

Enabling Farmers Markets to Accept EBT

Evaluate the impact of wireless EBT terminals on the ability of inner-city farmers market vendors to tap more successfully into the estimated \$1 billion in benefits received by food stamp recipients in New York City each year, and to encourage greater patronage of farmers markets by lower-income households.

[Final Report](#)

Final report for 2007 USDA Farmers Market Promotion Program Award

Summary of issue/problem being examined

We want to crack the EBT nut, and help farmers markets nationwide do the same. Greenmarket operates the country's largest network of farmers markets. We have a two-part mission to keep local farmland in business and to provide healthful, fresh, local foods to New Yorkers, which we achieve by operating markets in almost fifty locations throughout New York City. Many of these are in low-income neighborhoods with high rates of obesity, diabetes, heart disease, and other diet-related health problems. The NYC Department of Health recognizes the dearth of fresh produce in these neighborhoods, and in recent years has partnered with us to identify the communities with the poorest public health and the greatest need for healthful eating. However, with only a handful of exceptions, our 180 participating farmers and other food producers lack the technology to accept EBT. Thus, even when we open farmers markets in neighborhoods desperate for fresh foods, this digital divide keeps EBT clients from using their benefits at the farmers markets. NYC EBT clients receive over a billion dollars of food stamp benefits annually. But while farmers markets are unable to accept EBT, farmers who need business and residents who need fresh food cannot make a single transaction.

As farmers markets become increasingly critical to the business plans of more farms, it is important to provide the farmers who sell at them with the technology to serve all consumers, including those using food stamps. Nowhere is this more important than in the farmers markets in New York City. Close to one million people receive food stamps in New York City, representing over \$1 billion a year in food stamp benefits (NYC Human Resources Administration, 2003), with the average participating household receiving \$200 a month. An astounding 1.2 million New Yorkers – one in seven city residents – live in households that suffer from food insecurity, according to data from the USDA Economic Research Service and calculated by the New York City Coalition Against Hunger (NYCCA). These households contain approximately 417,000 children – or one in five of the city's children. Nearly 22% of the NYC population, or nearly double the national rate of 13% – live below the federal poverty line. Not only do these families need access to the fresh, high-quality food sold in farmers markets, but this represents an enormous opportunity to farmers selling at markets in city communities with high rates of food assistance: farmers who sell at NYC farmers markets are now positioned to tap into that billion dollars. Additionally, every dollar spent in Food Stamps is multiplied when spent with local farmers, and circulates in their rural communities.

Farmers markets across the country have struggled to harness this opportunity. A widely touted model has been pioneered in both the San Francisco's Ferry Plaza Market and New Orleans' Crescent City Market. Each market operates a single, central EBT terminal handled by the market's manager. Customers take money out of their EBT accounts at this terminal before they shop and are given one-dollar wooden coins to spend in the market.

Unfortunately, when Greenmarket piloted this central-terminal system in markets in high-EBT-participation neighborhoods last year, results were dismal.

- We hoped this central-terminal system would be cheaper than outfitting each stand with its own terminal, but staff costs far outweighed these savings, and, unlike the one-time cost of purchasing equipment, are required day after and day and year after year. (Staff costs include a manager to operate the terminal throughout the market's operating hours, and subsequent record-keeping and accounting to determine the amount owed to each farmer and to cut those checks.)
- Given the total food stamp dollars we hope to see spent at these markets, \$1 wooden coins seem cumbersome and counting them seems formidable, when compared to instant electronic transactions.
- This model requires major public education to persuade Food Stamp shoppers to feel comfortable swiping their card in exchange for wooden tokens. Knowing your sales total in advance of shopping proved a hurdle and, incidentally, shopping with wooden tokens possibly undermines the initial EBT objective of de-stigmatizing shopping with food stamps.
- Our marketing efforts (banners, flyers, leaflets, and a press release) were limited and evidently ineffective. Like many farmers market organizations, our staff lacks graphic design expertise and the funds needed to mount a major publicity campaign.
- Worst of all and most important, the EBT sales were very low, usually resulting in about five *market-wide* sales per market per day, with the busiest single stand reporting \$81 in EBT sales *over several days*. We are aware of similar results even at the celebrated EBT "success story" markets. For example, even at San Francisco's bustling Saturday Ferry Plaza market, boasting scores of stands and tens of thousands of daily customers, maximum daily EBT market-wide sales average under \$100, and the staff there reports that some days they have no EBT sales at all.

Descriptions of how the issue or problem was addressed

- 1. Purchased terminals.** We provided 34 wireless EBT terminals directly to farmers at four markets we have identified as having tremendous EBT sales potential (markets at Inwood and 97th St in Manhattan, at Grand Army Plaza and at Sunset Park in Brooklyn). With this system, shoppers were able to use their EBT cards (as well as credit cards) at the farmers' stands. We handled all the administrative costs, worked with the third party processor to provide trouble shooting, and provided direct technical assistance; all essentially on a daily basis. Farmers were reluctant to get their own FNS numbers because they didn't want to deal with the additional paperwork and didn't feel comfortable reporting certain information to the government. Because so many of our farmers would not sign up for their own account we used our FNS number, signed up for one account and had all sales from these 34 terminals go through our bank account.
- 2. Created a full-time EBT Coordinator staff position. The EBT Coordinator had the Following responsibilities:**
 - Order the equipment and distribute to the farmers.

- Create training for participating farmers (in partnership with the EBT equipment provider) and answer farmers' questions throughout the season. Ensure that all participating farmers have both the willingness and the technical capacity to accept EBT. Prepare the farmers and be sure they know the rules and the consequences of violations. Training also included overcoming any farmers' existing negative attitudes about or resistance to accepting food stamps.
- Ensure that participating farmers keep their terminals operational.
- Liaise with Card Services International (CSI) and troubleshoot with all the farmers
- Coordinate the graphic design of promotional materials (see below)
- Oversee the promotion of the program with market managers, community health groups and the Department of Health and Mental Hygiene
- Coordinate advertisement placement
- Build collaborations with groups targeting and serving low-income consumers: Food Stamp nutrition and education providers, community groups, public health initiatives, and emergency food providers.
- coordinate press outreach

3. Develop effective graphic design for printed materials. We learned the hard way that to get the customers, you have to advertise effectively. *Design for Social Impact* partnered with us in to design outreach materials including flyers, leaflets, in-market signs, banners, and advertisements, in English and Spanish, to tell community residents they can use EBT to purchase fresh produce at farmers markets. DFSI are experts in design and concept development, and understand how farmers markets work. They are the design firm behind Food Routes' national "Buy Local" campaign and have developed materials promoting EBT at the Philadelphia farmers markets, and thus are uniquely positioned to provide us with ready-to-print art that will be effective at our markets, and nationally. We placed these outreach materials in the public domain for other farmers markets to use at no cost, which we hope will tremendously amplify the impact of this funding and catapult sales at EBT-ready farmers markets everywhere.

4. Create a public-awareness campaign: Armed with the above outreach materials, the EBT coordinator launched a major collaborative public-awareness campaign to recruit shoppers. This outreach will included:

- \$25,000 worth of print and radio ads
- 5,000 color flyers
- Two color 3x10' banners at each of the four markets
- Partnering with the NYC Coalition Against Hunger to do outreach at 97th St

- Promoting the markets through flyers and meetings with Community based organizations
- Partnered with the Department of Health, who provided the following assistance:
 - Outreach to food stamp recipients to promote farmers markets that accept EBT
 - Promoting the markets through flyers to community based organizations and, most importantly, through Health Bucks, a coupon to be used at participating farmers market in low-income communities. Markets that accept EBT will be starred and highlighted.
 - Assisting Greenmarket to equip EBT locations with cooking classes, educational materials, enrollment for foods stamps on site, etc
 - Working in the communities to promote the consumption of fresh produce

5. Provide nutrition-education resources: We updated our written materials and culturally appropriate cooking demonstrations, with a specific emphasis on helping families learn how to cook with the fresh, seasonal produce. We also partnered with Cornell Cooperative extension to provide educational cooking demonstrations using ingredients that are currently available in the Market. The goal of the program is to promote consumption of locally-grown fruits and vegetables, and to promote proper use of FMNP checks. Other goals are to: increase participant access to fresh fruits and vegetables, motivate participants to purchase and to increase consumption of these foods, promote both New York State growers and agricultural products and promote farmers' markets.

6. Share the tools: In an effort to encourage and educate farmers within our NYC markets and nationwide to and about accepting food stamps we have made our story and the resources we developed to make this project successful public.

- Tracked data from participating farms on food stamp usage and number of people served
- At the end of the market season we compiled and produced materials for other farmers market programs to use throughout the country
- Presented a summary of the program at conferences in California and Rochester, also to the City Council, and the Department of Health.
- Put the graphic design, radio ads, press releases, and persuasive sales data in the public domain, so that other farmers markets will be motivated and able to replicate our success. Collect and publish the "best practices" developed so that they are adopted nationwide.

Specific contributions of project partners

DFSI *Design for Social Impact* partnered with us to design outreach materials including flyers, leaflets, in-market signs, banners, and advertisements, in English and Spanish, to tell community residents they can use EBT to purchase fresh produce at farmers markets. DFSI are experts in design and concept development, and understand how farmers markets work. They are the design firm behind Food Routes' national "Buy Local" campaign and have developed materials promoting EBT at the Philadelphia farmers markets, and thus are uniquely positioned to provide us with ready-to-print art that will be effective at our markets, and nationally. We have placed these outreach materials in the public domain for other farmers markets to use at no cost. This will tremendously amplify the impact of this funding and catapult sales at EBT-ready farmers markets everywhere.

The NYC Department of Health partnered with Greenmarket to provide an additional opportunity for residents to buy fresh and affordable produce while supporting regional farmers. Health Bucks are paper vouchers, worth \$2 each, developed and distributed by NYC Health Department District Public Health Offices and which can be used to purchase fresh fruits & vegetables at participating farmers markets (list of markets is on each Health Buck). For every 5 E.B.T. dollars spent certain greenmarkets give out a \$2 Health Buck coupon for produce. This 40% discount stretches a food stamp budget and encourages food stamp shoppers to spend more of their monthly food stamp allotment on fresh produce from the market. The Department of Health also promoted the markets through flyers to community based organizations and assisting Greenmarket to equip EBT locations with cooking classes, educational materials, and enrollment for food stamps on site.

At many greenmarkets staff and volunteers from Cornell Cooperative Extension's Farmers' Market Nutrition Education Program perform cooking demonstrations using ingredients that are currently available in the Market. The goal of the program is to promote consumption of locally-grown fruits and vegetables, and to promote proper use of FMNP checks. Other goals are to: increase participant access to fresh fruits and vegetables, motivate participants to purchase and to increase consumption of these foods, promote both New York State growers and agricultural products and promote farmers' markets.

The NYS Department of Agriculture and Markets Farmers' Market Nutrition Program (FMNP) provides checks to low-income, nutritionally at-risk families enrolled in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Senior Nutrition Programs. The checks are redeemable for fresh fruits and vegetables at participating farmers' markets. The purpose of the program is to promote improved nutrition through increased consumption of locally grown fresh fruits and vegetables. It is also intended to expand sales at farmers' markets. The Department collaborates with the New York State Department of Health, the New York State Office for the Aging, and Cornell Cooperative Extension in administering the program.

The New York farmers Market federation partnered with Greenmarket to equip eight of our markets with wireless terminals. These terminals were given to market managers and the markets are authorized under FNS to be food stamp agents. They are able to "sell" EBT tokens (specially designed wooden tokens) that can be used with any vendor in the market selling food stamp eligible products. The Federation also provided us with EBT token logs to help us keep track of our food stamp sales.

Greenmarket also partnered with various community based organizations and city agencies with a similar mission to allow our project to expand and reach out to more of the market's surrounding community.

Results, conclusions and lessons learned

Our original idea was that farmers open individual merchant accounts with a card service provider to accept credit/debit cards and apply for an FNS number to accept EBT. POS terminals would be distributed to individual farmers to be used for the entire market season and programmed to accept EBT cards and credit cards. Money would be tracked through the farmer's merchant account and is deposited directly into the farmers' bank account.

Unfortunately due to time constraints at the beginning of our season we were not able to work with this exact model. Instead, Greenmarket opened one merchant account with Card Services International (CSI) and linked all the farmers' terminals to this account. Terminals would be identified by ID #'s and all farmers would use the same merchant account # and FNS #. All money from terminal sales would be deposited into Greenmarket's bank account. We were told we would receive monthly breakdowns by terminal ID # from CSI and reimbursed the farmers for their EBT and credit card sales accordingly.

CSI came to us one month into the market season and said they would not be able to deliver their contractual obligation to provide the monthly break down of sales by terminal ID. We then had to go through great lengths to recover the farmer sales data that month and change our EBT sales accounting system.

At the end of the 2007 market season 32 out of 34 farmers had completed the pilot project, bringing in \$10,000 in EBT and \$30,000 in credit card sales. The two farmers who dropped out of the program said that they did not find using the machines profitable and that the technology was inconsistent i.e. the machines were losing signals causing longer transaction times and lost sales. Three of our farmers did decide to sign up for their own terminal accounts at the end of the season, finding that having the ability to accept EBT and credit cards was profitable. The rest of the farmers would only participate again if we handled all of the administration and paid for their monthly service and transaction fees.

Third party processors should be negotiated with on a national level to get best prices for farmers markets. Also, third party processors are not educated about the huge potential of wireless terminals in farmers markets therefore have not developed reporting systems

to make it easy for farmers markets to administer this program. The administration and bookkeeping is a huge part of the cost of running a food stamps in farmers markets program, a cost that could be greatly reduced with a the proper reporting system.

We are more educated about what kind of system would work for what kind of market. The Central-Terminal model is better right now. The farmers are a lot more receptive to it. The transaction time for a token sale is equivalent to cash. Transactions take as little time as 5 second with the token model, where the farmer operated takes about a minute. Tokens are quicker; the technology is still not there yet.

The access in our token markets was more consistent. Every farmer in the market would accept the EBT tokens where as with the farmer operated model only certain farmers agreed to operate a terminal. Also, there has been a significant amount of growth in EBT sales in the central terminal markets. A one-day a week central terminal market over 5 months costs about \$11,000. This includes outreach and terminal fees, advertising, at market staffing and in-office accounting. At this point in time the central the model is more cost effective to the market operator than the farmer operated model. This is because unlike we had originally intended because Greenmarket still had to pay for the in office accounting and market staff for these markets. The costs were the same but with the farmer operated model we had to pay for multiple terminals and multiple transaction and wireless service fees. We still believe that the farmer operated model should be piloted and could be profitable at some of our markets but recognized that the central terminal model will be better at some markets and we are switching those farmer operated model to central terminal in 2008.

Outreach, advertising and education are enormously important factors in drawing EBT recipients out to farmers' markets to use their EBT cards. The presence of EBT does not mean that there will be demand. There is no direct correlation between presence and significant use. Price and the assumption that Greenmarket is too expensive for the average EBT recipient were just some of the barriers we attempted to overcome with our outreach campaign. Others included the stigma of farmers' markets as catering only to "rich foodies", time constraints of busy, working EBT recipients who don't have time to make it to our markets or time to cook the food available for purchase, lack of education about healthy diet choices, lack of cooking skills, especially with unfamiliar vegetables and fruits, and language barriers. Moreover, the myth that Greenmarket doesn't operate markets in low income neighborhoods as well that lower income shoppers cannot support a farmers market was clearly dispelled by our experience, not just this past year, but over the past twenty plus years that we have operated Greenmarkets in Harlem, Washington Heights, the South Bronx, and various locations in Queens. We spent \$25,000 in advertising to reach thousands of thousands, of people. With this money we had Design for social impact design our advertising campaign and outreach materials, made banners, placed Newspaper advertisements in the Metro and the Daily News and strategically placed posters in subway stations near our EBT markets. We found \$25,000 to be a limited amount of funding in the advertising world. To launch an advertising campaign that reaches all food stamp recipients and eligible food stamp recipients we need more money to advertise more consistently and through more mediums.

Our dramatically increased food stamps sales from 2005 to 2007 demonstrate that food stamp shoppers will shop at farmers markets. We also know that greenmarket food stamp shoppers are spending their money on fruits and vegetables. Of the total 2007 food stamp dollars spent at greenmarkets 90% of food stamps was spent on fresh fruits and vegetables, while only 2% was spent on baked goods.

The New York City HRA (Human Resource Administration) could play a huge role in the promotion of food stamp use in Farmers Markets. They have access to the mailing list all food stamp recipients in NYC. In September 2008 HRA sent a mailing to all food stamp recipients telling them about the Health Buck discount program for food stamp users at selected farmers markets. This mailing brought many new customers to the market and the increased discount encouraged customers to spend more of their food stamp dollars. Average daily market food stamp sales increased 30% during this period. Also they could partner with us to distribute flyers and education information to clients at food stamp and other public assistance offices. HRA's proactive involvement and outreach is crucial to the rising success of the Food Stamps in Farmers market program

Finally, we realized that having an EBT coordinator in general increased food stamp sales. It was enormously beneficial to the project to have a staff person dedicated to coordinating the logistics, outreach and advertising of our EBT markets on a large scale. One of the reasons for the success of the project was having a staff person able to dedicate all of their time to the project and execute the many tasks of the EBT project to their full potential.

Current/future benefits derived from project

Four greenmarkets have been converted to food stamp markets. Now that these four have been established as EBT markets we believe that word of mouth will spread, people will catch on and that both EBT sales and the success of these markets will grow.

Our design campaign exists and is available to the public. *Design for Social Impact* partnered with us in to design outreach materials including flyers, leaflets, in-market signs, banners, and advertisements, in English and Spanish, to tell community residents they can use EBT to purchase fresh produce at farmers markets. DFSI are experts in design and concept development, and understand how farmers markets work. We placed these outreach materials in the public domain for other farmers markets to use at no cost, which we hope will tremendously amplify the impact of this funding and catapult sales at EBT-ready farmers markets everywhere.

In 2007 EBT greenmarkets had approximately 160 Food Stamp customers in one week and over 3,000 Food Stamp Purchases in the 2007 market season. 54 farmers participated in the EBT project receiving over \$40,000 in EBT sales. The 34 farmers that participated in the farmer operated model received \$10,000 in food stamps and over \$30,000 in credit sales. Now that there is a foundation we believe that sales will only increase bringing in more money to our farmers at these markets and therefore more people in these communities will be eating the freshest best tasting, local food.

Additional information available (publications, websites)

- Design for Social Impact outreach and Ad campaign materials have been placed in on our website for the public and other farmers markets to use at no cost, <http://www.cenyc.org/greenmarket/plastic>
- We have put together a compilation of Greenmarket's experiences and best practices for our 2007 Greenmarket EBT project. It is entitled "How to Implement EBT in your Farmers Market" and can be found on the following website. <http://www.cenyc.org/greenmarket/plastic>
- Two Students from NYU Graduate School of Public Service conducted a study examining the sales characteristics of Farmer Operated Markets vs. Central terminal markets. They also examined the characteristics of credit card sales vs. EBT sales. Their findings can be found enclosed with the hard copy version of this report.
- We have included some of the EBT sales data from the 2007 market season with the hard copy version of this report.

Recommendations for future research needed, if applicable

We believe that the Farmer Operated model will be viable and the most cost effective solution for farmers markets accepting EBT in the future. This will only be a solution when the technology is consistent and there is a great economic incentive for farmers to have these wireless terminals. Once EBT is a large enough revenue stream and farmers start depending on the income they are receiving from accepting food stamps they will be willing to purchase their own wireless devices and sign up for their own accounts. Until this time the market operators will have to administer the program. With consistent access, community outreach and advertising the program will grow, and food stamp dollar revenue will become large enough for farmers to purchase, operate and maintain their own wireless terminal devices.

There needs to be a comprehensive study about what makes a successful EBT market. We believe that for this project to reach it's the following questions should be answered.

Who is using their food stamp money to shop at farmers markets and who is not and why? What is the demographic of people shopping at our markets? How many people are in these households, what are the ages of the people shopping at the market, cultural roots? Similarly who is not shopping at the market and what are the barriers for those groups not shopping at the market product e.g. availability, price, cooking skills, inhibited by shopping at a farmers market?

Why do some people get the message about shopping at farmers markets and others do not? We explain it the same to many different groups with same message and some people it seems to click with some people, they understand fresh food, and the experience of the market, supporting local farmers, eating healthy. It becomes a priority and a right for some people and others don't get it. We explain the token system and shopping with food stamp over and over again to people and some people understand and others do not.

What is the best way to advertise and reach out to food stamp recipients? How do we teach them about nutrition? What is the best way to communicate with them? What messages will they respond to, to what pictures and what images. What mediums will they respond to? DFSI touched on some of these issues but we believe that a further in depth analysis should needs to be conducted.

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Description of who has benefited

In 2007 EBT greenmarkets had approximately 160 Food Stamp customers in one week and over 3,000 Food Stamp Purchases in the 2007 market season. 54 farmers participated in the EBT project receiving over \$40,000 in EBT sales. The 34 farmers that participated in the farmer operated model received \$10,000 in food stamps and over \$30,000 in credit sales.

In an effort to encourage and educate farmers within our NYC markets and nationwide about accepting food stamps we have made our story and the resources we developed to make this project successful public. These resources will also help market operators in NYC and nationwide about how to run successful food stamps in farmers' markets program included is Greenmarket's success, best practices and lessons learned

We are educating people in New York City about the importance of shopping at farmers markets, the nutritional value of eating fresh food, and about food stamps. The 12 neighborhood communities in which these markets are located are greatly benefited. They have the presence of a vital, high quality farmers' market that is accessible with food stamps. Many of our EBT markets are located in areas that lack access to fresh local food. Also many of these are in low-income neighborhoods with high rates of obesity, diabetes, heart disease, and other diet-related health problems.