



INSTITUTE FOR AGRICULTURE AND TRADE POLICY

EBT at Farmers Markets

**Initial Insights from National Research and
Local Dialogue**

Prepared for the City of Minneapolis Department of Health and Family Support

Institute for Agriculture and Trade Policy

July 2010

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EBT at Farmers Markets: Initial Insights from National Research and Local Dialogue

Prepared by the Institute for Agriculture and Trade Policy

Published July 2010

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This publication was made possible through funding from the Statewide Health Improvement Program (SHIP) of the Minnesota Department of Health. For more information, visit <http://www.health.state.mn.us/healthreform/ship>.



The Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems.

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I. Introduction

In 2009, the City of Minneapolis embarked on the Homegrown Minneapolis initiative, a collaboration between city government and the community aimed at expanding the production, distribution and consumption of locally grown foods. Among the recommendations made through the Homegrown process is to expand access to healthy, locally grown foods among low-income communities through increased use of Electronic Benefits Transfer (EBT, see definition at right) cards at Minneapolis farmers markets.

In response to that recommendation, the Minneapolis Department of Health and Family Support contracted with the Institute for Agriculture and Trade Policy (IATP) to, among other things, conduct background research on EBT at farmers markets and assist interested markets in adopting EBT. The city and IATP are also partnering on the development of a campaign to promote the availability of EBT among EBT users.

IATP began the research process for this report in early 2010 by interviewing farmers market managers, nonprofit organizers, government employees and other experts locally and across the country to learn from their experience and perspectives. This analysis was also informed by one-on-one interviews with stakeholders from various cultural communities and neighborhoods near the Midtown, Municipal and Northeast Minneapolis farmers markets.

IATP also consulted a wide variety of reports and Web-based materials and reviewed research from interviews and focus groups with EBT users in Minneapolis and beyond. A list of interviews, materials reviewed and research findings are provided in Appendices I and II. We also drew insights from IATP's experience piloting EBT at the Brian Coyle mini farmers market in the summer of 2009. The Homegrown Minneapolis Food Access working group has also provided frequent input.

EBT has been available at the Midtown Farmers Market since 2006 and will be launched at the Minneapolis Municipal Market and Northeast Farmers Market in July and August 2010, respectively.

These efforts will be bolstered by two initiatives aimed at increasing the visibility and utilization of EBT at these markets: a coordinated EBT promotional effort funded by Hennepin County and Blue Cross Blue Shield of Minnesota, and a pilot EBT incentive program (Market Bucks) funded by the city through the Communities Putting Prevention to Work initiative of the American Recovery and Reinvestment Act and Blue Cross and Blue Shield of Minnesota.

The initial research summarized in this report will be complemented by an analysis in the fall of 2010 of lessons learned from the 2010 market season. IATP will also explore possible strategies, pros and cons of a coordinated EBT system for interested Minneapolis farmers markets.

In the findings below, we provide an overview of EBT, explore models from around the country, outline the steps involved in launching and running an EBT system, and explore key challenges and factors for success.

What are SNAP and EBT?

SNAP stands for the **Supplemental Nutrition Assistance Program** and is the new name for the federal Food Stamp Program. SNAP provides food assistance to low-income people. **Electronic Benefits Transfer** (EBT) refers to the debit cards through which SNAP benefits are administered.

Nationally, 33.7 million people receive food support benefits, averaging \$124.45 per person per month. Half of all American children will receive SNAP benefits during their childhood.

In Minnesota, approximately 400,000 people receive food support benefits, averaging \$186 per person per month.

In Hennepin County, 9 percent of all people, 16 percent of children, and 47 percent of African Americans receive food support benefits.

II. EBT and farmers markets

Federal food support programs have played a crucial role in our country's safety net for low-income people since 1964. For much of the program's history, income-eligible participants received support in the form of paper coupons or "food stamps." Stamps could be exchanged for food in grocery stores, convenience stores and other retail environments.

Until 2002, when states were required to fully implement an electronic system, paper food stamps could be easily used to purchase fresh produce and other items at farmers markets. In contrast, the new system, dubbed Electronic Benefits Transfer (EBT), requires an electronic card reader since benefits are disbursed electronically using a debit card provided to each client. While the transition to an electronic debit system was a positive change in many respects, use of food stamps at farmers markets across the country plummeted due to technology challenges and a lack of resources to enable farmers markets to handle debit cards.

However, over the past nine years, wireless card readers have become widely available and farmers markets across the country are increasingly accepting food support benefits. By 2009, 936 markets had set up wireless card readers to accept food supports. Unfortunately, nationwide EBT sales at farmers markets are still well below pre-2002 levels.

In Minnesota, we have lagged significantly behind the national trend to restore acceptance of food assistance at farmers markets. Through 2008, the Midtown Farmers Market was the only market in the state (of roughly 125) we are aware of that accepted EBT. Although Midtown began providing EBT service in 2006, their EBT sales reached only \$3000 for the 2009 season, a figure that remained below the operating cost incurred by the market for providing EBT service.

That same year, the Minnesota Department of Agriculture received a grant to purchase a dozen EBT machines for markets in outstate Minnesota. That program saw limited success: Only seven machines out of 12 were used in 2009. Of the seven, only one market is continuing their EBT program in 2010. The other markets have chosen not to continue EBT primarily due to the staff demands and administrative complexity of the program.

A little history...

In 1993, the last year when all food stamp transactions were paper-based, 549 markets across the country accepted food stamps. **\$9.3 million** in food stamps were redeemed at farmers markets that year, or approximately 0.04% of total food stamp redemptions for the year.

As of 2009, 936 markets nationwide were accepting food supports with electronic card readers. **\$4.3 million** in food supports were redeemed at farmers markets, or 0.009% of all SNAP redemptions for the year.

Providing EBT service involves significant financial costs and substantial logistical challenges for markets. Market managers locally and nationally have cited a lack of adequate and sustained financial resources to provide EBT services, limited staff capacity, the heavy administrative and accounting burdens associated with EBT, and lack of promotional support as among the key barriers to expand and sustain EBT.

As we spoke with experts from around the country, we also attempted to understand the relationship between the benefits created by offering EBT and the costs of providing this service. As has been discussed at length among market managers in Minneapolis, the goal of providing EBT service isn't about EBT in itself, but about improving access to healthy, locally grown food among low-income communities. Given the benefits created and the attendant costs, is EBT an optimal strategy for improving food access?

This summer's experience with EBT in Minneapolis will shed much more light on that question, and we don't attempt to address that issue fully here. Nevertheless, our initial research did allow us to gather certain data on costs and benefits, namely the dollar amount of EBT transactions executed and the cost of operating EBT services as reported to us by various market organizations around the country. While this is a somewhat unrefined measure, it does give us a rough comparison between the use of EBT services and the cost of providing those services.

Typically, the dollar amount of EBT transactions is known with certainty. However, associated hard costs (such as staff time, machine fees and marketing costs) are more difficult to determine for a variety of reasons (see Appendix III for more information on data collection challenges). If anything, the hard cost figures that were provided to us by various interviewees are likely to understate rather than overstate hard costs.

Acknowledging those limitations, the lowest ratios we found in our initial research were for one statewide program whose direct costs appear to be roughly equal to the dollar amount of EBT transactions each year (a cost/benefit ratio of roughly 1:1). In most other cases where participating organizations provided us specific hard cost figures, costs ran from two to six times the dollar value of the EBT transactions per year (ratios of 2:1 to 6:1). Typically, these figures do not reflect time spent by vendors, and in some cases (e.g., where a large central organization manages a statewide program), do not reflect the time spent by staff at individual markets. Markets not covered in our research may have different figures.

These figures aside, we must also acknowledge the broader nature of the potential benefits from making EBT available at farmers markets: improving equity in the food system, removing the stigma from EBT use, and creating a welcoming and diverse environment at farmers markets for all community members irrespective of income level, among others.

If EBT is to be an effective vehicle for improving food access, the city and participating stakeholders will need to search for strategies that truly maximize benefits to the community, reduce administrative burdens on the markets and cover the cost of providing EBT services. Whatever approach is taken, it will need to address the current reality that the markets in Minneapolis are independent entities, each with their own boards, financial realities, staffing structures and so on.

This may involve developing and funding a vehicle for shifting some of the cost and staff burden from resource-scarce market organizations to more robust and resilient entities. This issue will be explored more fully in late 2010. As context for that analysis, we highlight below various models for running EBT at farmers markets, followed by a step-by-step summary of the activities involved with providing EBT service.

III. Models from around the country

There are numerous ways to provide EBT services at farmers markets. Our research indicates that there is not a standard approach for establishing an EBT system and each system we reviewed had its own set of unique attributes. That said, EBT systems typically fall into one of two broad categories: market-based or vendor-based.

In a market-based system, there is one central card reader at the market which is administered by market staff or trained volunteers. Customers use this machine to make EBT-eligible purchases from any of the vendors at the market. Of the market-based systems we reviewed, some were administered by individual markets. Others are administered by an umbrella or partner organization (typically a state agency or nonprofit) that manages EBT systems for multiple markets. In a third variation, some markets administer their own EBT system but receive technical assistance and marketing support from an outside organization.

In a vendor-based system, each vendor (such as a farmer) owns or leases his or her own card reader. The entire transaction is completed between the customer and vendor. In some cases, vendors have obtained card readers with the primary goal of processing credit and debit cards.

Below we describe the pros and cons of market-based and vendor-based systems.

Market-based systems

In most market-based EBT systems, market staff debit customer EBT cards at a centrally located card reader for the amount that the EBT user has requested. Market currency can take the form of either tokens or scrip (a piece of paper that represents some monetary value). Customers may use the currency to purchase SNAP eligible items from any vendor at the market.

In a less commonly used approach, EBT customers identify what they want to purchase first and are given an invoice for the desired goods by the vendor. The invoices are taken to the central card reader where market staff charges the exact amount of the purchases to the EBT user's card. No currency is exchanged.

In both cases, funds are transferred from the EBT user's benefits account to the market's bank account. The market reimburses vendors for EBT sales at a later date.

Pros:

- There is one machine per market. This reduces the overall cost of either purchasing or leasing machines and associated monthly fees as compared to a vendor-based system (where multiple vendors would bear these costs).
- EBT customers have access to all vendors at the market who offer SNAP-eligible products. This may reduce confusion, provide access to a wider product selection and make the market shopping experience of an EBT user more comparable to that of other shoppers.

- Any vendor at the market can accept EBT tokens for eligible items, equitably enhancing sales opportunities for all.
- Markets can elect to accept credit and debit cards along with EBT, which may further enhance sales for all the market's vendors and provide an attractive amenity to customers.
- Data on EBT usage can be collected for the whole market.

Cons:

- Current federal regulations require the market to provide the social security number of an individual staff or board member to federal authorities, making them personally responsible for all transactions involving the EBT machine.
- Staffing and equipment costs for systems setup, transactions, pre- and post-market record keeping, accounting, and vendor reimbursements are significant.
- The market is responsible for paying costs associated with EBT, but does not receive any revenue from sales or have a clear way to recoup these costs. (It is not legal to charge EBT users for any of the costs of providing EBT service). This is discussed further in the "Challenges" section.
- The market must have strong internal financial controls and provide security for the market's currency inside and outside of market hours. In many instances, a market-based system will essentially require the participating market to have access to secure office space, something that many smaller, volunteer- or vendor-based markets may not have.
- It takes several steps for the customer to make a purchase.
- Several steps are needed for vendors to receive reimbursement, resulting in lag time between when vendors sell the product and when they are paid. If a vendor misplaces the tokens received from EBT users they will not be reimbursed for the products sold. Many markets will not reimburse broken tokens.
- Given these complexities, market staff need to provide ongoing education for both vendors and customers.

Such market-based systems can be administered in several different ways. See the table on page 6 for three examples, with the pros and cons of each.

Vendor-based systems

In a vendor-based system, each participating vendor has their own EBT machine. Transactions are completed directly with EBT customers with no intermediary.

Pros:

- There is no need for market staff or volunteers to run a central machine, handle accounting, record-keeping, reimbursements, etc.
- The vendor-based system puts the burden of hard costs and administration on the vendor, who—at least in principle—has greater flexibility and ability to recoup the cost of providing EBT service.
- The sales transaction is completed quickly for both the customer and the vendor.
- There is no need for a token or scrip system.
- The vendor can use his/her machine at multiple markets, potentially increasing the number of markets where EBT is available.

Cons:

- Not all vendors may choose to accept EBT. This may create confusion for EBT customers, reduce the range of available products, and contribute to a market experience that may be less welcoming in a variety of other ways.
- Markets may be less inclined to promote EBT and/or promotional strategies may be harder to develop, have reduced impact, etc.
- The cost incurred by a vendor to purchase or lease their own wireless terminal and pay monthly fees can be significant and may not stand up to a cost-benefit analysis.
- Vendor-based systems may disproportionately benefit the largest vendors who are able to cover associated costs.
- It is difficult to gather EBT sales data on a consistent basis.

Market-based Approaches		
System	Description	Pros/Cons
One market runs its own EBT system (e.g., Midtown Farmers Market, Minneapolis)	An individual market sets up and operates the EBT system. The market is responsible for applying to federal authorities, contracting for the machine, staffing the machine, completing the post-market accounting and promoting EBT at their market.	Pros: Markets can take action on their own and have the flexibility to design a system that best meets the needs of their customers and organization. Cons: Running and promoting the EBT system involves a significant, sustained commitment of staff time and financial resources in the absence of an outside support system to provide funding, training or other services.
Multiple markets run their own EBT system with support from an outside organization (e.g., Farmers Market Federation of New York)	The markets are responsible for applying to federal authorities, staffing the machine, completing the post-market accounting and promoting EBT at their market. The outside organization may pay for wireless machines and fees, and provide tokens, account books, training, technical assistance and standardized promotional material.	Pros: Centralized support increases market participation and provides a unified framework for the EBT system and promotional campaign. There are also some efficiencies of scale. Cons: The need to fund and staff a central organization to provide these services to the markets is a significant challenge.
A central organization covers nearly all EBT responsibilities, with markets processing transactions on-site (e.g., SEE-LA, Los Angeles)	The central organization contracts with one wireless provider for machines at all participating markets, completes all of the post-market accounting for all of the markets and handles promotion for all of the markets. Market staff operate machines at the market.	Pros: The centralized system provides efficiencies of scale and a unified look to the EBT system and promotional campaign while minimizing the burden on markets. Cons: Need to fund and staff a central organization with considerable capacity.

Vendor-based systems can be administered in different ways. Below are two examples:

Vendor-based Approaches		
System	Description	Pros/Cons
Vendors process transactions at their individual stall	The vendor contracts with the processor for the card reader and pays all fees. The vendor is responsible for running the card reader at the market and post-market accounting.	Pros: In principal, vendors both pay the cost of EBT and earn revenue to cover associated costs. No middle entity required. Cons: Costs, complicated processing, daunting technology and lack of technical assistance for vendors.
State or county entity administers a statewide, vendor-based system (e.g., Iowa Department of Human Services)	The state provides terminals to the vendors, pays for the EBT portion of the contract (credit- and debit-related costs are paid by the vendor) and provides promotion, technical assistance, data collection and evaluation. The vendor is responsible for running the machine at the market and doing post-market accounting.	Pros: State and county SNAP agencies are eligible for a 50 percent USDA EBT Administration reimbursement for administrative costs. The state can collect consistent data on EBT transactions. Cons: The number of EBT vendors choosing to participate at any given market may be limited. Significant operating costs are incurred at the agency level.

IV. Steps for establishing and running an EBT system

Below we outline the major steps and key considerations involved with establishing and running a market-based EBT system. Some steps may occur simultaneously or in a different order depending on a given market's circumstances. Vendor-based systems are discussed briefly as well.

Step 1: Obtain a license to accept SNAP benefits

- The market must submit and obtain approval for the "SNAP Application for Stores." The application is processed by the Food and Nutrition Service (FNS) office of the United States Department of Agriculture (USDA).
- This application was designed for retail stores and includes questions that do not fully apply to a farmers market. FNS is now developing a SNAP application specifically for farmers markets.
- The application requires the market manager, a board member or other individual to assume personal liability by submitting the responsible party's home address and social security number.

Step 2: Find a processor and obtain a card reader

- The processor (or card services provider) is a business that provides the money transfer services between the customer's EBT card and the market or vendor bank account. In general, the processor also provides the wireless card reader (available for purchase or lease) and wireless services.

- If a market has access to electricity and a phone line, it is eligible for a free, wired machine from the state SNAP agency. These machines can be used for EBT only (not debit or credit transactions).
- The market should research wireless terminal providers, compare prices, choose a provider and sign a contract. Processors provide machines that accept EBT, credit and debit. The market or vendor determines the combination of services it wishes to provide to its customers.
- The processor requires the market to provide bank account information in order to directly deposit funds from EBT users' cards to the market or vendor's account.

Step 3: Develop a market currency and a record-keeping system

- The market chooses a currency that can be given to the customer at the time of the EBT transaction. Either wooden tokens or scrip are common currency types.
- The market may choose to work with a production company to design and produce its currency.
- The number of tokens or scrip purchased depends on the volume of sales anticipated, the denomination(s) of the currency (e.g., printing a large number of \$1 tokens will cost more than fewer \$5 tokens), whether credit and debit will be accepted in addition to EBT, and the complexity of the currency's design (e.g., tokens or more complex scrip help reduce fraud, but are also more expensive to produce).

- The EBT currency is equivalent to cash. Secure cash handling and accounting procedures must be maintained at the market site and wherever currency is stored when the market is not open.
- The market needs to develop and maintain an accounting system to track EBT sales that includes:
 - maintaining an accurate count of currency on hand and regularly reconciling that amount with EBT sales and vendor reimbursements;
 - ensuring staff/volunteers who handle EBT sales are accountable for the accuracy of their till;
 - storing receipts printed by the card reader EBT (and credit and debit) sales;
 - maintaining accurate records of currency collections from individual vendors;
 - accounting for vendor reimbursements;
 - reconciling bank statements with card services provider statements and deposits;
 - accounting for EBT (and credit and debit) sales and vendor reimbursements in the market's accounting records.
- Particularly because the person whose social security number was provided on the FNS application is personally responsible, currency and accounting records must be handled with great attention to detail.

Step 4: Develop the “at-market” system

- The market sets up a central booth with the machine, currency and tracking system. A staff person or trained volunteer staffs the machine the entire time the market is open.
- The central booth should be marked with clear signs so that EBT customers (and credit card/debit card customers, if applicable) know where to obtain tokens or scrip.
- Staff or volunteers should be able to explain to EBT users how the machine and currency work and answer any other questions.

- The market institutes a process by which people will obtain EBT currency and redeem it with the vendors. There are two common methods:
 - Market staff swipe customer EBT cards at a central booth for the amount the customer chooses (up to the balance on his/her card) in exchange for currency that may be used to purchase eligible items; or
 - customers first choose the items they intend to purchase and then have market staff charge their EBT cards for the exact amount of the purchase(s).
- In the first case, vendors will accumulate currency that they will later submit to market staff for reimbursement. In the latter case, vendors will accumulate receipts for the products they have sold and will use these receipts to get reimbursement from the market.
- Market staff collects currency or receipts from vendors. They must track the amounts collected from each vendor for the market's records, and in turn, provide each vendor with a record of what has been collected.
- Reimbursements are calculated based on the records kept by the market and disbursed to vendors on a pre-determined schedule. Vendors may check the accuracy of the market's records against their own.

Step 5: Educate vendors

- The market educates its vendors about SNAP, EBT, the currency reimbursement system and what goods qualify as SNAP-eligible items. This usually involves group trainings or one-on-one meetings with all vendors, including those who are not eligible to accept EBT (e.g., craft, flower and prepared food vendors). Written documentation may also be provided.
- The market may provide training and written materials in languages other than English to ensure that all market vendors fully understand the rules and procedures of the market's EBT system.
- The market should collect a signed agreement from each vendor indicating that they understand and agree to the terms of the program.

Step 6: Complete post-market accounting/paperwork

- A system for pre- and post-market accounting will need to be developed. The system should include the means to:
 - track each market day's opening and closing currency amounts;
 - reconcile each market day's itemized sales report (batch report), which is generated by the card reader, with the aggregate amount of currency collected from vendors during the day and the closing currency amount;
 - safely store currency, copies of EBT sales receipts, records of currency/receipt collections from vendors and other accounting records.
- Market staff will periodically calculate reimbursements due to each vendor, cut checks and either bring the checks to market where vendors may pick them up, or send them out by mail. Reimbursements should never be made to vendors in cash. Markets may allow vendors to apply reimbursement amounts to outstanding market fees.
- Systems that comport with the market's standard bookkeeping/accounting/reporting methods will need to be devised to keep track of EBT sales and vendor reimbursements and reconcile card provider deposit amounts with EBT sales and vendor reimbursements.
- It will commonly be the case that the amount of EBT sales reported on the market's books will be greater at any given time than the amount of vendor reimbursements reported since a) not all EBT currency sold may be used to purchase goods and b) there will be a lag time between EBT sales and the time vendors turn in tokens.
- There is no reporting required by the State of Minnesota or by FNS.

Vendor-based system

In a vendor-based system, the vendor obtains a license and a card reader/processing service as described in steps 1 and 2 above. Each EBT transaction and sale of goods occurs in one step, eliminating the need for a token or scrip system. The vendor staffs the machine and should post clear signage letting customers know that they accept EBT. The vendor handles all accounting needs. Funds from the transaction are directly deposited into the vendor's banking account by the wireless provider so they receive payment at the time goods are sold.

V. Key challenges

Significant administrative requirements

As reflected above, providing EBT service in a farmers market setting is a complicated undertaking. At the root of this challenge is the reality that SNAP is a complex federal program, and the existing federal policies and systems that govern EBT are designed for more formalized retail settings, not farmers markets. This leaves markets—which are often run by nonprofits and are thinly staffed to begin with—attempting to launch and maintain a service that may advance the organization's social mission, but comes with a very substantial workload and a variety of financial costs and risks. The time-consuming nature of launching and maintaining EBT services is a significant barrier for many markets.

Significant hard costs

Relative to the modest budgets of most markets, the cost of offering EBT can be significant. Hard costs generally fall into three categories:

STAFFING COSTS Staff time is required all of the activities described earlier in the report. In some cases, markets may also need to hire and pay for an outside accounting service to cover various bookkeeping functions.” This summer's experience with EBT at the Minneapolis Municipal Market, Northeast Farmers Market and Midtown Farmers Market will help quantify the staff time involved.

TERMINAL COSTS AND RELATED FEES EBT card readers can be purchased or leased. A new machine typically costs \$800–\$1000 to purchase. Whether purchasing or leasing, the market will need enter into a contract with a processing company that provides money transfer and wireless services. Processor contracts typically run for one to three years and are akin to cell phone contracts in their complexity and proclivity for terms and conditions that may be difficult for non-lawyers to interpret. The market pays monthly fees for the provider's processing services (and to lease the machine, if applicable). The market will also be charged a fee for each EBT card swipe, typically ranging from 10–15 cents per swipe. Supplies, like receipt paper, batteries and carrying cases are also needed. The market will also need to purchase an adequate supply of currency.

Wireless contracts can cover EBT, credit, debit or any combination of the three. Generally speaking, we found that the monthly fees for a wireless terminal cost roughly \$50–\$90 per month. Monthly fees are typically charged year-round irrespective of the market season and significant cancellation fees may apply if the contract is cancelled early.

A farmers market that has access to a phone line and electricity and conducts more than \$100 in EBT transactions per month is eligible for a free wired terminal from the State Department of Human Services with no monthly or per-transaction fees. While this benefit is helpful to retailers who accept EBT, it is of less benefit for farmers markets where telephone lines and electricity may not be available.

PROMOTIONS/SIGNAGE As discussed below, effective community outreach and promotion of EBT is critical if EBT services are to be utilized and benefit the community. In our research, we found promotional strategies ranging from several hundred thousand dollars per year to very grassroots, community-based strategies that rely primarily on relationships and word-of-mouth.

Costs without revenues

Unlike retailers that choose to accept EBT, an organization that operates a farmers market has no direct way to recoup the cost of providing EBT services. A retailer that offers EBT will benefit from increased sales to EBT users and can determine if offering EBT is a good choice for their business based on the costs incurred and benefits generated. By contrast, an organization that runs a farmers market bears the costs associated with offering EBT, but doesn't directly benefit from market sales or generate any direct revenues to pay for the program. While markets can attempt to raise additional outside funding, most markets in Minneapolis already struggle to cobble together a combination of vendor fees, grants, sponsorships, donations, in-kind support, volunteers and other sources to cover their core operating expenses.

VI. Success factors

We found a number of factors that typify successful market-based EBT programs. These include adequate funding for operating costs, a support system that serves multiple markets, strong community partnerships, incentive programs for EBT users and effective promotional campaigns.

Adequate funding for market-level operating costs

As noted above, providing EBT services requires significant financial and administrative cost to launch, sustain and impact the community. Many EBT programs we reviewed are funded by grants, typically from private foundations, supplemented with sponsorships, volunteers and so on. One of the most sustainable models we found is EBT programs run by a state or county SNAP agency. Such agencies can access a 50 percent reimbursement from USDA for costs related to administration of SNAP programs. (Unfortunately, nonprofits and farmers markets are not eligible for this reimbursement.) State-based programs typically fund the remaining 50 percent of the program's cost with funding from their state government.

A multi-market support system

Many of the strongest EBT programs we encountered benefit from some type of central organization that provides a support system for markets (or vendors) who adopt EBT. The Farmers Market Federation of New York, the Iowa Department of Human Services, SEE-LA and the Seattle Neighborhood Farmers Market Alliance are good examples. The services provided by these organizations vary, but EBT programs typically benefit where markets have access to EBT training and coaching for market managers, free machines and tokens, accounting support or services, promotional materials, communication services, and a liaison with state and federal agencies.

Community partnerships

Partnerships rooted in the community and the realities of EBT users are also key. Many interviewees stressed the need to reach out to trusted community leaders and organizations to engage the community and raise awareness. Such partners may include faith communities, culturally specific organizations, food shelves, neighborhood organizations, community newspapers and radio stations, state and local governments, WIC clinics, local businesses, and organizations concerned with social justice, poverty, food access and public health. Partnerships can help raise awareness of EBT at farmers markets, build legitimacy, provide volunteers, and lend a hand through financial, in-kind and other types of support.

Incentive programs

Markets around the country have been experimenting with various types of SNAP matching or incentive programs (such as the Market Bucks program being piloted in Minneapolis this summer). These programs provide EBT users with a financial incentive to purchase additional SNAP-eligible foods. Typically providing a dollar-for-dollar match for the amount charged against the user's EBT benefits (between \$5 and \$25). These incentives help raise the visibility of EBT, increase EBT users' purchasing power and encourage EBT users to visit farmers markets. To some degree, incentive programs may also help defray real or perceived costs associated with shopping at farmers markets (e.g., additional time, transportation, higher cost of goods).

Effective promotions

Effective promotion of EBT at farmers markets is essential for raising awareness that EBT is available at the market. Interviewees stressed that both traditional advertising (e.g., market signage, radio, television and bus ads) and more relationship-based approaches (e.g., word-of-mouth led by trusted community members, community partnerships and social events) have a role to play. We found that promotional efforts are most successful when they are:

- culturally appropriate;
- conducted in multiple languages;
- conducted continuously throughout the market season;
- inclusive of multiple types of community partnerships;
- reflective of the timing of EBT benefit disbursement (e.g., in Minnesota, within the first two weeks of each month) and when benefits may run low toward the end of the month;
- coordinated with the communications that SNAP administration offices have with SNAP clients; and
- consistent across multiple farmers markets so that promotions have a unified look and greater impact.

Appendix I: Interviews conducted and material reviewed

IATP conducted interviews with key experts locally and around the country, including:

- 21st Century Farmers Markets, Robert Leaflight
- 61st St. Market, Dennis Ryan
- Brattleboro Farmers Market, Liz Kenton
- Brian Coyle Community Center, Becky Burand
- Fair Food Network, Oran Hesterman
- Farm Fresh Rhode Island, Christie Moulton
- Farmers Market Coalition, Stacy Miller
- Farmers Market Federation of New York, Diane Eggert
- Food and Nutrition Services, USDA, Robin Masters, Dick Gilbert
- Food Project, Cammy Watts
- Green Market NYC, Alexis Stevens
- Groundwork Lawrence, Heather McMann
- Homegrown Minneapolis Food Access Working Group
- Iowa Department of Human Services, Jan Walters
- Market Umbrella, Emery VanHook
- Michigan Farmers Market Food Assistance Partnership, Amanda Segar
- Midtown Farmers Market, David Nicholson (former manager), Amy Arcand
- Minneapolis Department of Health and Family Support, Alison Moore
- Minnesota Department of Agriculture, Ruth White
- Minnesota Department of Human Services, Phyllis Hahn
- Municipal Farmers Market, Sandy Hill and Larry Cermak
- Northeast Farmers Market, Robin Russell, Martin Brown
- Northpoint Health and Wellness Center, Jeanette Lieberman
- Oregon Farmers Market Association, Suzanne Briggs
- Portland Farmers Market, Anna Curtin
- Seattle Neighborhood Farmers Market Alliance, Karen Kerschner
- Sustainable Economic Enterprises of Los Angeles (SEE-LA), Pompea Smith
- Vermont Department for Children and Families, Mary Carlson
- Wayne State University, Kami Pothukuchi
- Wholesome Wave Foundation, Michel Nishan, Nessa Richman

Interviews were also conducted (through a subcontract with Fourth Sector Consulting) with the following stakeholders to inform this research and the development of the summer 2010 EBT promotional campaign in Minneapolis:

- Three community representatives (Somali, Latino and current EBT user/Midtown Market customer)

- Corcoran Neighborhood Association
- Midtown Farmers Market
- Northeast Farmers Market
- Minneapolis Farmers Market
- Northside Healthy Eating Project/Northpoint Health & Wellness
- City of Minneapolis
- University of Minnesota Extension
- CAPI
- New York City Greenmarkets

In addition, the following research papers were consulted:

- Accepting Food Stamp Electronic Benefit Transfer (EBT) Cards at Farmers Markets and Farm Stands: A Primer for Farmers and Market Managers (Helen Costello, University of New Hampshire, 2008)
- Barriers to Using Urban Farmers' Mark, 2008ets: An Investigation of Food Stamp Clients' Perception (Christine and Thomas Grace, Kaiser Foundation, 2005)
- Food Stamps Accepted Here: Attracting Low-Income Consumers to Farmers Markets (DC Hunger Solutions, 2007)
- Food Stamps, Food Security and Public Health: Lessons from Minnesota (Carla Kaiser, IATP, 2008)
- Nutrition Incentives at Farmers' Markets: Bringing Fresh, Healthy, Local Foods Within Reach (Rachel Winch, 2008)
- EBT Alternatives Analysis (USDA Food and Nutrition Service, 2000)
- Local Food and Diversity in Public Space: A Study of the Perceptions and Practices of Minneapolis Farmers' Market Customers (Rachel Slocum, Elisabeth Ellsworth, Sandrine Zerbib and Arun Saldanha, 2009)
- Wireless Card Services: Supporting SNAP (Food Stamp), WIC and Senior Farmers Market Nutrition Programs (Kresge Foundation, 2009)

Appendix II: Research on EBT client perspectives

Among the available research on the perspective of EBT users themselves, we found the analyses conducted by Northpoint Health and Wellness and the Kaiser Foundation to be particularly helpful. A brief summary of their research is provided below:

Northpoint Health and Wellness conducted a Food Assessment Survey in North Minneapolis late in 2009. While the survey was not focused specifically on EBT at farmers markets, some of their survey questions shed light on the relationship between Northside residents and farmers markets:

Do you use a farmers market?

Yes: 245 (56.4%)

No: 180 (41.5%)

No response: 9 (2.1%)

Does anyone in the household utilize EBT cards?

Yes: 226 responses (52.1%)

No: 171 (39.4%)

Unsure: 37 (8.5%)

Of those that use EBT, 64.2 percent use farmers markets.

Which market do you use?

Downtown Farmers Market: 83 (32.4%) *

Main Minneapolis Farmers Market: 50 (19.5%) *

Camden Farmers Market: 13 (5%)

Brian Coyle: 7 (2.8%)

St. Anne's: 4 (1.6%)

Ebenezer Tower: 1 (.4%)

Heritage Commons: 1 (.4%)

Unsure: 1 (.4%)

No response: 57 (22.3%)

Other: 39 (15.2%)

*Note: This question was posed to participants as shown here, but survey organizers noted that there may have been some confusion among participants about which markets were being referenced during the survey

If you don't use a farmers market, why not?

Don't have time to go: 57 (29.9%)

Don't know about them: 24 (12.6%)

Transportation: 17 (8.9%)

Location: 10 (5.2%)

Cost: 5 (2.6%)

Too far: 1 (.5%)

No answer: 25 (13.1%)

Other: 52 (27.2%)

The Kaiser Foundation published a paper in 2005 entitled "Barriers to Using Urban Farmers' Markets: An Investigation of Food Stamp Clients' Perception." The researchers interviewed 108 food stamp clients in Portland, Oregon. Five markets in the Portland area were accepting EBT at the time. Below is a summary (prepared by IATP) of key findings from their research.

- Sixty-seven percent of the interviewees described food stamps as their primary or only grocery funds. (The average allotment in Oregon at the time was \$84 for the month).
- Forty-three percent had shopped at a farmers market in the 2005 season. Ten percent were regular farmers market shoppers and 33 percent had never been to a farmers market.
- Eighty-one percent reported consuming three or fewer servings of fruits and vegetables each day. Most reported consuming fresh fruits and vegetables less than one time a day. Most said that lower prices or more income would motivate them to consume more fresh fruits and vegetables. Respondents also reported that fresh fruits and vegetables were inconvenient (e.g., spoil quickly, take up too much space and take too much time to prepare).
- Barriers to using a farmers market:
 - Price
 - Limited hours/days, inconvenient locations
 - Variety/availability of products sold (value purchasing foods they like year-round)
 - Usability (crowds, lines, need to comparison shop between different vendors)
 - Lack of clear product promotions (coupons, discount cards, promotional pricing like in a grocery store)
- Why try markets?
 - Convenient location (most of those who had tried a market lived within two miles of the market)
 - Farmers Market Nutrition Program (FMNP) coupons
- Why come back to markets?
 - Quality produce
 - Price
 - Community atmosphere

Appendix III: Data-collection challenges

Over the course of our interviews with experts around the country, we attempted to quantify the financial costs associated with providing EBT services at farmers markets. Quantification of these costs is complicated by a variety of factors:

- While some EBT-related programs are housed and administered within one entity, others are split among two or more organizations. Typically, interviewees could provide figures related only to costs incurred by their own organization.

- Many organizations we interviewed do not have a separate budget for EBT-related activities, making it difficult to pinpoint costs particular to EBT.
- The time spent by vendors, volunteers or market staff may go uncounted or only partially recorded, resulting in cost estimates that are unrealistically low.
- Many markets and vendors use the same wireless machine for credit, debit and EBT transactions. Credit and debit transactions tend to dwarf EBT transactions both in frequency and dollar amount. (For instance, in 2009, The Hollywood Market in Portland had sales of \$70,400 in debit and only \$12,000 in EBT; Midtown Market in Minneapolis had sales of \$36,000 in debit and credit only \$3,000 in EBT). This disparity makes it difficult to separate EBT costs from credit and debit-related costs.