



## CHARTING A SUSTAINABLE COURSE FOR SEATTLE'S FRESH BUCKS PROGRAM



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*Cover photo courtesy of Frugality.com*

# Charting a Sustainable Course for Seattle's Fresh Bucks Program

## Background

The City of Seattle's Fresh Bucks program makes healthy food more affordable for low-income Seattle residents by doubling the purchasing power of people who use their federal food stamp benefits (now called the Supplemental Nutrition Assistance Program, or SNAP) to purchase fresh fruits and vegetables at Farmers Markets.

Fresh Bucks began at seven Seattle farmers markets in 2012, as a public-private partnership with funding from JPMorgan Chase and The Seattle Foundation, with staffing oversight from City of Seattle Office of Sustainability and Environment (OSE), and implementation by the Neighborhood Farmers Market Alliance. In 2013, Fresh Bucks expanded to Seattle's 15 farmers markets and 2 farm stands with continued financial support from JPMorgan Chase and The Seattle Foundation, as well as support from the City of Seattle's general fund. The program is now available at all 16 of Seattle's farmers markets, through four farmers market operating organizations, with coordination by the Washington State Farmers Market Association.

OSE has been working with the Washington State Farmers Market Association to build a statewide coalition of farmers markets that are interested in including Fresh Bucks programs. Over the long-term, OSE envisions a continued Fresh Bucks program in Seattle as well as an expanded network throughout the state. The current funders would like to see additional partners invest in the program, particularly as it expands over the long term.<sup>1</sup>

## Current Status

As Fresh Bucks begins its third season of operation, it has already achieved several major accomplishments:

- Between July and October 2013, 2613 SNAP clients used the program in the 15 Seattle Farmers Markets, redeeming \$89,372 in EBT benefits and \$62,309 in Fresh Bucks incentives to purchase fresh fruits and vegetables.<sup>2</sup>
- An evaluation of the program conducted by the University of Washington Center for Public Health Nutrition found that the program succeeded in helping participants to purchase more fruits and vegetables, with 90% of those surveyed reporting increased purchases of those products, and 95% reporting that the program had made a difference in their family's diet.
- The evaluation also found the program succeeded in bringing new shoppers to farmers markets: 23% of those surveyed had never shopped at farmers markets and 44% had never before used their SNAP benefits at a farmers market.<sup>3</sup>

The success of the Fresh Bucks program is also reflected in the fact that similar programs have now been developed in thirteen other communities in Washington state, with a total of 39 farmers markets now offering the incentives. The chart below provides a brief overview of those programs as of December, 2013.<sup>4</sup>

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<sup>1</sup> In the interest of accuracy, much of the wording in the preceding paragraphs of this report was transcribed directly from the contractual agreement for the project written by staff of the City of Seattle Office of Sustainability and Environment, and dated 10/24/13.

<sup>2</sup> 2013 Fresh Bucks Evaluation, University of Washington Center for Public Health Nutrition, January 2014.

<sup>3</sup> Ibid, 2013 Fresh Bucks Evaluation

<sup>4</sup> Data provided by the Washington State Farmers Markets Association, December 2013.

WASHINGTON STATE EBT INCENTIVE PROGRAMMING 2013 RESULTS AND 2014 PROJECTIONS

Program Name	Location	# FM	Match	Limit	2013 Total Match (Food \$)	2014 Estimated Match (Food \$)	Primary Funding Source
Double Bucks	Anacortes	1	1:1	Unlimited	\$2,000	*	Kiwanis International
Market Bucks	Bremerton	1	1:1	\$5	\$1,050	\$2,000	Kitsap Credit Union, Donations
Gimme 5	Jefferson County	2	5:5	\$10	\$7,000	\$8,000	Settlement funds from a class action lawsuit against Skechers Shoes
Fresh Bucks Seattle	Seattle	17	1:1	\$10	\$69,400	\$120,000	Chase, Seattle Foundation, City of Seattle
Double Bucks	Sedro-Woolley	1	1:1	\$10	\$1,000	*	United General Hospital
Snap Match	Shoreline	1	1:1	\$10	\$1,000	\$1,500	Silent Auction
Fresh Bucks Spokane	Spokane	3	2:5	Unlimited	\$6,250	**	Inland NW Community Foundation, Private Donation, Seattle Foundation
Fresh Match	Vancouver	3	1:1	\$5	\$6,100	\$8,000	New Seasons Grocery, Kaiser Permanente
Market Buck Match	Vashon-Maury Is.	1	1:1	\$10	\$1,500	\$2,000	Donations
TBD	Bellingham	1	TBD	TBD	-	\$1,500	TBD
TBD	Colville	1	2:5	Unlimited	-	\$500	TBD
Fresh Bucks Spokane County	Spokane County	8	2:5	Unlimited	-	\$15,000	TBD
Double Bucks	Skagit County	4	TBD	TBD	-	\$18,500	RSF Social Finance
-	-	39	-	-	\$95,300	\$177,000	

\* In 2014 Anacortes & Sedro-Woolley will be joining Mount Vernon & Bow as part of a single program under the Skagit Valley Farmers Market Coalition.

\*\* The Spokane County program will expand to five additional markets in 2014. Markets highlighted in red ran out of funds during the 2013 season.

## Planning for Sustainability

In October 2013, the City of Seattle Office of Sustainability and Environment commissioned the Cedar River Group to identify a strategy to sustain the Fresh Bucks program financially over time. To complete that assignment, the Cedar River team conducted background research on the progress of similar incentive programs nationally, conducted interviews with key stakeholders who had relevant experience and expertise, and convened two workshops with a planning committee composed of individuals who were identified by the OSE staff as having the most direct interest in the program's future sustainability. The planning committee members shared their visions for the program's future, which were combined to produce the following vision statement:

### A Vision for the Future

*We envision a future in which low-income shoppers throughout Washington State, supported by the Fresh Bucks program, can buy fresh, healthy and locally grown food in their communities, including at farmers markets. The Fresh Bucks program will have been designed in collaboration with community residents, shoppers, and other leaders in the food and nutrition community. The program and the farmers markets involved will be financially viable, connected to SNAP and other national nutrition programs, and supported by a variety of funders. Fresh Bucks and partners will have developed a leadership campaign to articulate the importance of food security to good health, and the value of local agriculture as a source of fresh food and a cornerstone of the state's economy. The program will reflect the values of equity, health, and community leadership, and demonstrate the value of collaboration between growers and markets; the importance of fresh, local food to public health; and the importance of strong, viable farmers markets.<sup>5</sup>*

In the process of developing the vision statement, the planning committee discussed the following issues that affect the future direction of the program:

#### 1. PRIMARY GOAL

The majority of the planning committee expressed the view that the primary goal of the Fresh Bucks Program is to “ensure that local fresh fruits and vegetables are available to as many low-income people as possible.” Currently, the primary method to achieve that goal is to connect SNAP users to farmers markets and provide them with a financial incentive to purchase fresh fruits and vegetables at farmers markets. Secondary benefits of this method include strengthening farmers markets by enabling them to serve a more diverse clientele, which in turn aids the farmer vendors by expanding their customer base.

#### 2. SCOPE OF THE PROGRAM

There was a consensus among the members of the planning committee that the Fresh Bucks Program should grow to be statewide.

#### 3. DURATION

There was agreement that the program should operate for as much of the year as possible.

#### 4. USE OF TECHNOLOGY TO STREAMLINE ADMINISTRATION

The planning committee noted that the current system for administering the program requires SNAP EBT technology, Farmers Market tokens, and Fresh Bucks vouchers or scrip. There was agreement that it would be

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<sup>5</sup> With credit to the Washington Farmers Market Access Partnership (FMAP) Vision for format and key phrasing.

beneficial to reduce the complexity and costs of operating the program by fully integrating the Fresh Bucks incentive with SNAP EBT technology.

## 5. VENUES

To achieve the primary goal of “ensuring that local fresh fruits and vegetables are available to as many low-income people as possible,” the planning committee members recognize that it may be desirable at some point to reach out through venues other than traditional farmers markets. However, committee members also noted that it may be too soon to expand to other venues since resources for the program are limited and the full potential of the program within farmers markets has not yet been realized.

## 6. FUTURE GOVERNANCE

The likelihood of this future expansion to other venues raises a question about future governance of the program. Currently, the City of Seattle OSE and the Washington State Farmers Market Association are the program’s leadership partners. The committee agreed that the Washington State Farmers Market Association is doing an excellent job as the steward of the program’s development at Seattle’s farmers markets, and WSFMA will be an indispensable partner as long as the program exists. Given that future goals include the potential of expansion to other venues when the available resources are sufficient, there is reason for the City of Seattle to continue to play a leadership/stewardship role in the program. If additional partners are needed now or for the program to expand its reach to new venues and more farmers markets outside of Seattle, the group may wish to consider a more formal leadership team, with multiple partners, as a governance structure.

## The Fundamental Challenge: A growing need for funding

For a very young program, Fresh Bucks has a lot to be proud of. In its first two years, the Fresh Bucks program significantly increased the use of SNAP benefits at farmers markets, and thirteen other communities across the state developed similar programs. However, the program now faces a fundamental challenge: ***as the program grows more popular, it will require concomitant growth in funding to provide the financial incentive to an ever increasing number of users.***

Our research revealed that similar incentive programs across the country are now facing exactly the same challenge. Fresh Bucks and its sister programs across America are succeeding at a modest scale, but there is a huge gap between the level of resources they now have and the program’s ultimate potential. For context, in 2013, federal expenditures in Washington State for SNAP benefits totaled more than \$300 million, while the total expenditures for Fresh Bucks and similar programs statewide are currently less than \$300 thousand, or less than one-tenth of 1% of the current federal expenditure for SNAP in Washington state.<sup>6</sup> This comparison illustrates both the magnitude of the current public expenditure for SNAP, and the tiny amount of funding Washington State’s incentive programs currently have available to leverage change in the purchasing patterns of SNAP beneficiaries.

## Potential Pathways to Meet the Challenge

In the context of that central challenge, the planning team identified five potential “pathways” toward sustainability:

### 1. Local public and philanthropic funding

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<sup>6</sup> Data for 2012 from Washington State Department of Social and Health Services.

2. **State funding**
3. **Federal funding through the 2014 Farm Bill (federal nutrition programs)**
4. **Funding through the health care system**
5. **Hybrid strategy**

Here are brief summaries of the options and their potential:

#### **1. Local public and philanthropic funding**

JP Morgan Chase, the Seattle Foundation, and the City of Seattle should be given great credit for launching the Fresh Bucks program. One of philanthropy's strengths is its nimbleness and ability to spur innovation, and both those strengths were evident in the program's successful start-up. However, it is also true that after a project is launched, most philanthropic organizations want to see their investments in new ventures develop other sources of funding.

The first step toward stable long-term funding was the allocation of funds for Fresh Bucks by the City of Seattle. We believe the City has the capacity to continue to fund Fresh Bucks at its current level over the long term, and continued funding from the City can be used as a match for future funding from other levels of government and philanthropic partners. Indeed, additional investments by philanthropy will be essential as a bridge to a more lasting solution, and this will require the leadership organizations to develop internal fund development capacity and expand the number and scope of their philanthropic partnerships. However, at the rate the program is growing, it seems highly probable that support from local government and philanthropy will not be enough to sustain the program and enable it to achieve its full potential.

#### **2. State funding**

As more programs like Fresh Bucks are launched in communities across Washington, the case for State funding will grow stronger as well. Yet state funding is unlikely to afford a lasting solution unless it is a part of a larger funding package. This conclusion is based upon the fact that state expenditures for many essential services have been reduced during the past five years, and the State is under severe funding constraints imposed by Initiative 601. In addition, the courts have mandated higher spending for K-12 education, requiring that most new revenue generated by economic recovery be dedicated to that purpose.

Nevertheless, the State could play a pivotal role in advancing the Fresh Bucks concept. State agencies play a critical role in administering SNAP (through DSHS), SNAP-ED and WIC (through the Department of Health) as well as the school lunch program and a variety of other nutrition and agricultural support programs (through the Superintendent of Public Instruction, the Department of Early Learning, and the State Department of Agriculture). The cooperation and support of the agencies will be a critical factor in any funding strategy, even if the State's own financial contribution is relatively small.

#### **3. Federal funding through the 2014 Farm Bill (federal nutrition programs)**

This pathway would involve changing federal nutrition programs to provide ongoing funding for financial incentive programs like Fresh Bucks. This pathway will be both challenging and time consuming, but it holds the potential to achieve a solution that will prove durable over time. The USDA has already demonstrated interest in supporting SNAP incentive programs in farmers markets by providing funding for pilot projects and

research to test the value of such programs through rigorous study.<sup>7</sup> The Farm Bill recently signed by President Obama includes \$100 million for incentive programs like Fresh Bucks. Although it may be several months before USDA issues a request for proposals for those funds, Fresh Bucks and its allies across the state are already focusing on this source as a significant step to expand the program.

#### **4. Funding through the health care system**

The link between diets rich in fresh fruits and vegetables and positive health outcomes is well-established in the literature.<sup>8</sup> That linkage may create opportunities to leverage funding from the health care sector. For example, advocates for Fresh Bucks and similar programs could attempt to:

- Secure financial contributions from hospitals as part of the new IRS community benefit requirements created by the Affordable Care Act;
- Finance the program as part of a package of nutrition interventions funded through a “sin tax” on unhealthy foods (such as a soda tax).
- Incorporate the incentive as part of the basic health care financing system (Medicaid/Apple Health for Kids);

The challenges of pursuing any of these avenues will be significant. The health care system is undergoing rapid change, and it may be difficult for a small program such as Fresh Bucks to garner sufficient attention among decision-makers in the health industry while so many other major changes are underway. Also, health providers and policy makers are seeking interventions that will show a rapid return on investment, while the return on investment from Fresh Bucks will take longer and be more challenging to document than some other interventions.

#### **5. Hybrid Strategy**

This approach would combine two or more of the potential pathways identified above.

### **Recommendations**

The consultant team recommends a hybrid strategy that includes seven major actions:

1. Secure continued funding from the current sponsors (and other potential partners) to support full operation of the Fresh Bucks program during the 2014 and 2015 seasons.
2. Resolve the issue of program venues and address related questions about long-term governance of the program.
3. Seek additional philanthropic funding to build organizational capacity, expand the program statewide, strengthen its evidence base, and develop its advocacy tools.
4. Seek support from public health agencies to tap hospital contributions as part of meeting IRS community benefit requirements.
5. Lay the groundwork to pursue State funding.
6. Develop the strongest possible application for a grant from the Food Insecurity Nutrition Incentives Program created by the 2014 Farm Bill.

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<sup>7</sup> However, the final results of the most significant of those studies – the “HIP Study” – are not yet available.

<sup>8</sup> The Nutrition Source, online information service of the Harvard School of Public Health, [www.hsph.harvard.edu](http://www.hsph.harvard.edu).



7. Team up with Wholesome Wave and other allies to incorporate the Fresh Bucks financial incentive as an integral part of ongoing federal nutrition funding.

## Sequencing the Recommendations

The research and interviews conducted for this project strongly suggest that sustainability of the Fresh Bucks concept can best be achieved through a long-term strategy to incorporate the financial incentives Fresh Bucks provides within the basic fabric of federal nutrition and/or health programs. This conclusion is based upon the fact that the cost of the Fresh Bucks incentives will grow over time in direct proportion to the program's success in reaching those it was designed to serve. Therefore, if the program continues to grow, as we believe it will, the ultimate cost of the Fresh Bucks incentives will eventually far exceed the reach of local and state governments and philanthropy. For example, the cost of providing a \$10 per month incentive for all eligible Americans could reach \$5.7 billion a year. At that level, the federal government is the only entity with the financial capacity to sustain the Fresh Bucks incentives over time.

The next section of this report describes how the seven basic recommendations could be sequenced, with the ultimate goal of weaving the Fresh Bucks incentive into the fabric of federal policy and budget allocations.

- 1. Secure continued funding from the current sponsors (and other potential partners) to support full operation of the Fresh Bucks program during the 2014 and 2015 seasons.**

This recommendation has been partially accomplished through the decisions of the current sponsors to continue funding for 2014. In light of their interest and commitment, we suggest meeting with each of the current sponsors as soon as possible to outline the proposed strategy, solicit their views, and seek their support for the work that will be required to execute the plan during the next two to three years. This would include asking their help in identifying additional funding partners.

- 2. Resolve the issue of program venues and address related questions about long-term governance of the program.**

During the discussions with the current sponsors, two major issues are likely to surface: the desire to expand the program beyond farmers markets; and the question of how the program will be governed in the long-term.

### ***Expansion to other venues and additional farmers markets***

To meet the current sponsors' primary goal of ensuring fresh fruits and vegetables are available to as many low-income people as possible, it will ultimately be necessary to expand to other venues. Farmers markets do not serve every neighborhood where SNAP recipients live; most are not open year round; and some do not yet have the capacity to accept SNAP EBT cards as payment. And yet, the team believes there are compelling reasons that the program should continue to focus on farmers markets, at least until the funding available for subsidies grows several fold. Our reasoning is straight-forward: Expansion to other venues would require additional planning and administrative expenditures at a time when there is likely to be a shortage of funding for the incentives at many of the existing sites. With limited dollars, it makes sense to work through the existing partners, who have helped to create the program, until those relationships have more nearly achieved their full potential. Focusing the program on farmers markets provides the additional benefit of bolstering local economies and supporting local farmers, while SNAP sales in other venues may be less likely to do so. Even with a focus solely on farmers markets, the program is expanding to more and more markets each year. This is expected to continue, especially with federal funds soon to be available. This expansion will require WSFMA to assess its role vis a vis other markets' programs.

If the strategy to secure more funding is successful, and the resources available for subsidies grow significantly, Fresh Bucks could then expand to other venues so that the program can serve as many low-income people as possible.

### ***Future governance***

As we indicated earlier, the current leadership partners (City of Seattle OSE and WSFMA) may determine that the task of expanding Fresh Bucks beyond farmers markets will require additional leadership and implementation partners, as it does not align well with WSFMA's primary mission of supporting farmers markets and local farmers. Therefore, we suggest that the City of Seattle and WSFMA, with other stakeholders, begin discussions now about the best approach to manage the program as it expands to other venues and additional farmers markets. If the current leadership partners determine it would be appropriate to seek another partner or partners for that purpose, the following criteria should be considered:

- Statewide reach;
- A demonstrated commitment to improving nutrition for low-income families and individuals;
- A demonstrated commitment to supporting local agriculture;
- Organizational capacity to build and manage complex projects;
- A history of success in fundraising.

### **3. Seek additional philanthropic funding to build organizational capacity, expand the program statewide, strengthen its evidence base, and develop its advocacy tools.**

In the context of increasing interest in local food systems and mounting public concern about hunger and obesity, this may be an opportune time to seek additional funding from philanthropy – if proposals for near-term support are backed by a credible plan for achieving sustainability in the long term. A critical element of that plan will be aligning the interests of Fresh Bucks and its sister programs across Washington so that they become a coherent network with a common agenda and unified leadership. The form such a network would take, and the extent of the alignment it would seek to achieve (on issues such as branding, subsidy levels, and incentive limits) are beyond the scope of this project. However, we believe the ability of the existing programs to win resources from philanthropy, state government, and the USDA will depend on developing the capacity to plan and take action as a coherent statewide organization. Philanthropists may be willing to provide the additional resources needed to develop this organizational capacity, particularly in light of the potential opportunity to leverage a major federal grant through the Food Insecurity Nutrition Incentives Program (see No. 6 below).

### **4. Seek support from public health agencies to tap hospital contributions as part of meeting IRS community benefit requirements.**

Under the provisions of the Affordable Care Act, non-profit hospitals that are exempt from federal taxes are required to show that they have earned their exemption by creating a community needs assessment and reporting how they provide community benefits that (presumably) align with that assessment. In King County, Public Health - Seattle & King County has worked with several hospitals to create a single needs assessment, with the hope that the institutions will also agree to collaborate in making investments to address the needs identified. Not surprisingly, one of the top health issues identified in the King County needs assessment is obesity, and the participating hospitals are exploring strategies to address that challenge. They have started by looking internally to alter their own meal offerings and purchasing patterns, but they are now beginning to explore other possible interventions to benefit the broader

communities they serve. Our team suggests that OSE and WSFMA continue to work with Fresh Bucks supporters at Public Health - Seattle & King County to take advantage of the potential opportunity to secure contributions from local hospitals.

One innovative approach that has been used on the east coast to reinforce the linkage between health and nutrition is a “food prescription,” in which a health care provider gives families with children or adult members at risk of obesity a supply of healthy food as if it were medicine. Although some public health experts balk at the idea of reinforcing medical prescriptions as the solution to every malady, there is no doubt that a closer alliance with health care providers would have great value for the future of the Fresh Bucks program here in King County. And if that type of partnership can be successfully developed here, there is a high probability that it could work in other communities throughout the state.

**5. Lay the groundwork to pursue State funding.**

In January 2014, Governor Jay Inslee announced an initiative to improve childhood health and reduce the impact of obesity – the “Healthiest Next Generation Initiative.” A key part of that initiative is the goal of improving the quality of nutrition for the state’s children. The initiative was embraced in concept by both houses of the Legislature, but the broad goals of the initiative have yet to be translated into specific investments. Before the next session of the legislature convenes, OSE and WSFMA and other partners should work with the State Department of Health to determine whether Fresh Bucks could be one of the tools the State will employ to fulfill the goals of the Governor’s initiative.

**6. Develop the strongest possible application for a grant from the Food Insecurity Nutrition Incentives Program created by the 2014 Farm Bill.**

Just weeks ago, the Congress (finally!) passed the Farm Bill and sent it to President Obama for his signature. The bill includes \$100 million for the new Food Insecurity Nutrition Incentives Program (FINIP) which was designed to encourage the growth of SNAP incentive programs like Fresh Bucks and its sister programs around the country. Although this new funding represents a major step forward, it is a tiny percentage of the SNAP budget, and there is likely to be stiff competition for a share of the funds. The WSFMA staff has been invited to a national meeting sponsored by the Centers for Disease Control and Prevention and USDA in May for practitioners to present findings and discuss current work on healthy food incentives programs around the country. The opportunity to compete for FINIP funding makes the capacity-building activities outlined in Recommendation 3 even more important. The prospect of securing a major federal grant from this source should be used as a central part of the case for securing additional philanthropic funds.

**7. Team up with Wholesome Wave and other allies to incorporate the Fresh Bucks financial incentive as an integral part of ongoing federal nutrition funding.**

As we have explained above, the ultimate goal must be to incorporate the Fresh Bucks incentives within the basic framework of the federal nutrition and/or health programs. To achieve that goal, the Fresh Bucks program will need to strengthen its alliances with national organizations such as Wholesome Wave that are supporting progressive changes in federal policy. The ability to participate as an active partner in those alliances is another aspect of the capacity-building that must accompany the effort to solidify the programs as a statewide network.

Even with strong allies across the country, changing federal nutrition policy is a challenge that will not be accomplished overnight. One strategy that might be considered in the meantime is to work with State officials to demonstrate how the various federal, state and local nutritional programs could be managed at the state level in new and more effective ways. Such a demonstration project might use “smart card” technology to incorporate the Fresh Bucks incentives, SNAP and WIC benefits, and other nutritional benefits in a single card, making the programs easier to use and less costly to administer.

We recognize that the seven-part strategy we have outlined is very ambitious, and will take several years to fully implement. However, the track record the program has already established, the spirit of collaboration among the partners, and rising public attention to food security and healthy nutrition all point toward the potential for success.