

Accepting food stamps at market: Good for everyone.

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As farmers, we struggle with ways of making our food accessible to all, particularly low-income customers. One easy way of doing this is accepting food stamps at our farmers' market stands.

Accepting food stamps is a win-win situation for farmers and food stamp recipients. It increases access to our products for low-income citizens who might not otherwise be able to purchase our goods. Many low income communities are "food deserts", places where fresh fruits and vegetables are simply unavailable. The lack of healthy food options is often accompanied by a plethora of fast food restaurants and convenience stores that specialize in junk food. Making farmers' markets available to food stamp clients can help ameliorate inequitable access to healthy food.

It also allows farmers to reach out to new clientele. In Iowa, where a collaborative effort between the Iowa Department of Human Services and the Iowa Farm Bureau provided farmers with free wireless Point of Sale (POS) devices, "each farmer that participated in the pilot reported an increase in revenue from 10-25% over the previous year, with average monthly sales of \$2,730 (22% from food assistance customers)" (FNS). In Texas, "approximately \$135,000 food stamp benefits were redeemed monthly at farmers markets and produce stands throughout [the state] between July 2005 and June 2006" (ibid). In our experience in Oklahoma, most of our food stamps clients have spent over \$20 per sale.

An unintended benefit of accepting food stamps can be good press. We received a full-page story complete with color photos in our local newspaper the summer we started taking food stamps. Not only did this spread the word that people could use food stamps at the farmers' market, we got strong positive feedback from our existing customers who appreciated what we were doing.

The Nuts and Bolts

The food stamp program is administered by the Food Nutrition Service (FNS) of the U.S. Department of Agriculture. According to FNS, 26 million people benefit from food stamps each month (USDA). Food stamps are no longer issued as paper coupons; instead, recipients receive an Electronic Benefits Transfer (EBT) card which they use throughout the month like a traditional debit, or ATM, card. This system allows for greater anonymity for food stamp clients while giving the vendor immediate reimbursement.

Food stamps can be accepted at farmers' markets, farm stands, and farmer-owned storefronts. They can be used to purchase many of the items sold at farmers' markets, including fruits and vegetables, breads and cereals, and meats, fish, poultry, and dairy products. They can even be used to purchase food-producing seeds and plants, such as tomato seedlings from greenhouse vendors. However, not all vendors at a market are

qualified to accept food stamps. The regulations governing their use are strict—non-food items, such as soaps and crafts are not allowed. Other items, like prepared food, fall into a grey area. The rules state that hot food and items intended to be eaten on the premises are not permitted. For further clarification we recommend contacting your regional FNS field office for a comprehensive list of eligible products.

Either individual farms or farmers' markets associations can apply to accept food stamps. From our perspective, farmers' markets associations are the most convenient option. This model seems to work best because it is easier for the food stamp customers and the vendors and therefore has the greatest chance of success.

According to a 2006 FNS report, 23 states have farmers' markets accepting food stamps (FNS). Each market that accepts food stamp sets up its own system for administering the program; however, one of the most common methods uses a single wireless POS terminal to swipe food stamp clients' cards. The client indicates how much money they wish to spend and is then given wood tokens or scrip which range in denomination from \$0.50, \$1.00, \$5.00, and up to \$10.00. POS terminals are generally centrally located within the markets and are operated by the market manager and/or trained volunteers. The customer can use these tokens with any of the eligible vendors at the market. At the end of the day, vendors convert their tokens to cash with the market manager.

At the recent Southern SAWG annual conference, Andrew W. Smiley, Project Director with Sustainable Food Center in Austin, shared the details of their Farmers' Market Food Stamp Initiative. He explained that many EBT machines can be programmed to accept both food stamps and commercial credit and debit cards. They created red colored tokens for food stamp patrons and green tokens for ATM customers (since there are no restrictions on ATM customer sales). ATM users are charged a \$2.00 transaction fee just as they would be at most any other machine not from their home bank. This fee is used to help cover the wireless POS start-up and operating expenses. Start-up costs were approximately \$2,000 for the wireless equipment, tokens, promotional materials, and training supplies. The monthly costs are \$85 and include the wireless connection, food stamp and ATM transaction fees charged by the wireless processor, and materials. The Sustainable Food Center has documented their food stamp efforts and is willing to share their resources and insights with other market organizations. Their contact information can be found at the end of this article (Smiley).

Farmers markets are often aligned with a local non-profit, university, cooperative extension, and/or state departments of health and human services to support, advertise and administer the program. Partners can assist with the acquisition of transaction machines, which cost around \$1,100. Likewise, grants have been used in some cases. State Departments of Health and Human Services can negotiate with EBT providers to provide free wireless machines to farmers and markets as part of their contracts. Several states have complimentary education and outreach programs to encourage involvement by food stamp clients, such as cooking demonstrations by local chefs.

There are some universal challenges to attracting food stamp customers, including possible language barriers, access to transportation, and perceptions of high prices. Partnering with a local government or non-profit social service agency is one way of addressing some of these barriers. Partners can spread the word by sending out press releases and by creating, translating, and distributing fliers to targeted neighborhood associations, social service agencies, senior centers, and churches. They might be able to create maps with public transportation routes to area markets as well.

If applying as a market is not an option, individual farms can apply to accept food stamps as independent retailers. Although more cumbersome, it is a good first step. Food stamp clients can cash in their benefits at any of the farm's FNS-approved location (i.e. a Saturday and Wednesday market). In this case, the farm is assigned its own EBT machine for free. This machine requires a phone line and electricity to operate, which means you will need to go through two steps for each food stamp transaction. When you get a food stamp customer you tally their sales (minus sales tax) and enter their total, their name, their EBT card number, card expiration date, and your merchant identification number into a manual paper voucher. You then call a toll-free number provided to you by the POS contractor. The call guides you through the approval process to verify that the customer has sufficient funds for the purchase. You are prompted to give some information listed on the voucher and the customer is prompted to give their pin number. You subsequently receive an authorization code. After returning home from the market, you use your POS machine to enter in the transaction to complete the process.

There are advantages and drawbacks to each arrangement. If your farmers' market does not currently accept food stamps and the association does not have a strong interest in participating, you can apply as an independent retailer and hopefully encourage other eligible vendors to join your efforts. One limitation to this scheme is that fewer vendors accepting food stamps at a given market lessens the incentive to attend by food stamp clients. If a farmers' market association applies to accept food stamps, it streamlines the process by eliminating the need for individual farmer applications. Moreover, it alleviates the farmer of the burden of performing the EBT transactions.

The Application Process

How you apply to become eligible to accept food stamps depends on who the "authorized retailer" will be—the individual farmer or the farmers' market association.

The first step in the application process is determining whether or not your market is interested in applying as the authorized retailer. This might entail approaching your farmers' market board and polling market members to gauge their interest. The market applying to FNS is the entity legally responsible for all paperwork and guaranteeing compliance of the regulations. If the market is going to apply, the market manager and board should work together to figure out how the program will be implemented. Who is responsible for filling out the application? Who will manage the logistics of acquiring the POS machine, training farmers, etc? Who will be in charge of processing EBT transactions at the market? A quick web search of food stamps at farmers' markets will reveal several organizations working at the local level on market-wide food stamp acceptance, and undoubtedly many of them would be willing to share their experiences.

After deciding who the authorized vendor is, call 1-877-823-4369 to request an application form. Visit the FNS website to review eligibility requirements, frequently asked questions, and other program details: <http://www.fns.usda.gov/fsp/>. Find out if your state has any existing farmers' market programs and contact them for advice and potential partnerships. If you have questions specific to your area, you can speak to your regional FNS field office.

The application form will ask for a couple of key documents: license to operate, which may be a business license or a sales tax permit; identification for all owners, which is generally a drivers' license and a social security card; and some form of a lease agreement for the market or your individual stand within the market.

When filling out the application, attach a list all of the products you grow and the month or season in which they are sold. It is important to note that each application is location-specific. Contact you FNS regional office to learn how to apply to accept food stamps when selling at different farmers' markets throughout the week.

Once FNS has received your properly signed and completed application, they have 45 days to accept or reject it. In determining your eligibility, they will send an inspector on an unannounced visit your stand or market to verify that you are selling the items listed in your application. They will want to see that you have a cash register or calculator for tallying sales totals.

Once approved, you will be contacted by your state's EBT machine contractor. If applying as a market the contactor can tell you how and where to purchase a wireless POS device. If you are an individual farmer they will mail you a wired POS device. The POS contractor will ask you to fill out an agreement form which will include your business's bank account information. This allows the contractor to directly and immediately deposit payment remittance to your account once a transaction has been submitted and approved.

Final Thoughts

Increasing the number of vendors and farmers markets accepting food stamps is a step towards increasing access to local food by all members of our communities. This encourages healthy eating among all segments of our communities.

References:

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Resources:

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