Farmers Markets and Food Access: The Role of Electronic Benefits Transfer and Supplemental Nutrition Assistance Programs

**Introduction**

Interest in local and regional food systems has been rapidly increasing, especially over the last decade. Consumers are more health conscious, entrepreneurs are embracing small-scale farming, and a variety of federal programs support these interests. Farmers markets are an important part of food distribution, which itself has a rich history (Morales, 2011). They are important beneficiaries of this shift in habitual food expenditures. There are now more than 7000 farmers markets in the U.S. having grown from about 1500 in the late 1990s (USDA Agriculture Marketing Service). This rapid growth requires that Extension, planning, and other policy professionals update their knowledge of markets. This article apprises these professionals of Electronic Benefits Transfer (EBT) technologies that facilitate the use of Supplemental Nutritional Assistance Program (SNAP) benefits at farmers markets.

Farmers markets are part of a differentiating system of food distribution (Day-Farnsworth, 2011), and one type of important marketplace (Morales, 2011). Marketplaces serve many purposes. For instance, farmers markets can be important tools for increasing access to healthy food with subsequent benefits for individual and public health (Morales, 2011). However, while farmers markets are an important source of healthy food and can increase food access to the entire community, they may appear to be or may in fact be more expensive than other food sources (Muller 2009). Growers find that marketing to low income consumers in urban neighborhoods is impractical in time and transportation costs, which decreases access to healthy food (Ohri-Vachaspati, 2009). Farmers market leaders may be able to help bridge this gap to reach more people by incorporating the U.S. government sponsored SNAP program at their markets. SNAP is meant to increase food access and lower the direct costs to growers, but farmers markets managers face a number of problems and questions in integrating the program into their markets.

Extension and other professionals should be aware of technological opportunities and innovative incentive programs that encourage low income consumers to shop at farmers markets; thus enhancing economic opportunity, while increasing food access for low income consumers (O'Hara, August 2011). SNAP programs are meant to increase access and Extension professionals should know the opportunities and problems associated with this technology to facilitate their interaction with market managers who may have questions about this technology.

**Why Are These Questions Important?**

The questions market managers are asking about the SNAP program are important because they demonstrate the food security interests managers have and their investment in the community. Many market leaders and vendors have “triple bottom line” interests in that they care about their own and local economic well-being, the local environment, and also importantly individual and public health. By offering SNAP, markets make healthy food choices more available to low income consumers and show that the public’s health should be the key driver for changing food systems policies (Muller 2009). Extension professionals embracing such triple bottom line thinking and their importance and usefulness to the community will increase with their awareness of the opportunities and problems markets and vendors have with SNAP. The questions and answers addressed in this article will enable Extension professionals to reach out to current leaders and to engage the public and emergent vendors/markets interested in using the SNAP program.

While this article is focused on SNAP in its general use, the discussion will also provide suggestions about how to bring more people from all income backgrounds to markets (Extension 2011). This article should enable Extension professionals, as well as market vendors, to understand the answers to the questions they might have about this technology. Our hope is that the number of markets offering SNAP services will continue to increase, as well as the amount and quality of technology used to administer these benefits, making these benefits easier to use for market leaders, vendors, and consumers.

**Questions and answers regarding SNAP**

There are many general questions farmers market leaders have regarding SNAP. These questions and associated answers were discovered through multiple sources. The second author is an expert on marketplaces in general and his accumulated knowledge, research, and relationships supplied many questions, but the authors acknowledge the important work of farmers market leaders throughout the U.S. as expressed by their participation in the Farmers Market Coalition Listserv. Our research revealed the following questions that Extension professionals should know market leaders have about EBT and SNAP:

* + How to start an SNAP Program?
  + How do markets use tokens or script to bridge to the electronic program and if fraud is a problem, how is it addressed?
  + What types of machines are needed?
  + How to reimburse Farmers?
  + How to advertise SNAP at the market?

The article addresses each question in turn.

**How to start an SNAP Program?**

The SNAP program has many different titles depending on which state you reside; for example: Wisconsin’s program is called FoodShare (Mueller 2009) and Florida’s is called ACCESS Florida Food, Medical Assistance and Cash (Florida, 2011). Regardless of which state you are in, federal funds are distributed to each state, which then administers these funds along with additional food assistance benefits programs at the state level. There are many handbooks and training materials available on the internet to walk one through the process of starting an SNAP program. A few can be found in Table 1 at the end of this section.

One must consider the costs associated with starting a SNAP program, which is a concern of farmers market leaders and can be a deterrent to starting a program. Responses to this problem vary by market. Some markets charge vendors a fee at the beginning of the season for SNAP and space usage or deduct a fee from vendor reimbursement to help cover costs. Other markets utilize existing volunteers to help run their Electronic Benefits Transfer (EBT) and other market programs at lower cost. From the consumer side, customers can be charged to swipe their credit or debit cards to cover costs associated with the machines; SNAP users cannot be charged user fees. Another way to fund the program is through grants, such as the USDA’s specialty crops grant, which works to increase the sales of fruits and vegetables or the USDA’s Farmers Market Promotion Program that aims to improve access to fresh foods through farmers markets. It may also be possible to get funds from the state, county, or city level governments where the market resides. Each of these helps to make the programs more feasible to operate. However, each requires some work, and Extension professionals can assist in grant writing and organizational development.

SNAP information also needs to be reported to the IRS and should be done by following the IRS1099 rule. Information on how to do this can be found in the IRS publication 1179, which explains all that is needed. Markets may also need to follow the IRS 6050W. Additional information on these IRS items can be found in the table at the end of this section. Some market managers have voiced the concern that a market’s liability insurance will increase with the addition of the program; while to our knowledge this has not been the case, it would be important to monitor this potential problem. It is also important that records are kept properly during the market season to ensure correct data is available for reporting.

There are two ways to implement an EBT program, either by vendor or by market. Each vendor is able to apply to be authorized to accept EBT and then contract with a merchant to obtain an EBT machine. The second way requires the market itself to apply for an EBT contract, obtain a machine, and run the program for the entire market. Generally markets then have consumers use their EBT cards to purchase tokens or receipts that then allow all vendors to accept EBT, but this system can take longer to operate. Both ways require adopting an EBT system that connects to a financial institution. An example of electronic system is Sage solutions, but we emphasize that it is important for vendors and market leaders to check with their local bank to get a sense of which electronic system will work best for them. Generally, one approach is to adopt the technology throughout the purchase process.

Either way, it is critical for the market to spread the word about accepting SNAP benefits for the program to be successful for both the market and consumers. One way to promote that the market is accepting EBT\SNAP is for a market to offer space at a market or nonmarket location to screen customers to find if they are eligible for these benefits. This shows customers that the market is friendly to SNAP and gives customers a consistent site to refer others to be screened and allow follow-ups with current recipients in an informal setting. Those who will be screened at a market will probably not be likely to go into an SNAP office to be screened for benefits. Therefore, markets will help reach a low-income population who was eligible, but unaware of the program. While it is not required to create a contract with vendors regarding the program, and many markets simply require their vendors to participate, it is a good idea to have a signed agreement between the market and participating vendors that lists each party’s responsibilities and expectations.

**Table 1**

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| Handbooks | * Supplemental Nutrition Assistance Program (SNAP) at Farmers Markets: A How-To Handbook: http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5085298&acct=wdmgeninfo * Seven Steps for Creating a Successful SNAP/EBT Program at your Farmers Market: <http://www.pps.org/articles/seven-steps-snap-ebt-market/> * Supplemental Nutrition Assistance Program (SNAP): http://www.fns.usda.gov/FSP/ebt/ebt\_farmers\_markstatus.htm |
| IRS Information | * IRS Publication 1179: http://www.irs.gov/pub/irs-pdf/p1179.pdf * IRS 1099 Rule: <http://www.irs.gov/pub/irs-pdf/i1099msc.pdf> * IRS 6050 W:   + <http://farmersmarketcoalition.org/wp-content/uploads/2011/10/October-10-Webinar-on-IRS-6050W.pdf>   + http://www.irs.gov/govt/fslg/article/0,,id=226894,00.html |

**How do markets use tokens or scrip to bridge to the electronic program and if fraud is a problem, how is it addressed?**

Many markets have chosen to use tokens or scrip to make the monetary exchange between customers and vendors quick and easy. Without these tools, each vendor would need an EBT machine that accepts SNAP cards, which can be quite expensive. In using tokens or scrip, markets only need one machine to process purchases of tokens or scrip with SNAP cards, which can then be used as money with the markets vendors.

For the reasons above, many markets use wooden, plastic, or metal tokens for their SNAP programs. These tokens are typically printed locally or they might be purchased from vendors such as woodennickel.com. Some markets use different colored or different denomination tokens to differentiate between SNAP and credit/debit tokens. Some have created their own plastic laminated market money to be purchased with SNAP cards. Markets must choose whether or not to impose an expiration date on their tokens, and if so, how far into the future this date would be. However, they generally do not place an expiration date on their tokens or scrip since this would be as if money would be expiring. They do tend to include an expiration date if they are donating them to a raffle, since this is seen as a gift. Some markets also accept tokens from different markets. Additional resources regarding tokens or scrip can be found at farmersmarketcoalition.org.

A few markets have reported token fraud, where consumers purchase or make their own tokens. Extension agents can help educate managers and vendors about the variety of tokens accepted at markets in the region. While education is a good defense, vendors are busy and are seeking to cultivate relationships, so it is important not to be skeptical of every user. Extension or other professionals might encourage market mangers to verify that the tokens vendors are accepting are valid. Extension might also be proactive about educating the community about the benefits associated with tokens and the importance of reporting fraudulent activity. Market managers report being called by token vendors asking about orders that were never placed by the managers, so it is important to be aware of the potential for fraudulent orders as well.

**What types of EBT machines are needed?**

It is important for you to determine your EBT provider before selecting a machine, but venders have used the Nurit 8020, Vx 510, Nurit 8000 machines. These machines may need to be purchased unless you are able to obtain a free one through the USDA or another organization. These machines require access to electricity to charge machines prior to the start of the market, a phone number, and a service provider to operate. While some unspecified glitches have been reported, they were all addressed by the machine suppliers. Information on obtaining machines can be found at oregonfarmersmarket.org, farmersmarketcoalition.org/information-marketplace, and www.marketumbrella.org. The market is ripe for functional applications for the ipad or smart phone geared towards efficient transactions as well as data capture for farm record keeping and subsequent planning. Currently, Texas is piloting the use of smart devices to accept SNAP benefits. There are also several companies offering applications for smart devices, which allow for the acceptance of debit/credit cards via a smart device (Welch). One estimate of the cost for such a program is $500 and tools for making this idea happen can be found at http://quickbooks.intuit.com/product/accounting-software/small-business/pos-cash-registers-plus/ and <https://squareup.com/>.

**How to reimburse farmers?**

Exchanging tokens for income is relatively straight forward, but happens in many different ways contingent on jurisdiction. Extension or other professionals might be enlisted to do some simple evaluation research regarding the following methods. Some markets deposit all proceeds from their debit sales into an account and then reimburse farmers from this account by check, while others will do a direct deposit into an account that farmers give them. At other markets, farmers trade their SNAP tokens in at the end of day when they pay their daily stall fee for cash or in exchange for their daily stall fee. In these situations, if the vendor has more tokens than he owes on his stall fee, then he is paid in cash for the rest of their tokens that day. This does not exhaust the extant methods of exchanging tokens for income – attention to this matter and more understanding of the relative costs and benefits is important.

**How to advertise SNAP at the market?**

Extension professionals should work with other professionals, especially those in health and social service agencies, to promote the farmers market. Outreach to ethnic and foreign language media is an effective tool, especially radio. Generally public service announcements should be provided to TV, newspapers, community colleges and libraries. Providing advertising to leadership and key members of churches, community centers, and other civic and nonprofit organizations to promote SNAP at local markets can be effective. Presentations, short videos by students, and social media can also be effective tools, a sample video explaining how to use EBT cards in Ohio can be found at http://ohiofarmersmarkets.osu.edu/videos/ebt/. Outreach to parent teacher associations and parenting classes may increase SNAP usage. Volunteers or short-term staff from the target communities can show people how easy it is to purchase local foods with SNAP.

Another option is to offer SNAP matching programs, where users are given an additional amount of money to spend at the market based on how much SNAP money they use. Families could also be rewarded with additional money for purchasing fruits and vegetables and children could be sent vouchers on their birthdays to be used at the market. Grants are great ways to fund these program ideas. The USDA also offers a grant for food stamp education that would increase market usage as more people learn about the SNAP program. An example of an education program is the Expanded Food and Nutrition Education Program used by City Fresh in Cleveland, Ohio. This program offers a lesson each week based on the featured vegetable for the week, coupled with a tasting of a recipe using the featured vegetable, a take-home recipe, and information regarding nutrient content and storage of the featured vegetable. Participants are also offered a graduation certificate, a recipe book, and a free share for the week once they complete 10 lessons (Ohri-Vachaspati, 2009). Financial support could also be gained from the community, city, state, or other local funders, which could be used to lower the cost of food for SNAP participants.

**Extension Agents Promoting Multiple Goals**

Extension agents realize multiple goals by promoting SNAP programs. They enhance economic opportunity, encourage healthy eating, stimulate community spirit, and rouse social relationships. By helping answer these questions Extension agents and farmers market leaders are better prepared for starting a SNAP program at local markets. They will also be better equipped to answer questions others may have regarding the program, how they work, and benefits programs have for the community. Not only will leaders be able to answer questions about how the program benefits the community, but they will be able to show evidence of this through the increase in the number of customers at their markets. Not only will this help to increase the health of low-income families because of their healthier purchases, these families will also be exposed to more opportunities to learn about how to live healthier through programs that the farmers markets offer such as free cooking classes. Leaders will also learn if there are grant opportunities, such as the USDA’s Farmers Market Promotion Program, that they could use to help fund their programs or if there are any innovative ways that they can use to fund the programs at their markets (O'Hara, August 2011).

**Conclusion**

Extension agents can play a key role in facilitating the implementation of the SNAP program at farmers markets. The program can be perceived as complex and perhaps not worth the effort. However, Extension professionals can facilitate implementation and help identify the multiple goals served by the program. Once established, the program generates more economic activity and higher incomes for farmers. It improves access to healthy food. Increased activity at a market promotes social relationships and community spirit (Mueller 2009). Understanding and helping to establish a SNAP program is not the only important market-related activity Extension might pursue. In fact, there is a host of other questions Extension and other management professionals can address. Future articles will take up the important questions of market organization and governance, physical design, insurance and entertainment. Farmers markets are comprehensive activities that renew communities, body and mind. Extension professionals will realize impact disproportionate to their effort by facilitating SNAP programs at markets.

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**Abstract**

Extension professionals can help make healthy food more accessible for low-income consumers by assisting farmers’ markets and vendors in using Electronic Benefits Transfer (EBT) systems. Our expertise and review of media revealed that many farmers’ market leaders have questions regarding EBT/SNAP programs. This article empowers Extension professionals by informing them of and providing answers to these questions.

**Keywords**

Farmers market education, Electronic Benefits Transfer EBT, Supplemental Nutrition Assistance Program SNAP, extension professionals food system education