



Report to the Legislature

## Farmers Market Technology Improvement Pilot Program

Chapter 215, Laws of 2008  
Second Substitute Senate Bill 6483, Section 9

November 15, 2009

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Farmers Market Technology Improvement Pilot Program  
Report to the Legislature

## Executive Summary

Section 9 of Second Substitute Senate Bill 6483 passed by the 2008 Legislature requires the Department of Social and Health Services (DSHS) to report to the Legislature on the status of the Farmers Market Technology Improvement Pilot Program each biennium beginning on November 15, 2009.

The report is to include information on:

1. The demand for wireless Point of Sales (POS) technology; and
2. The number of customers using wireless POS technology for electronic benefits transfer transactions.

The requirement to report biannually expires on July 1, 2010.

In authorizing the Farmers Market Technology Improvement Pilot Program in 2008, the Legislature found the benefits of local food production include:

- Improved stewardship of working agricultural lands;
- Support of direct and indirect jobs in agricultural production, food processing, tourism, and support industries;
- Promotion of energy conservation and greenhouse gas reductions; and,
- Increased food security through access to locally grown foods.

The Legislature also recognized that expanding market opportunities for Washington farmers would preserve and strengthen local food production and increase the already significant contribution that agriculture makes to the state and local economies.

The Farmers Market Technology Improvement Pilot Program was authorized to assist farmers markets in acquiring the capability to accept wireless electronic payment cards, including electronic benefits transfers (EBT). The stated purpose of the pilot is to increase access to fresh fruits and vegetables and quality meat and dairy for all Washington residents and to increase the number of basic food recipients using basic food benefits through EBT at farmers markets.

The Farmers Market Technology Improvement Pilot Program received funding of \$50,000 to be used during State Fiscal Year (SFY) 2009. The pilot program is administered by DSHS through a contract (0832-42190) with the Washington State Farmers Market Association (WSFMA).

### **Key Pilot Results**

- The Farmers Market Technology Improvement Pilot Program is responsible for an impressive increase in farmers markets' food sales to Washington residents receiving Basic Food assistance. In SFY 2008, Basic Food sales at farmers markets totaled \$34,026.49. In SFY 2009, the sales to Basic Food recipients totaled \$142,764.95, an increase of 319.6 percent. The pilot program is responsible for the majority of this increase.
- The number of Basic Food recipients making purchases at certified farmers markets grew between SFY 2008 and SFY 2009 by 316.2 percent. There were 7,000 transactions during SFY 2009 compared to 1,682 transactions in SFY 2008.
- The demand for wireless POS technology by farmers markets was demonstrated by the dramatic increase in the number of farmers markets certified by the United States Department of Agriculture/Food and Nutrition Services (USDA/FNS) to participate in the Basic Food program. Prior to the legislation, there were 28 USDA/FNS certified farmers markets in Washington. Of those, only 17 markets were actively accepting and redeeming Basic Food benefits. As a direct result of the legislation, 17 additional markets were certified by the USDA/FNS, a 60.7 percent increase. This represents the largest percentage increase of certified Washington farmers markets since the implementation of EBT in 1999.
- In the year prior to the Farmers Market Technology Improvement Pilot Program, the geographic distribution of USDA/FNS certified markets was heavily concentrated in Western Washington and in urban areas.

During calendar year 2007, there were no farmers markets accepting Basic Food benefits in Eastern Washington. As a result of the pilot program, there are now nine (9) farmers markets in Eastern Washington accepting Basic Food benefits.

The pilot program did not create a ratio increase of USDA/FNS certified farmers markets situated outside of major metropolitan areas; however the actual number of those markets increased from 11 to 18 between calendar years 2007 and 2008.

- New for the markets participating in the pilot program was the ability to accept purchases made using commercial credit and debit cards. Credit and debit card transactions contributed an additional 6817 sales totaling \$195,362.73 to the pilot markets.

# Pilot Overview

## **Background**

Second Substitute Senate Bill 6483 was passed during the 2008 regular session. The bill, relating to local food production, created the Farmers Market Technology Improvement Pilot Program. The purpose of the pilot program was to assist farmers markets in acquiring the capability to accept wireless electronic payment cards, including electronic benefits transfers (EBT). The anticipated result of the pilot was increased access to fresh fruits and vegetables and quality meat and dairy products for all Washington residents, and an increase in the number of Basic Food recipients using Basic Food benefits through EBT at farmers markets.

The Department of Social and Health Services (DSHS) contracted with the Washington State Farmers Market Association (WSFMA) to administer the pilot program. In compliance with the contract, WSFMA established an advisory group comprised of a wide-range of community organizations. The advisory group included representatives from the Washington State Department of Agriculture, Lutheran Public Policy Office, King County Agriculture Program, Children's Alliance, Seattle and King County Public Health, Washington State University, and several farmers markets. The advisory group assisted WSFMA to develop an initial budget, an application process, pilot market participation criteria, and hire a Pilot Coordinator.

## **Pilot Market Application Process**

The solicitation of markets to participate in the Farmers Market Technology Improvement Pilot began in the Fall of 2008. Interested markets had to demonstrate their ability to support electronic transactions through the pilot and beyond. They also had to agree to continue the pilot through the 2010 market season. All pilot markets were required to have, or obtain, certification by the United States Department of Agriculture/Food and Nutrition Services (USDA/FNS) to participate in the Basic Food program.

WSFMA received 21 applications. One market withdrew its application because the market location was not in the coverage area of the wireless provider selected. Ultimately, 20 markets were approved to take part in the pilot program.

## **Pilot Market Operations**

The size of the markets participating in the pilot program varied greatly. Some were large markets with extensive vendor lists and multiple employees while other markets were small with few vendors and as few as one staff person to manage the pilot.

The farmers markets' operating revenue is typically generated by charging each vendor a weekly "stall" fee. The nature of these fees differs between markets. Some charge a flat stall fee. Other markets charge each vendor a unique fee based on a percentage of the vendor's sales. Because of the added expense of transaction fees charged for credit and debit sales, several markets felt it was necessary to increase stall fees by approximately 3 percent.

Most of the farmers markets participating in the pilot program experienced challenges coordinating staff to handle the wireless Point of Sales (POS) terminals. During market hours, staffing of the wireless POS was a full time position. Markets were often dependant on community volunteers. This challenge was ultimately beneficial to the farmers markets as it created more community involvement and awareness.

## **Wireless Point of Sales**

Wireless POS terminals and cellular services were purchased from GoMobile. Fast Transact Integrated Payment Technologies was chosen as the transaction processor. The markets received the wireless POS terminals in April and May 2009. The market season for most pilot markets began in May 2009.

The pilot markets experienced several technical problems associated with the wireless POS transactions. Most markets reported occasionally losing wireless connectivity during transactions, the wireless POS not recognizing a payment card, and having to force debit transactions as credit transactions for them to be accepted. However, the most serious problem encountered was the delay of EBT related settlements.

WSFMA contracted with Fast Transact Integrated Payment Technologies to process their EBT and commercial credit and debit transactions. Fast Transact is an independent sales organization that markets merchant services for Harris N.A, a financial institution. Fast Transact, through Harris N.A., was frequently unable to settle EBT transactions within three business days as promised. Commercial credit and debit transactions did

not experience any unusual delays. Operational platform changes were made by Fast Transact shortly after the pilot program began and may have been responsible for the EBT settlement delays. WSFMA requested the platform change to add an EBT voucher clear process that was not performed through the original platform. Because of the perceived lack of responsiveness to the settlement delays, WSFMA filed complaints with the Better Business Bureau and the Washington State Office of the Attorney General. WSFMA is actively seeking to secure a new processor for the next market season.

## **Sales Information**

In spite of the transaction and settlement issues, Basic Food sales at farmers market increased 319.6 percent between state fiscal years (SFY) 2008 and 2009. Sales in SFY 2008 totaled \$34,026.49 and increased to \$142,764.95 in SFY 2009. The markets participating in the pilot program contributed \$35,333.01 to the SFY 2009 total. The Basic Food sales produced by the pilot markets alone do not account for the entire sales increase. The community interest and involvement in locally produced food generated by 2SSB 6483 cannot be discounted. Because of the attention generated by the bill, and especially Section 9, more farmers markets than ever before applied to become USDA/FNS certified and more community partners became involved. Local economic conditions may have also contributed. The average Basic Food transaction was \$20.00.

Credit and debit sales at the pilot markets were equally impressive. The pilot markets reported credit and debit sales made from the wireless POS terminals totaling \$195,362.73. They contend many of these sales would have been lost if not for the ability to accept credit and debit transactions. The average credit transaction was \$31.78 and the average debit transaction was \$25.01.

While it is not possible to determine the number of unique customers who made Basic Food, credit, and debit transactions at the pilot markets, grand totals are available. The pilot markets report a total of 3,659 credit transactions and 3,158 debit transactions. There were 1,535 Basic Food transactions made in the pilot markets.

The total number of Basic Food transactions deserves some attention. In calendar year 2008, all certified farmers markets conducted a total of 2,845 Basic Food transactions. As of August 31, calendar year 2009 Basic Food transactions total 4,903, an increase of 72.3 percent.



## Conclusion

The Farmers Market Technology Improvement Pilot Program was successful in realizing its two stated goals:

1. Assist farmers markets develop the capability to accept wireless electronic payment cards; and
2. Increased access to fresh, locally produced, fruit, vegetables, meats, and dairy products.

For the 2009 farmers' market season, the number of USDA/FNS certified markets increased by 60.7 percent. Prior to the pilot there were only 28 certified farmers markets. In 2009 there were 45. This increase is a direct result of the Farmers Market Technology Improvement Pilot Program.

The ability of farmers markets to accept electronic transactions created a dramatic increased access to fresh fruit, vegetables, meats, and dairy products when comparing the total farmers' markets Basic Food sales between the 2008 and 2009 state fiscal years. In SFY 2008, there were 1682 Basic Food transactions totaling \$34,026.49. For SFY 2009, those numbers increased to 7000 Basic Food transactions totaling \$142,764.96.

The Farmers Market Technology Improvement Pilot Program created increased involvement by the pilot farmers markets with other community partners, and provided an opportunity to leverage these relationships in an efficient, useful and sustainable manner. The challenge for markets participating in the pilot program, especially the smaller markets, was working successfully in a vastly more complex environment than most farmers markets typically operate. The pilot program assisted the participating markets to overcome a significant financial hurdle while allowing local independence in meeting community needs. This balance between a broadly administered project and local independence is credited by the markets as being responsible for the successful pilot outcomes. The markets are grateful to the Legislature for providing the support to, and trust in, the pilot markets to develop a viable micro-economy for farmers while also serving some of our communities most vulnerable citizens.

**Appendix A  
Farmers Market Technology Improvement Pilot Program**

**List of Participating Farmers Markets**

<b>Pilot Farmers Markets</b>			
<b>Market Name</b>	<b>City</b>	<b>County</b>	<b>DSHS Region</b>
Airway Heights FM	Airway Heights	Spokane	1
Anacortes FM	Anacortes	Skagit	3
Battleground FM	Battleground	Clark	6
Camas FM	Camas	Clark	6
Cheney FM	Cheney	Spokane	1
Columbia Basin FM	Moses Lake	Grant	1
Community FM	Chehalis	Lewis	6
Crossroads FM	Bellevue	King	4
Duvall FM	Duvall	King	4
Kirkland FM	Kirkland	King	4
Millwood FM	Millwood	Spokane	1
Montfort School FM	Colbert	Spokane	1
Mt Vernon FM	Mt Vernon	Skagit	3
Port Townsend FM	Port Townsend	Jefferson	6
Poulsbo FM	Poulsbo	Kitsap	5
Proctor FM	Tacoma	Pierce	5
South Perry FM	Spokane	Spokane	1
Tacoma FM	Tacoma	Pierce	5
Vancouver FM	Vancouver	Clark	6
Vashon Island FM	Vashon	King	4

**Appendix B  
Farmers Market Technology Improvement Pilot Program**

**Pilot Farmers Markets Demographic Information**

<b>Pilot Market Geographic and Sales Information<sup>1</sup></b>			
<b>Market Description</b>	<b># of Markets</b>	<b># EBT of Transactions</b>	<b>Total EBT Sales</b>
Previously Certified	6	500	\$8,839.00
Newly Certified	14	1035	\$22,141.51
Urban	11	1215	\$25,398.00
Rural	9	320	\$5,582.51
Western WA	14	1311	\$27,307.00
Eastern WA	6	224	\$3,673.51

<b>Number of USDA/FNS Certified Farmers Markets</b>			
<b>Market Year</b>	<b>Total</b>	<b>Active</b>	<b>Not Redeeming</b>
2008	28	17	11
2009	45	37	8

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<sup>1</sup> Sales period is May 1, 2009 through August 31, 2009

**Appendix C**  
**Farmers Market Technology Improvement Pilot Program**

**Pilot Expenses**

<b>Pilot Expenses Claimed by WSFMA</b>	
<b>Category</b>	<b>Amount</b>
Administration	\$25,023.92
Wireless POS Terminals	14,098.51
Marketing	\$9337.04
Total	\$48,459.47

**Appendix D  
Farmers Market Technology Improvement Pilot Program**

**Pilot Farmers Markets Sales**

<b>Pilot Farmers Markets Sales<sup>2</sup></b>			
<b>Market Name</b>	<b>EBT</b>	<b>Credit</b>	<b>Debit</b>
Airway Heights FM	\$86.00	\$474.00	\$1,200.75
Anacortes FM	\$300.00	\$8,330.00	\$4,485.00
Battleground FM	\$256.00	\$4,852.35	\$1,735.00
Camas FM	\$602.00	\$6,830.00	\$2,530.00
Cheney FM	\$36.00	\$555.00	\$25.00
Columbia Basin FM	\$1,927.00	\$5,760.00	\$3010.00
Community FM	\$945.00	\$1,670.00	\$2,005.00
Crossroads FM	\$659.00	\$9,390.00	\$670.00
Duvall FM	\$130.00	\$1,100.00	\$3,810.00
Kirkland FM	\$140.00	\$6,850.00	\$3,110.00
Millwood FM	\$313.01	\$800.00	\$1,369.00
Montfort School FM	\$60.50	\$1,073.00	\$1,270.00
Mt Vernon FM <sup>3</sup>	\$333.00	N/A	N/A
Port Townsend FM	\$2,764.00	\$16,260.00	\$5,655.00
Poulsbo FM	\$513.00	\$12,000.00	\$7,480.03
Proctor FM	\$1,477.00	\$4,421.00	\$3,204.00
South Perry FM	\$1,251.00	\$800.00	\$1,500.00
Tacoma FM	\$4,052.00	\$8,258.00	\$10,072.00
Vancouver FM	\$14,401.00	\$20,235.00	\$21,533.60
Vashon Island FM	\$735.00	\$6,730.00	\$4310.00
<b>Totals</b>	<b>\$30,980.51</b>	<b>\$116,388.35</b>	<b>\$78,974.38</b>

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<sup>2</sup> Sales period is May 1, 2009 through August 31, 2009

<sup>3</sup> Market had not provided credit and debit sales totals at time of report

**Appendix E**  
**Farmers Market Technology Improvement Pilot Program**

**Pilot Farmers Markets Transactions**

<b>Pilot Farmers Markets Transactions<sup>4</sup></b>			
<b>Market Name</b>	<b>EBT</b>	<b>Credit</b>	<b>Debit</b>
Airway Heights FM	7	22	57
Anacortes FM	22	204	170
Battleground FM	19	130	85
Camas FM	35	217	96
Cheney FM <sup>5</sup>	4	N/A	N/A
Columbia Basin FM	120	187	112
Community FM	63	62	102
Crossroads FM	41	435	39
Duvall FM	10	48	158
Kirkland FM	8	257	123
Millwood FM	21	40	65
Montfort School FM	6	59	73
Mt Vernon FM <sup>6</sup>	18	N/A	N/A
Port Townsend FM	148	353	144
Poulsbo FM	20	364	252
Proctor FM	68	170	133
South Perry FM	66	37	79
Tacoma FM	223	358	559
Vancouver FM	595	518	785
Vashon Island FM	41	198	126
<b>Totals</b>	<b>1535</b>	<b>3659</b>	<b>3158</b>

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<sup>4</sup> Sales period is May 1, 2009 through August 31, 2009

<sup>5</sup> Market had not provided credit or debit transaction numbers at time of report

<sup>6</sup> Market had not provided credit or debit transaction numbers at time of report

**Appendix F  
Farmers Market Technology Improvement Pilot Program**

**Pilot Farmers Markets Basic Food Sale Comparisons**

<b>Farmers Market Sales – Market Season Comparison</b>					
<b>May 08 – Aug 08</b>		<b>May 09 – Aug 09</b>			
<b>All Markets</b>		<b>All Markets</b>		<b>Pilot Markets</b>	
<b># of Trans</b>	<b>Total Sales</b>	<b># of Trans</b>	<b>Total Sales</b>	<b># of Trans</b>	<b>Total Sales</b>
597	\$12,735.50	4194	\$84,698.31	1535	\$30,980.51
<b>Percent of Increase</b>		602.5%	565.1%	157.1%	143.3%

<b>Farmers Market Sales – Calendar Year Comparison</b>			
<b>Calendar Year 2008</b>		<b>Calendar Year 2009<sup>7</sup></b>	
<b># of Trans</b>	<b>Totals Sales</b>	<b># of Trans</b>	<b>Total Sales</b>
2845	\$58,932.14	4903	\$99,504.81

<b>Farmers Market Sales – SFY Comparison</b>			
<b>SFY 2008</b>		<b>SFY 2009</b>	
<b># of Trans</b>	<b>Totals Sales</b>	<b># of Trans</b>	<b>Total Sales</b>
1682	\$34,026.49	7000	\$142,764.95

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<sup>7</sup> Totals represent Basic Food sales from January 01, 2009 through August 31, 2009