food access programs: the Supplemental Nutrition Assistance Program (SNAP) and the Farmers Market Nutrition Program (FMNP). These programs are designed to provide individuals and families "in need with access to food and a more healthful diet" (Dixit-Joshi, et al. 2013, 1). In the case of FMNP, the program is explicitly designed to ensure these purchases are made directly from farmers at farmers markets and farm stands.

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These federal nutrition programs have catalyzed many farmers markets to independently create partnerships with their local WIC and Senior Farmers Market Nutrition Program and SNAP program managers. Farmers market organizations have also created their own local food access programs. Examples from Washington State farmers markets include distributing “Helping Harvest Vouchers” for food bank clients to purchase food from farm vendors; organizing cooking demonstrations that emphasize healthy and affordable meals; sponsoring monthly “senior” days at the market; donating “market bucks” to food pantries and other agencies doing local outreach to low-income shoppers, as well as providing “how to” training on gardening and food preservation. A recent survey found that 86% of farmers markets in Washington State donate produce to their local food bank, pantry, soup kitchen, or shelter (Ostrom and Donovan 2013). In 2013, the Washington State Farmers Market Association (WSFMA) created a Farmers Market Access Partnership (FMAP), a network for markets, state agencies, non-profit partners, and public health groups to share information and build collaboration. FMNP provides streamlined information about FMNP and SNAP programs for farmers market organizers and community partners; facilitates farmers markets’ engagement in policy, and problem-solves challenges to implementing Point of Sale (POS) technology, food benefit redemptions, and other issues<sup>ii</sup>.

The purpose of this report is to take stock of SNAP and FMNP, the two major federal food access programs at farmers markets, in Washington State over a five year period from 2010 to 2014. Tracking the scope and impact of food access programs at farmers markets is challenging. There are a variety of government agencies involved, each with their own goals and clients. The federal and state administrative policies are constantly changing. The amount, timing, and sources of funding tend to be uncertain from year to year. The point of sale and electronic benefits equipment, services, and costs are in a period of transition. And farmers markets themselves have had to figure out how to stretch their capacity to manage additional bookkeeping and data collection.

This report aggregates data from a variety of sources including a recent survey of farmers market managers and farm vendors<sup>iii</sup>, the Washington State Farmers Market Association, Washington State Department of Social and Health Services (DSHS), and Washington State Department of Health (DOH). In addition, this report includes data from a recent Washington State University (WSU) Small Farms Program pilot project that provided Electronic Benefits Transfer (EBT), credit and debit technology to farmers markets, and collected data on specialty crop sales.

### ***Federal Nutrition Assistance Programs at Farmers Markets***

Dating back to the Great Depression, federal nutrition assistance programs have an 80-year history in the United States. Today food assistance programs are administered by the Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA) and have grown to include 15 different programs authorized by the U.S. farm bill. Together, these nutrition programs are the largest proportion of farm bill spending and are currently utilized by one in

four Americans each year (USDA FNS 2014). In the most recent farm bill, known as the Agricultural Act of 2014, 80% or over \$391 billion is projected to be spent on nutrition programs between 2014 and 2018 (USDA ERS 2014). All federal food assistance programs are administered in partnership with state and tribal governments. The two federal nutrition assistance programs that directly affect farmers markets in Washington State are the Supplemental Nutrition Assistance Program (SNAP) and the Farmers Market Nutrition Program (FMNP). While not funded through the farm bill, FMNP encompasses a program for Women, Infant and Children (WIC) clients and a program for low-income seniors. Table 1 provides an overview of these two programs' key features.

**Table 1. Washington State SNAP and FMNP Program Features in 2014**

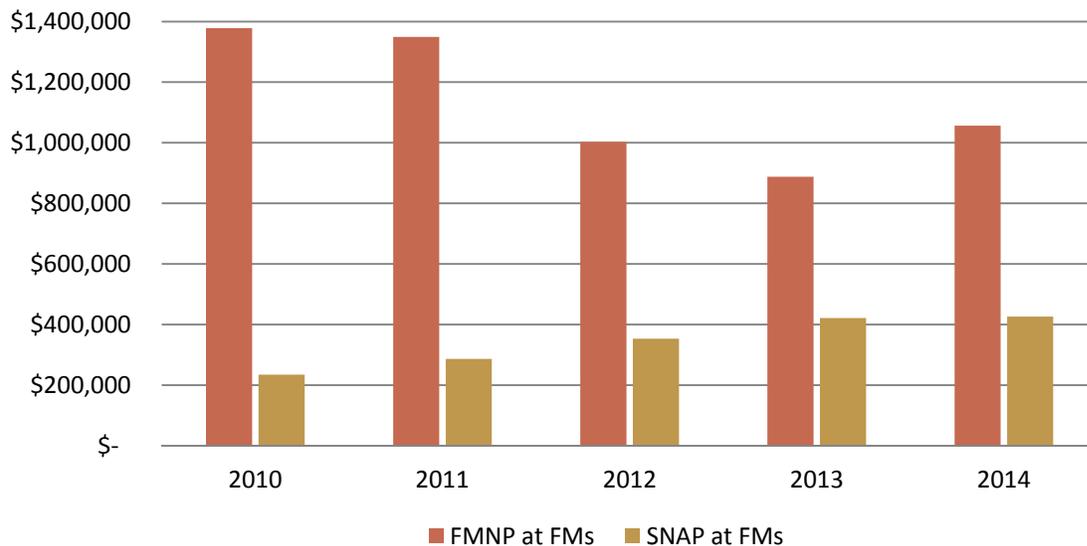
Program Features	Supplemental Nutrition Assistance Program (SNAP)	Farmers Market Nutrition Program (FMNP) for WIC and Senior
<b>Year program started in Washington State</b>	1939	WIC FMNP – 1992 Senior FMNP – 2001
<b>Who is eligible to receive benefits?</b>	Low-income individuals or households that meet poverty guidelines and other criteria.	<ul style="list-style-type: none"> <li>• WIC FMNP: Low-income women and children participating in the WIC program.</li> <li>• Senior FMNP: Low-income adults over 60.</li> </ul>
<b>When are benefits available?</b>	Year-round	June to October
<b>How are benefits distributed?</b>	EBT card (Quest card)	Paper checks worth \$4.00 each
<b>How much are the benefits worth?</b>	The average monthly benefit per person in Washington is \$117.	<ul style="list-style-type: none"> <li>• WIC provides \$20 per participant per season</li> <li>• Senior provides \$40 per participant per season</li> </ul>
<b>Where can benefits be used?</b>	Any authorized SNAP EBT retailer.	At authorized farm vendor booths, farmers markets or farm stands.
<b>What can benefits be used to buy?</b>	Any food for home consumption (i.e., breads and cereals, fruits, vegetables, meat, fish, poultry, dairy) and plants that produce food.	Washington State fresh fruits, vegetables and cut herbs. Senior FMNP checks can also be used to buy honey.

The funding for SNAP and FMNP is a function of policies, politics, and demand created by the overall economic conditions. Both SNAP and FMNP are federal programs with state partnerships. In the case the combined WIC and Senior FMNP program, roughly half of the

funding comes from the state. Without state funding, WIC FMNP would not receive federal funding and therefore not be available in Washington.

Historically and currently, FMNP is the far larger program in terms of redemptions at farmers markets. In 2014, for example, FMNP redemptions exceeded a million dollars whereas SNAP redemptions were just over \$425,000. However, SNAP redemptions at Washington farmers markets have increased by 82% since 2010, while FMNP has decreased by 23% in the same period (Figure 1).

**Figure 1. FMNP and SNAP Redemptions at Washington State Farmers Markets, 2010-2014**



Historically and currently, FMNP is also the far larger program in terms of number of participating farmers markets. In 2014, the FMNP authorized 126 farmers markets to participate in its program. (They also authorized 71 farm stands; however, for the purposes of this report we are focusing only on the farmers market activities.) Whereas, in 2014, there were 74 farmers markets in Washington that had been authorized by USDA’s Food and Nutrition Service to accept SNAP. This represents a far smaller proportion of farmers markets in Washington; however, the number of farmers markets able to accept SNAP is growing: there has been a 48% increase in last five years alone (Table 2, Figure 2). This is due in large part to the enormous effort made by USDA and partners to help farmers markets accept SNAP benefits.

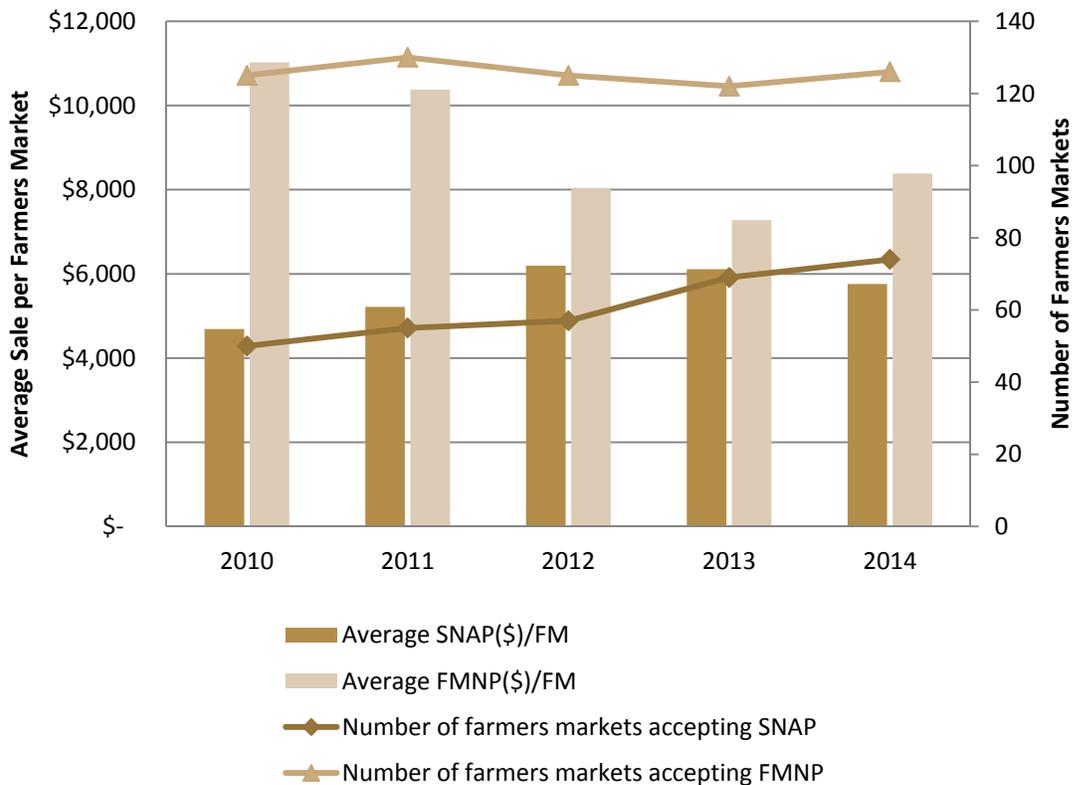
If we look at the average redemptions per farmers market, the trends are echoed. FMNP is the larger program, with greater average sales per market from 2010 to 2014. However, the redemption of SNAP at farmers markets, on average, has grown 23% while the average FMNP redemptions decreased 24% in the same period (Table 2, Figure 2). What this data fails to capture is the wide range in both FMNP and SNAP redemptions at farmers markets. For

example, in 2014, there were 18 farmers markets with over \$20,000 in sales from FMNP alone. Of these 18 farmers markets, four had FMNP redemptions over \$40,000. Many farmers markets located in and serving low-income communities rely heavily on FMNP and SNAP to attract shoppers, generate farm sales, and sustain their market operations.

**Table 2. Number of Farmers Markets and Average SNAP and FMNP at Washington State Farmers Markets, 2010-2014**

	2010	2011	2012	2013	2014
Number of farmers markets accepting SNAP	50	55	57	69	74
Average SNAP(\$)/FM	\$ 4,690	\$ 5,216	\$ 6,197	\$ 6,112	\$ 5,760
Number of farmers markets accepting FMNP	125	130	125	122	126
Average FMNP(\$)/FM	\$ 11,025	\$ 10,379	\$ 8,024	\$ 7,276	\$ 8,385

**Figure 2. Average SNAP and FMNP Redemptions at Farmers Markets, 2010-2014**



We'll now look at each of these federal nutrition assistance programs in detail and examine findings from a Washington State University Small Farms Program research project that assessed the economic potential of SNAP Electronic Benefits Transfer (EBT) and credit/debit card technology at farmers markets.

### ***Supplemental Nutrition Assistance Program (SNAP) and Farmers Markets***

The federal government started the first national “food stamp” program in 1939 to help alleviate hunger<sup>iv</sup>. At that time, people literally purchased orange or blue stamps which they could use to buy food. Later the program evolved from stamps to paper coupons. Today, SNAP “has placed added emphasis of promoting healthful food consumption” and farmers markets are part of USDA’s strategy “to improve access to locally grown produce for nutrition assistance program recipients” (Dixit-Joshi, et al. 2013, 1). The program name officially changed from “food stamps” to the “Supplemental Nutrition Assistance Program” in October 2008. Today, it is referred to as the Supplemental Nutrition Assistance Program (SNAP) in 28 states, the District of Columbia, Guam and the Virgin Islands; the “Food Stamp Program” in seven states; and by a variety of different names in the remaining 16 states (USDA FNS 2012). In Washington State, the SNAP program is officially called “Basic Food” although practitioners also frequently refer to it as “SNAP,” “SNAP EBT,” or just “EBT”<sup>v</sup>.

Historically, farmers at farmers markets accepted and redeemed food stamps through the paper voucher system (Dixit-Joshi, et al. 2013, 5). In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act mandated that states transition from the paper food stamp checks to Electronic Benefit Transfer (EBT) cards in order to “increase SNAP efficiency, reduce participation stigma and reduce fraud” (Dixit-Joshi, et al. 2013, 2). In Washington State, the transition from paper food stamps to EBT was fully rolled out by November 1, 1999 (Hulsey, et al. 2013). From this point forward, farmers markets needed a Point of Sale (POS) terminal or card reader in order to accept SNAP benefits. To address this transition, many states provided free, wired EBT card readers. However, the wired EBT card readers required both electricity and a telephone line. Unlike other retail outlets, most farmers markets in Washington are outdoors and lack this basic infrastructure. In addition, the new technology required additional bookkeeping and other administrative expenses, creating new challenges for farmers markets with limited staff capacity.

Consequently, the change from paper to EBT cards dramatically reduced the use of food stamps at farmers markets across the state (Farmers Market Access Project Advisory Committee, 2012). Nationally, food stamp sales at farmers markets and farm stands decreased from \$9.2 million in 1992 to a low of \$1.6 million in 2007 (Briggs, et al. 2010). Since then an enormous investment in outreach and technical support has been made by farmers markets, state farmers market associations, the national Farmers Market Coalition, and private funders. There have been many challenges to implementing and sustaining SNAP programs at farmers markets (Dixit-Joshi, et al. 2013, Briggs, et al. 2010, Blaustein-Rejto 2015). Nevertheless, nationally there are now 5,175 farmers markets and farmers that are authorized to accept SNAP (USDA ERS

2015). The total amount of SNAP benefits redeemed at farmers markets has rebounded to over \$18.8 million, an increase of 154% since 2010 (Figure 3). The amount of SNAP redeemed at farmers markets, while growing, remains under 0.030% of the overall SNAP spending (Blaustein-Rejto 2015).

**Figure 3. National Trends of SNAP Redemptions at Farmers Markets by Federal Fiscal Year**

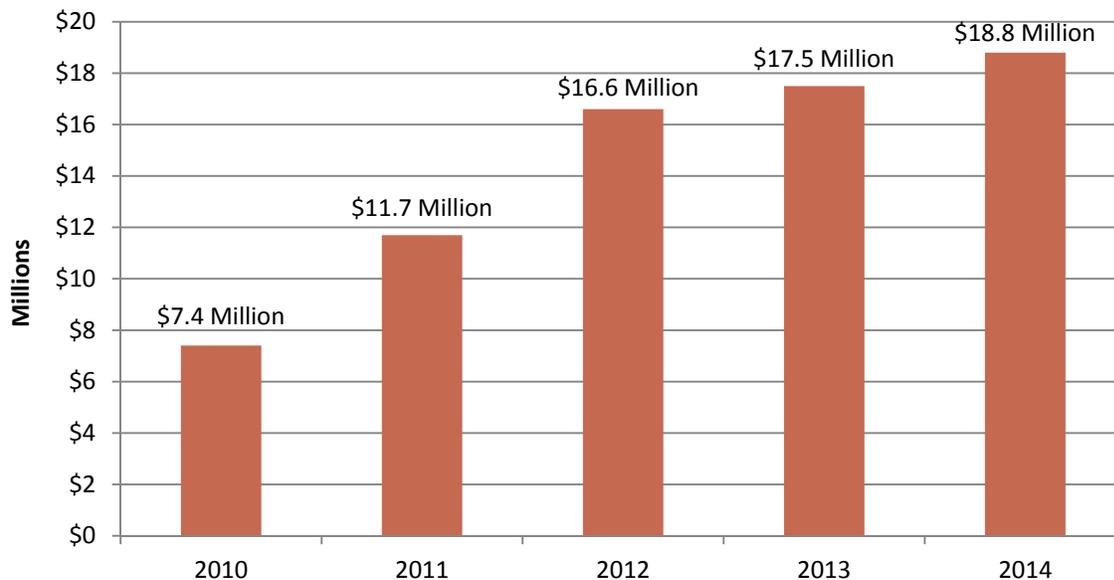


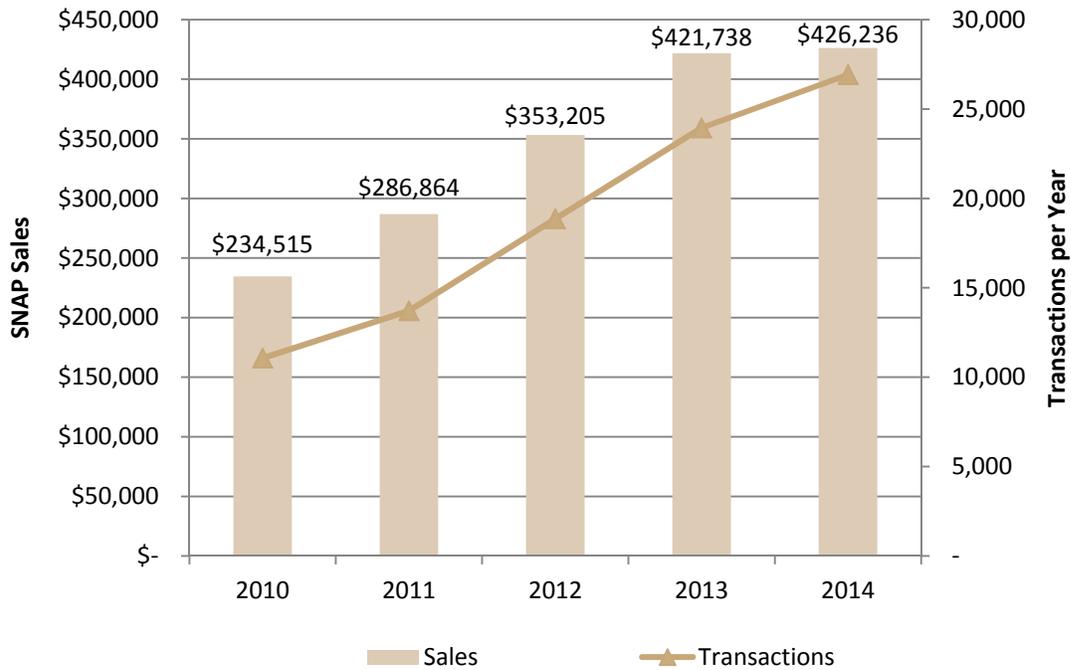
Chart reproduced with permission from the Farmers Market Coalition (Blaustein-Rejto 2015); source: USDA Food and Nutrition Service.

Following national trends, wireless POS card readers have replaced wired card readers and grant-funded projects have helped a growing number of farmers markets in Washington set up EBT programs using tokens or other scrip. A turning point was when the “Local Farms, Healthy Kids Act,” passed by the Washington State legislature in 2008, provided \$50,000 to: 1) help farmers markets accept wireless electronic payment cards, 2) increase access to fresh fruits and vegetables and quality meat and dairy for all Washington residents, and 3) increase the number of food stamp recipients able to use their EBT cards at farmers markets. This project was followed in 2010 by two programs, the “Farmers Market Access Project,” a partnership between the Public Health-Seattle & King County and the King County Agricultural Program, and the WSU Small Farms Program’s “Increasing High-Value, Specialty and Sustainable Crop Sales through Farmers Markets: Assessing the Economic Potential of Electronic Benefits Transfer and Credit Card Capability” project funded by the Washington State Department of Agriculture (WSDA) Specialty Crop Block Grant Program (Ostrom, Gallardo and Collins 2010-2013).

In Washington State, the amount of SNAP benefits redeemed at farmers markets has increased 82% in the last five years, from \$234,515 in 2010 to \$426,235 in 2014 (Figure 4). Part of this increase reflects improvements in technology. In 2010, 19% of SNAP benefits were redeemed

by farmers markets using a manual “voucher” system because the market didn’t have electricity for a wired Point of Sale machine or access to a wireless POS<sup>vi</sup>. By 2014, 99.6% of SNAP benefits at farmers markets were redeemed using EBT cards at a POS machine. During this same period, the overall number of annual SNAP transactions at farmers markets increased 143%; from 11,065 in 2010 to 26,922 in 2014 (Figure 4). However, the average dollar amount per transaction decreased 25%, from \$21.19 in 2010 to \$15.83 in 2014 (Table 3).

**Figure 4. SNAP Sales at Washington State Farmers Markets, 2010-2014**

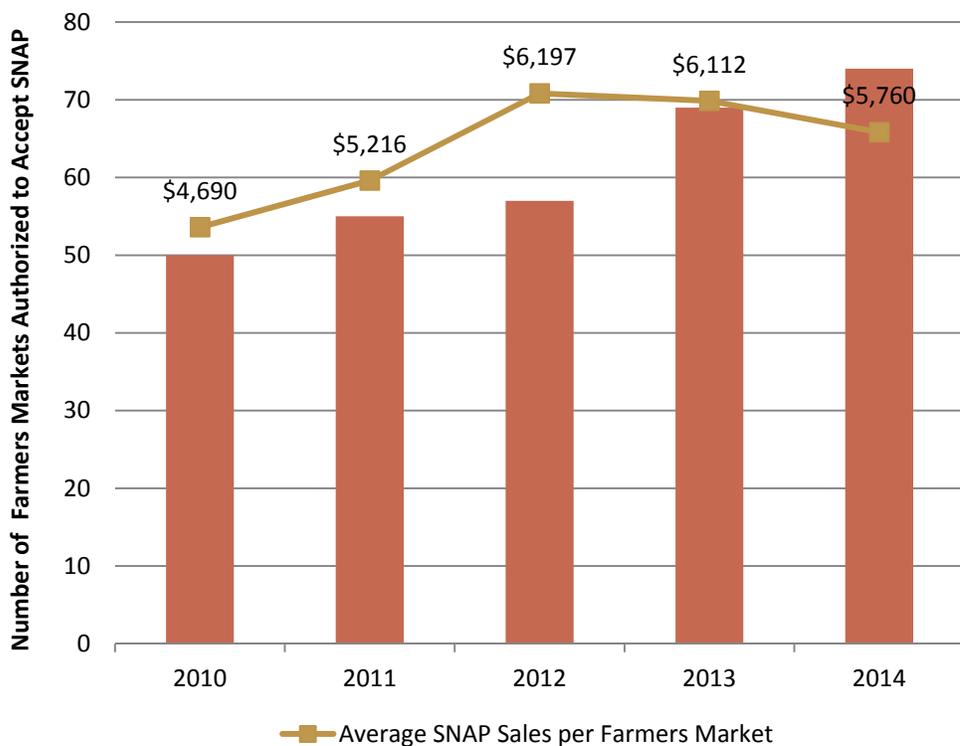


**Table 3. SNAP Sales at Washington State Farmers Markets, 2010-2014**

	2010	2011	2012	2013	2014
<b>Amount of SNAP Sales at Farmers Markets</b>	\$234,515	\$286,864	\$353,205	\$421,738	\$426,235
<b>SNAP Transactions at Farmers Markets</b>	11,065	13,714	18,860	23,942	26,922
<b>Average Sales per Transaction</b>	\$21.19	\$20.92	\$18.73	\$17.62	\$15.83
<b>Average SNAP Sales per Farmers Market</b>	\$4,690	\$5,215	\$6,196	\$6,112	\$5,760
<b>SNAP Authorized Farmers Markets</b>	50	55	57	69	74

Mirroring national trends, the number of farmers markets in Washington State that are FNS “authorized SNAP retailers” has increased 48% since 2010 from 50 to 74 (Figure 5)<sup>vii</sup>. Meanwhile, the average annual SNAP sales per farmers market have increased by 23%, from \$4,690 in 2010 to \$5,760 in 2014 (Table 3; Figure 5). The highest average SNAP sales per farmers market was \$6,197 in 2012.

**Figure 5. Average SNAP Sales per Washington State Farmers Market, 2010-2014**



There are currently over 5,000 retailers authorized to accept SNAP benefits in Washington State ([www.snapretailerlocator.com](http://www.snapretailerlocator.com)). According to USDA FNS, in 2014, these retailers collectively served nearly 1.1 million people per month and redeemed \$1.5 billion in SNAP benefits (Table 4). On average, in 2014, individual SNAP recipients received around \$117 per month, down from \$126 per month in 2013 (Table 4).

As with the national trend, farmers markets in Washington represented just 0.027% of all SNAP sales in 2014 (Table 4). While modest, this percentage has crept up over the last five years just as it has nationally. Advocates point to the social value of improving food access to justify investment in EBT programs at farmers markets. The potential growth in SNAP sales at farmers markets is another justification. Unlike FMNP, SNAP is available to customers year-round, it can be used to purchase a wider variety of items, and the average monthly benefits are far greater. Even if just 0.1% of SNAP were spent at Washington State farmers markets, it would potentially represent over \$1.5 million in farm and processed food vendor sales.

**Table 4. Annual SNAP Participation and Benefits in Washington State**

Federal Fiscal Year	2010	2011	2012	2013	2014
<b>Average Monthly Participation (Persons)</b>	956,004	1,054,693	1,108,090	1,113,441	1,095,551
<b>Average Monthly Participation (Households)</b>	474,701	543,533	580,211	591,113	585,105
<b>Total Program Benefits (Billions)</b>	\$1.4 B	\$1.6 B	\$1.7 B	\$1.7 B	\$1.5 B
<b>Average Monthly Benefit Per Person</b>	\$121	\$127	\$127	\$126	\$117
<b>Average Monthly Benefit Per Household</b>	\$243	\$246	\$242	\$237	\$220
<b>Farmers Markets' Portion of all SNAP Sales in Washington</b>	0.011%	0.014%	0.017%	0.021%	0.027%

(USDA 2014, USDA FNS SNAP 2015)

Source: [www.fns.usda.gov/pd/15SNAPpartPP.htm](http://www.fns.usda.gov/pd/15SNAPpartPP.htm)

### The Importance of SNAP to Farm Vendors

Supporting local farmers is part of the rationale for adopting technology and creating programs so that SNAP benefits can be accepted at farmers markets. In Washington State, a 2012 survey found that approximately a third of farmers market farm vendors accepted SNAP benefits, primarily through the farmers market's EBT machine (using tokens as an alternative currency). Only six farms (out of 512) reported accepting SNAP through their individual farm's EBT machine. Of those farms that accepted SNAP, enabling low income and senior shoppers to purchase their products was important to three-quarters of farmers. Increasing farm sales through SNAP was important to over half of farm vendors (Ostrom, Donovan and Goldberger forthcoming).

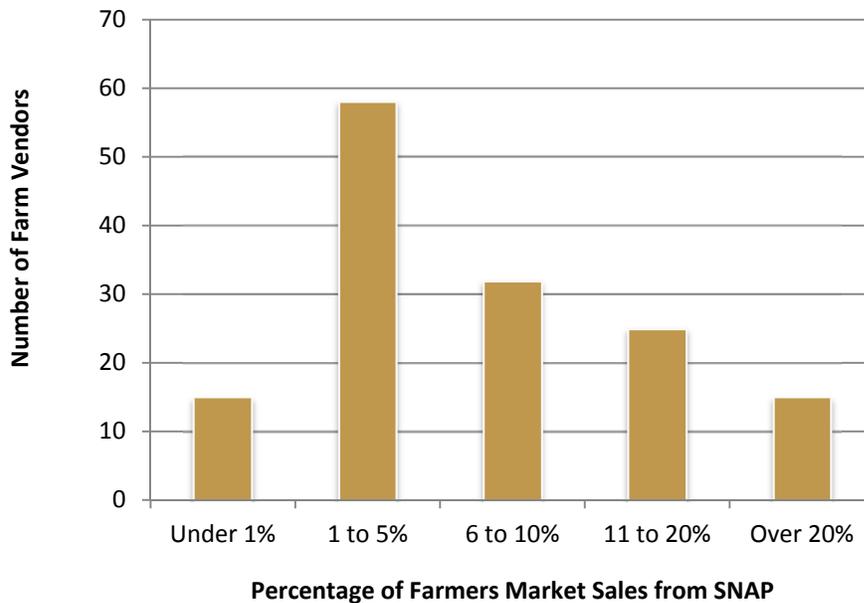
**Table 5. Importance of SNAP to Farm Vendors**

	Not Important	Neutral	Important
<b>Enabling low income and senior shoppers to buy my products.</b> N = 175	12%	13%	75%
<b>Increasing farm sales</b> N = 172	29%	20%	51%

Source: (Ostrom, Donovan and Goldberger forthcoming)

When asked to approximate what percentage of their gross sales (for all markets combined) came from SNAP (food stamp) sales, they reported a range of answers. Most (59%) reported that SNAP was between 1 and 5% of their farmers market sales. Notably, 16% reported that SNAP represented over 10% of their sales at farmers markets (Figure 6).

**Figure 6. Percentage of Sales at Farmers Market that were from SNAP (N = 145)**



Source: (Ostrom, Donovan and Goldberger forthcoming)

### SNAP Incentive Programs

Around the country and in Washington State, there are an increasing number of projects, programs and campaigns designed specifically to encourage SNAP recipients to shop at their local farmers markets by “matching” their SNAP benefits<sup>viii</sup>. The match may be dollar-for-dollar, or there may be a maximum amount offered. For example, the City of Seattle “Fresh Bucks” incentive program matches SNAP benefits up to \$10.00 for each market day<sup>ix</sup>. Funding typically comes from a variety of private and local sources interested in increasing food access, improving nutrition among low-income families, and attracting new shoppers to farmers markets. Nationally, the nonprofit, Wholesome Wave, has been a leader in pioneering and funding SNAP incentive programs. First launched in 2008, their Double Value Coupon Program is now available in 24 states and the District of Columbia (Quintana and O'Brien 2014). In 2014, the USDA launched a new program funded by the farm bill. The Food Insecurity Nutrition Incentive Program (FINI) authorized \$100 million to expand SNAP nutrition incentives programs across the country. The Washington State Department of Health was awarded \$6 million in FINI funding to expand SNAP Incentive programs at farmers markets and other retailers over a four year period. This programming has the potential to impact SNAP sales at farmers markets in Washington State.

## ***Assessing the Economic Potential of SNAP Electronic Benefits Transfer and Credit Card Capability at Farmers Markets***

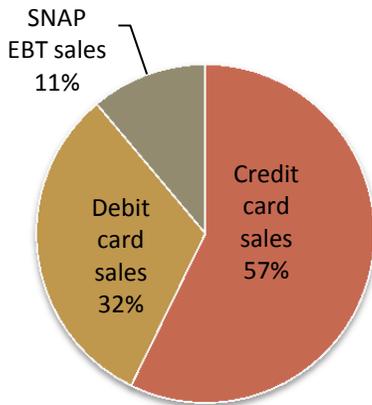
In 2010, the WSU Small Farms Program in partnership with the Washington State Farmers Market Association, WSDA Small Farm and Direct Marketing Program, and King County Agriculture Program initiated a research project to assess the economic potential of SNAP EBT and credit/debit cards at farmers markets. Funded by the WSDA Specialty Crop Block Grant Program, the project was organized around five inter-related goals:

- Improving sales for specialty crop farmers;
- Increasing consumer access to Washington specialty crops;
- Evaluating the economic benefits of current EBT (and credit/debit) technologies for farmers markets in relation to costs;
- Helping additional Washington farmers markets access wireless EBT/credit/debit readers; and
- Investigating and employing methods to maximize the positive benefits of utilizing new wireless technologies (Ostrom, Gallardo and Collins 2010-2013).

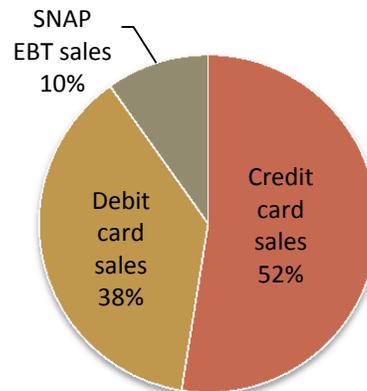
In all, 15 farmers market organizations, located in 11 counties, participated in this project<sup>x</sup>. Over two-thirds (67%) of the markets are considered small or very small markets (meaning they had less than 30 vendors on a typical market day in the peak season). The remaining third were medium or large markets (meaning they had from 31 to 100 vendors on a typical day during the peak season). Most (61%) markets also had total annual vendor sales of under \$100,000 based on data for the 2009 market season. Nearly a quarter (23%) of the markets had total annual vendor sales over \$250,000.

The project collected data on sales transactions for SNAP EBT and credit/debit cards. All sales were conducted through a wireless point of sale machine which was provided to markets. Among the 15 participating market organizations, sales made through credit card, debit card and SNAP EBT increased from \$336,498 to \$401,349 or 19% between the 2011 and 2012 market seasons (Figure 7; Figure 8). Credit card sales were the highest of the three payment options for both years. However, the overall portion of credit card sales decreased from 57% to 52% of total sales (Figure 7, Figure 8). SNAP sales held steady at 10-11% and debit sales increased from 32% to 38%.

**Figure 7. Percentage of Sales by Credit Card, Debit Card and SNAP EBT, 2011 (\$336,498)**



**Figure 8. Percentage of Sales by Credit Card, Debit card and SNAP EBT, 2012 (\$401,349)**



Credit card sales totaled \$192,592 in 2011 and \$210,766 in 2012; an increase of 9% (Table 6). The greatest overall increase between the two project years was for the debit card sales, totaling \$106,467 in 2011 and \$151,037 in 2012; an increase of 42% (Table 7). SNAP EBT sales also increased from \$37,439 in 2011 to \$39,546 in 2012, representing a more modest increase of 6% (Table 8). Based on this data, it is clear that farmers economically benefit most when the technology for credit and debit sales is available. This is further reflected in the project’s consumer survey data which found that among farmers market shoppers, 43% stated that they would “buy more now that they can use their credit/debit card and/or food stamps at the farmers market” (Gallardo, et al. 2015).

**Table 6. Credit Card Sales and Transactions in 2011 and 2012 (grantees only)**

	2011	2012	Change	% Change
Total credit card sales (\$)	192,592	210,766	18,174	9.4
Number of Transactions per Market	5,698	6,255	557	9.8
Average Sale per Transaction (\$)	34	34	0	0

**Table 7. Debit Card Sales and Transactions in 2011 and 2012**

	2011	2012	Change	% Change
Total debit card sales (\$)	106,467	151,037	44,570	42
Number of Transactions per Market	4,193	5,607	1,414	34
Average Sale per Transaction (\$)	25	27	2	8

**Table 8. SNAP EBT Sales and Transactions in 2011 and 2012**

	2011	2012	Change	% Change
SNAP EBT sales (\$)	37,440	39,546	2,107	5.6
Number of Transactions per Market	1,801	1,932	131	7.3
Average Sale per Transaction (\$)	21	20	-1	-4.8

### Specialty Crops

The WSU research project also analyzed the credit, debit and SNAP EBT sales of specialty crops: fruits and vegetables, tree nuts, dried fruits, horticulture and cut flowers. As with the overall credit, debit and SNAP EBT sales, the amount of specialty crop sales increased 47% between 2011 and 2012 (Table 9). The greatest increase (nearly \$56,000) was for sales made using credit and/or debit cards (Table 9). This demonstrates that credit/debit card readers are an important way to increase specialty crop farmers' sales at farmers markets.

**Table 9. Specialty Crop Sales from Credit, Debit or SNAP EBT in 2011 and 2012**

Specialty Crop Sales by Method of Payment	2011	2012	Change	% Change
<b>Credit or Debit card sales (\$)</b>	103,634	159,631	55,997	54%
<b>SNAP EBT sales (\$)</b>	22,712	26,135	3,423	15%
<b>Total (\$)</b>	126,346	185,766	59,420	47%

One unexpected outcome of this WSU research project was that farmer-owned technology was found to be valuable to those that could afford it. One market manager stated that "many of the farmers who participated in the program for the full three years decided to get credit/debit access for themselves. Had it not been for this program, I do not believe that many of these farmers would have believed just what an advantage it is to take these payment forms."

### Vendor and Shopper Attitudes Towards Point of Sales Technology

Numerous research projects have documented that implementing programs for farmers markets to accept credit, debit and SNAP EBT cards is very challenging (Briggs, et al. 2010). As part of the WSU research project, Dr. R. Karina Gallardo, an Agricultural Economics Extension Specialist from Washington State University, researched farmers market managers, vendors and shoppers' attitudes towards specific aspects of technology. She found that, in general:

- Market managers are willing to pay more for the quality of the technology itself, meaning they don't want any problems with the wireless point of sale machine;

- Farmer vendors are willing to pay more for technology with good customer service (i.e., reliable resolution of disputes);
- Farmers market shoppers place a high value on both the quality of food and supporting local farmers (Gallardo, et al. 2015).

Supporting Gallardo’s findings, an evaluation of the “Farmers Market Access Project” found that farmers and market managers will tolerate a certain level of inconvenience in order to offer SNAP EBT services at their farmers market (Cole, et al. 2013). Likewise, farmers placed great importance on how fast the transactions were with customers and good technical support when there were problems (Farmers Market Access Project Advisory Committee 2012).

In Gallardo’s view, insights into vendors’ and customers’ attitude to technology “should be useful to those designing ways to implement wireless capability at farmers markets in order to increase adoption rates” (Gallardo, et al. 2015).

### ***Farmers Market Nutrition Program***

In 1992, the federal “WIC Farmers’ Market Nutrition Act” was signed into law. That same year, the Washington State Farmers Market Nutrition Program (FMNP) was created to serve women and children enrolled in the Women Infant and Children (WIC) program<sup>xi</sup>. In 2001, a second program was piloted to serve low-income seniors and has become known as the Senior FMNP. Currently, WIC and Senior FMNP (combined) are the largest public nutrition assistance program at farmers markets in terms of the total dollars spent (\$1,056,576 in 2014). The FMNP has broad participation throughout the state. In 2014, this included 126 farmers markets in 34 counties. A 2010 survey of farmers markets found that approximately 88% of all farmers market locations in Washington participated in FMNP (Ostrom and Donovan 2013).

FMNP issues paper checks valued at \$4.00 each that must be used between June and October. They can only be used to purchase eligible products, primarily fresh fruits and vegetables, grown by authorized farms and sold at authorized farmers markets or farm stands. (See Table 1 for a summary of key program features.) Farm stands must also be authorized and typically represent a small proportion of the redemptions. Notably, the amount of FMNP redeemed at farm stands has increased both in total sales and as a percentage of the total FMNP redemptions over the last five years. In 2010, farm stands represented 7% of the FMNP redemptions whereas it had increased to 15% or almost \$184,000 in 2014. For the purposes of this report, we are focusing on the FMNP sales at farmers markets only.

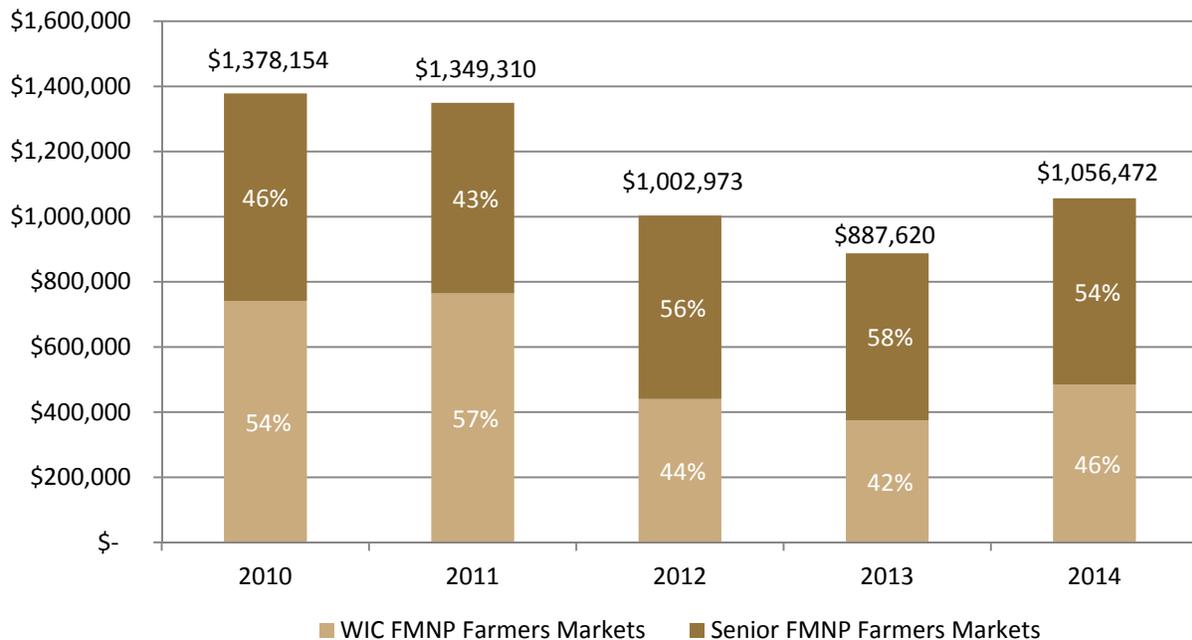
In Washington, the WIC FMNP is administered by the Department of Health (DOH) with most of its funding coming from the Federal Child Nutrition Reauthorization Act and a smaller proportion from state General Fund. The Senior FMNP is administered by the Department of Social and Health Services (DSHS) with most of its funding coming from the state’s General Fund and some funding coming from the federal farm bill. Together, about half (51% in 2014) of

the total FMNP funding each year is provided by Washington State. WIC FMNP, in particular, has experienced significant funding cuts in recent state budgets. Between 2010 and 2014, the state’s contribution to WIC FMNP was cut by 75% (from nearly \$418,000 to just over \$106,000). During this period, the state funding for Senior FMNP held steady and even increased to over \$700,000 in 2014.

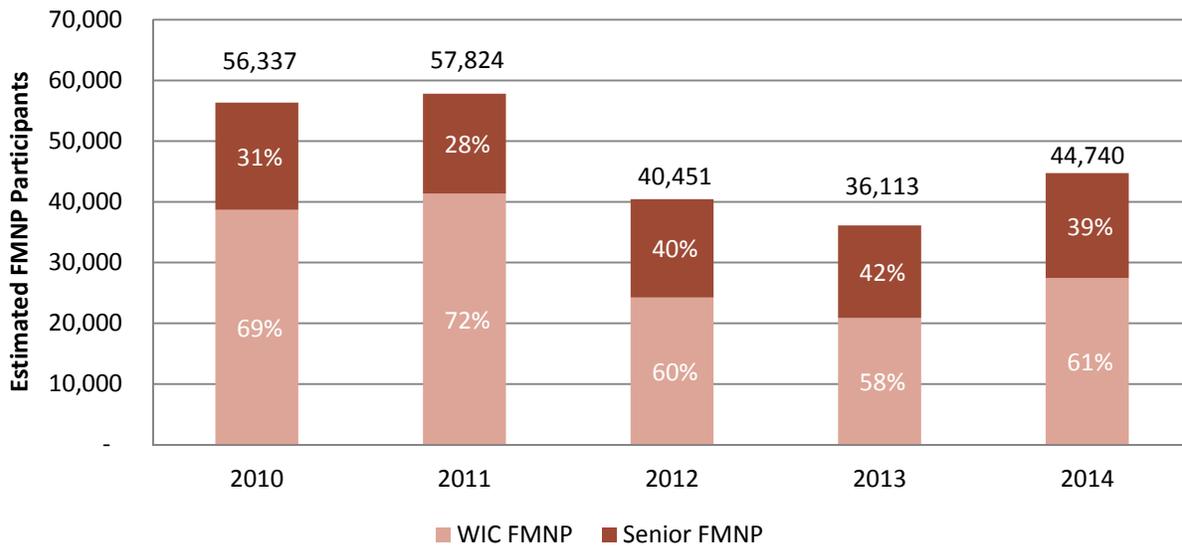
Over the past 15 years, the FMNP program has successfully continued in Washington State due to a sustained collaborative effort from farmers, farmers markets, the WSFMA, WIC and Senior FMNP participants, anti-hunger, farming, faith-based, nutrition, environmental, and children’s organizations. By recognizing that the programs’ goals intersect with many state agencies, health department and local government policy initiatives to improve health outcomes and community quality of life, promote economic development and create jobs, and ensure the future of Washington’s vibrant agriculture sector, these organizations and individuals have successfully advocated to ensure continued state funding at varying levels.

Historically, the combined state and federal FMNP funding for the WIC FMNP program has been greater than the Senior FMNP program. This trend changed in 2012 when the amount of Senior FMNP redeemed exceeded the amount from WIC FMNP for the first time (Figure 9). Senior FMNP has remained the larger program in terms of redemptions or sales at farmers markets through 2014. However, in terms of numbers of people served by FMNP, WIC FMNP is the larger program, consistently accounting for most of the estimated participants (Figure 10).

**Figure 9. FMNP Redemptions at Farmers Markets in Washington State, 2010 to 2014**



**Figure 10. Estimated FMNP Participants in Washington State, 2010 to 2014**



- a. Estimates include FMNP redemptions at farmers markets and farm stands.
- b. Senior FMNP assumes \$40 per participant per season
- c. WIC FMNP assumes \$20 per participant per season

FMNP redemptions at farmers markets in Washington State saw a steady decline between 2010 and 2013. This trend was reversed in 2014 with a 19% increase in redemptions totaling over \$1 million (Figure 9). Likewise, the estimated number of FMNP participants recovered in 2014, increasing by 24% (Figure 10). The number of FMNP participants is directly tied to the availability of funding; there are far more people in Washington State that qualify to receive FMNP support than there are funds available for these programs.

### Importance of FMNP to Farm Vendors

In 2012, the WSU Small Farms Program and Farmers Market Action Team surveyed farm vendors selling at farmers markets in Washington State. Preliminary results found that 68% of farm vendors said they were authorized to accept WIC and Senior Farmers Market Nutrition Program checks in 2011 (N = 530). However, since FMNP checks can only be used for fruits, vegetables, cut herbs and sometimes honey, not all farm vendors surveyed were eligible to participate in FMNP.

Farm vendors who participate in FMNP were asked “how important were WIC and Senior Farmers Market Nutrition Program checks” in terms of both enabling low-income WIC and senior shoppers to buy their products and increasing farm sales. Enabling low income and senior shoppers to purchase their products was important to 87% of respondents. Increasing farm sales through FMNP was important to 64% of farm vendors (Table 10).

**Table 10. Importance of FMNP to Farm Vendors**

	Not Important	Neutral	Important
<b>Enabling low income and senior shoppers to buy my products.</b> N = 343	5%	8%	87%
<b>Increasing farm sales</b> N = 338	19%	17%	64%

Source: (Ostrom, Donovan and Goldberger forthcoming)

### **Conclusion**

Farmers markets around the country and in Washington State are key assets and active partners in addressing the financial and physical barriers to accessing nutritious and local food. Currently, the two key federal nutrition programs utilized at farmers markets are the Supplemental Nutrition Assistance Program (SNAP) and Farmers Market Nutrition Program (FMNP). Each program has a unique history and is administered in its own way.

SNAP started in 1939 and was successful at Washington State farmers markets until farmers markets were obliged to start using Electronic Benefits Technology (EBT). SNAP sales at farmers markets dropped significantly between the late-1990s and mid-2000s. Since then, private and public agencies have worked to provide wireless EBT technology, build the markets' capacity to manage SNAP, created incentive programs to attract SNAP clients, and advocated for public funding and policies to support such efforts. Statewide, in the last five years, farmers market SNAP sales have increased 82% and the number of farmers markets authorized to accept SNAP has increased 48%. The average SNAP sales at farmers markets is now \$5,760. Despite this progress, SNAP sales at farmers markets in Washington State represent less than 0.03% of the total SNAP benefits spent each year.

The FMNP program is the only federal nutrition program designed specifically for farmers markets. The WIC FMNP began in 1992 and the Senior FMNP was added in 2001. While there are important distinctions between WIC and Senior FMNP, they both operate on a seasonal basis and provide a set amount of farmers market checks that can be redeemed for fresh fruits, vegetables, cut herbs, and (for seniors only) honey. The number of farmers markets participating in FMNP greatly exceeds the number of markets currently accepting SNAP. The total dollar amount of FMNP redeemed is greater than SNAP as well. However, over the last five years, the total amount of FMNP sales decreased (until 2014 when it rebounded) while the amount of SNAP sales steadily increased. Over the last five years, the average FMNP sales and average SNAP sales per farmers markets have grown closer together (Table 2, Figure 2). In 2014, the difference was less than \$2,625 (compared to a difference of over \$6,300 in 2010).

Understanding the causes underlying these trends should be a central focus for future research efforts.

Research by the WSU Small Farms Program has evaluated the impact of offering SNAP EBT, credit and debit card technology for sales at farmers markets. This data demonstrates that over time both the total number of transactions and the total sales increase when farmers markets offer point of sales (POS) technology. While SNAP EBT, credit and debit cards all increased market sales, and especially farmers' sales, debit cards were used more often. Research by Gallardo et al. (2014) documented the value that farmers market shoppers, vendors and managers place on various attributes of farmers markets, and confirmed that managers and vendors are receptive to a model where the market is responsible for providing the technology to enable wireless sales.

This report has provided a picture of the major trends in Washington State farmers market food access work over the last five years. Food access at farmers markets will continue to evolve as technology changes. With these changes, there will be a continued need for funding, sound public policy and creative independent partnerships such as those between farmers markets and the anti-hunger community.

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<sup>i</sup> For more information, see USDA's webpage on Food Access: [www.ers.usda.gov/topics/food-choices-health/food-access.aspx#.VCSQ1RYZnfE](http://www.ers.usda.gov/topics/food-choices-health/food-access.aspx#.VCSQ1RYZnfE). The World Food Summit of 1996 defined "food security" as existing "when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life" (World Health Organization n.d.).

<sup>ii</sup> Please see [www.wafarmersmarkets.com/foodaccess/farmersmarketaccesspartnership.html](http://www.wafarmersmarkets.com/foodaccess/farmersmarketaccesspartnership.html) for more information on Washington's Farmers Market Access Partnership.

<sup>iii</sup> The market and farm vendor surveys are part of the "Engines of the New Farm Economy: Assessing and Enhancing the Benefits of Farmers Markets" (Ostrom, Donovan, et al. 2009-2012).

<sup>iv</sup> For a brief history of food stamps in the US, see: [www.fns.usda.gov/snap/rules/Legislation/about.htm](http://www.fns.usda.gov/snap/rules/Legislation/about.htm) and [www.youtube.com/watch?v=QINg49nTGGY](http://www.youtube.com/watch?v=QINg49nTGGY).

<sup>v</sup> Washington State also has a state-funded "Food Assistance Program" that provides benefits similar to SNAP to eligible residents.

<sup>vi</sup> According to Des Boucher, EBT Fiscal Program Manager at DSHS, "The manual voucher process has two steps, hold and clear. The market and cardholder would first fill out a voucher form and then the market would use a cell phone to initiate a hold on the cardholder's account for the amount of the purchase. The market would later clear the voucher at an off-site location where they had a wired POS set up. The "clear" process releases the hold and

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causes the funds to be debited from the cardholder’s EBT account and deposited into the market’s bank account” (personal communication, 2014).

<sup>vii</sup> According to USDA’s policies, a farmers market organization that manages multiple markets, each on a different day of the week (regardless of location), “count” as one authorized SNAP retailer. However, if an organization operates multiple markets on the same day of the week (in unique locations), then they are required to get a FNS number for each of these markets, and each FNS number is listed as a unique authorized SNAP retailer. Therefore, the actual number of farmers markets providing SNAP EBT to shoppers is probably greater than the number of authorized SNAP retailers.

<sup>viii</sup> For a discussion of SNAP incentive programs across the country see: [http://farmersmarketcoalition.org/wp-content/uploads/2013/10/THE-FOOD-TRUST-Report\\_S\\_Briggs\\_3.16.2012.pdf](http://farmersmarketcoalition.org/wp-content/uploads/2013/10/THE-FOOD-TRUST-Report_S_Briggs_3.16.2012.pdf).

<sup>ix</sup> Information on Seattle’s Fresh Bucks program: [www.wafarmersmarkets.com/foodaccess/freshbucks.html](http://www.wafarmersmarkets.com/foodaccess/freshbucks.html).

<sup>x</sup> Airway Heights/Montfort School/North Side/Deer Park Farmers Markets, Anacortes Farmers Market, Camas Farmers Market, Community Farmers Market at Chehalis, Everett Farmers Market LLC, Kirkland Wednesday Market, Kittitas County Farmers Market (Ellensburg), Mount Vernon Farmers Market, Okanogan Farmers Market, Port Townsend Farmers Market, Proctor Farmers’ Market, Prosser Farmers Market, Suquamish Farmers Market, Tumwater Town Center Farmers Market, and Wenatchee Valley Farmers Market.

<sup>xi</sup> Additional information about the FMNP program is available at [www.doh.wa.gov/YouandYourFamily/WIC/FarmersMarket.aspx](http://www.doh.wa.gov/YouandYourFamily/WIC/FarmersMarket.aspx) and <http://csanr.wsu.edu/washington-state-farmers-market-management-toolkit/fmmt7>.