

## **HJR 8 Study: Childhood Hunger**

### **Stakeholder Suggestion: Expand Use of SNAP Benefits at Farmers' Markets**

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for the Children, Families, Health, and Human Services Interim Committee  
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#### Background

The importance of access to healthy, fresh, and nutritious food has been a focal point of the House Joint Resolution 8 study of childhood hunger. Stakeholders also have discussed making Montana food products more widely available as part of an effort to reduce childhood hunger.

Farmers' markets provide one avenue for making Montana farm products available to the state's residents, including low-income Montanans who receive benefits through the Supplemental Nutrition Assistance Program (SNAP). Nearly 50 farmers' markets operate throughout Montana.<sup>1</sup> Markets in about 10 communities are set up to accept SNAP benefits.<sup>2</sup>

The Children, Families, Health, and Human Services Interim Committee asked for more information in November 2011 about a stakeholder recommendation to increase the use of SNAP benefits at farmers' markets. This briefing paper provides information about:

- a recent pilot project to encourage the use of SNAP benefits at selected farmers' markets;
- the technological infrastructure needed for using SNAP benefits at local markets; and
- incentives offered elsewhere to people using SNAP benefits at local markets.

The briefing paper also presents potential options for committee consideration.

#### Montana Pilot Project

From 2007 through 2009, the Department of Public Health and Human Services (DPHHS) funded a pilot project to test the use of SNAP benefits at selected farmers' markets. The project resulted in publication of a manual in 2010 that provides markets with detailed information about how to accept SNAP benefits. The effort was funded through SNAP bonus funds that DPHHS had received. The participating organizations were the Alternative Energy Resources Organization (AERO), the Community Food and Agriculture Coalition, and the National Center for Appropriate Technology (NCAT).

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<sup>1</sup>"Farmers Markets," *Alternative Energy Resources Organization* [on-line]; available at <http://www.aeromt.org/food-ag/farmers-market>; accessed Jan. 3, 2012.

<sup>2</sup>E-mail from Tammy Hinman, National Center for Appropriate Technology, Nov. 30, 2011.

In 2009, Montanans received about \$118 million in SNAP benefits and used about \$31,000 of those benefits at farmers' markets.<sup>3</sup>

In order to process SNAP benefits, a farmers' market must:

- be certified as a SNAP retailer by the federal government;
- have a checking account or find an organization that will serve as a fiscal agent for receiving SNAP funds from the federal government;
- decide whether to accept only the Electronic Benefits Transfer (EBT) card used by SNAP recipients or to accept all debit and credit cards;
- obtain a point-of-sale machine that will accept either the EBT cards or both EBT and debit and credit cards;
- undergo training with a state representative of the federal Food and Nutrition Service;
- develop procedures for handling SNAP sales; and
- create an accounting system to track transactions.

The manual developed by the pilot project groups estimated the costs of establishing the system for accepting SNAP benefits at about \$3,800 in the first year. Estimated second-year expenses were about \$2,600. Costs were higher in the first year partly because of the expense of obtaining the necessary equipment. New technology may reduce those costs.

In both instances, the costs included wages for an assistant who would help with the process and with procedures on market days.

#### Potential Barriers to Greater Use

Stakeholders involved in SNAP and with efforts to increase use of EBT cards at farmers' markets point to some barriers that have prevented widespread acceptance of the cards.

First, the effort requires that farmers' markets or individual producers have the technology to accept the cards. This once meant having a machine with access to electricity and a telephone landline or with a wireless connection. As technological advances have occurred in the last few years, many producers can now swipe a credit or debit card — or an EBT card — with a smart phone, reducing this barrier to some degree.

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<sup>3</sup> "How to Accept SNAP Benefits at Your Farmers Market," *Alternative Energy Resources Organization, Community Food and Agriculture Coalition, and the National Center for Appropriate Technology*, 2010, P. 4.

In addition, the market has to be certified by the federal Food and Nutrition Services as a SNAP retailer. This process can take a month or longer. Participating markets also must set up accounting systems, as well as procedures for providing SNAP recipients with tokens or other means of purchasing produce from a variety of vendors.

Finally, the markets need to conduct outreach activities to ensure that people know their SNAP benefits will be accepted and to encourage them to shop at the markets. They also may need to hire a person to oversee that outreach and to handle the market-day activities involving SNAP purchases.

For SNAP beneficiaries, shopping at a farmers' market is usually not as convenient as going to a supermarket that also stocks non-food items that a household may need. The food also may be more expensive than products sold at a grocery store, making it harder to stretch SNAP benefits to cover a household's food budget.

### Matching Programs

Recognizing that costs for fresh farmers' market products may be higher, some communities have started programs to match the amount of SNAP benefits spent at their markets.

For instance, farmers' markets in Portland, Oregon, have partnered with local businesses and individuals to provide SNAP participants with a dollar-for-dollar match of their benefits, up to \$5. Similarly, a nonprofit organization in Memphis has teamed up with markets there to provide a dollar-for-dollar match of up to \$10.

Advocates say the matching funds provide people with an incentive to shop at the markets and buy healthy foods, while also increasing the revenue available to local farmers who are selling their products.

### Options for Consideration

If the committee wants to encourage the expanded use of SNAP benefits at farmers' markets, members could consider the following options:

1. Approve the drafting of legislation to provide grants to farmers' markets that want to begin accepting SNAP benefits.

*Note: The cost of a grant program would vary depending on committee decisions related to the amount of the grant and the number of markets that should receive funds. Paying the full first-year expenses as estimated in the 2010 manual would cost about \$3,800 per market. Paying only for the technological costs could allow for grants of \$1,000 to \$1,500. There may be some administrative costs associated with operating a grant program.*

*About 40 markets currently do not accept SNAP benefits. Paying the full first-year costs for all markets would require an appropriation of about \$152,000. Paying the technological*

*costs would require an appropriation of \$40,000 to \$60,000. The appropriations could be lower if it were targeted to a smaller number of markets. Some farmers' markets may not be capable of becoming authorized for accepting SNAP benefits.*

2. Approve the drafting of legislation to match, up to a certain dollar amount, the amount of SNAP benefits a recipient spends at a farmers' market.

*Note: The costs of a bill providing matching funds would vary depending on committee decisions regarding the maximum dollar amount to be matched and on usage of the program. Assuming that SNAP purchases at farmers' markets have held steady at about \$35,000 a season and that no SNAP recipient spends more than \$5 per season, a dollar-for-dollar match of up to \$5 in SNAP spending would require an appropriation of \$35,000. A match of up to \$10 in SNAP spending would require an appropriation of \$70,000.*

3. Approve the drafting of legislation to provide farmers' markets that accept SNAP benefits with funding for outreach activities.

*Note: The costs of providing funding for outreach activities would depend on the amount awarded to each farmers' market and the number of markets that accept SNAP benefits and apply for outreach funds. The budget sample developed during the pilot program included \$250 for newspaper advertising. Using that estimate and assuming that 20 markets would apply for funds, the per-year costs would be \$5,000.*

4. Approve the drafting of a letter to farmers' markets, encouraging the markets to take the necessary steps to begin accepting SNAP benefits. Include a copy of the 2010 manual developed as part of the pilot project, if the committee determines this may be useful.

*Note: A letter would serve merely as a suggestion. It would not require a farmers' market to begin accepting SNAP benefits.*

5. Find that expanding the use of SNAP benefits at farmers' markets would increase access to fresh and healthy foods as part of the state's efforts to alleviate childhood hunger through the SNAP program. Include the finding in the final report on the HJR 8 study.

6. Other options as identified by committee members.

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