

Farmers' Markets Are Good for Everyone



farmers' market coalition

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Position Paper

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Here's how to make them better!

Executive Summary

Farmers' markets offer a wealth of public benefits—for consumers, food producers, and communities both urban and rural. As a result of these benefits, farmers' markets have proliferated in the last 10 years. Yet, despite their popularity, most farmers' markets are struggling to survive as organizations. Occasionally, their survival is made more difficult by poorly conceived and/or a patchwork of federal policies. This position paper addresses three of those policies, and the simple changes that, if implemented, could help enhance the success and reach of farmers' markets all over the country.

We recommend the following:

- To consider state and local input via the Farmers' Market Coalition when making policy decisions, such as the conversion of the Food Stamp program to EBTs, which will affect farmers and farmers' markets.
- To make one wireless device available per farmers' market for the acceptance of EBTs, per the prevailing standard practice.
- To make funding for the Farmers' Market Nutrition Programs (FMNP) a permanent and expanded component of the USDA appropriation.
- To annually appropriate funds for the Farmers' Market Promotion Program (FMPP).

Background on Farmers' Markets: A bounty of public benefits

Everyone loves farmers' markets—for reasons that range from the profound to the practical. Economically, they enrich local farmers in ways that are essential if family farms are to survive. Environmentally, they preserve farmland and reward family farmers who produce high quality fresh products. Nutritionally, they bring healthy, farm-fresh produce to consumers who may have forgotten what non-processed foods taste like. Aesthetically, they're a feast for the senses. Socially, they animate public spaces and renew downtown neighborhoods. They generate new regional economic activity. In a word, they create community.

What is the Farmers' Market Coalition?

The FMC was created in response to requests from a rapidly expanding industry for information, resources and representation at the state and federal levels. The mission of the FMC is "to strengthen farmers' markets for the benefit of farmers, consumers, and communities." Toward that end, the FMC has identified the following goals:

- To serve as an information center for farmers' markets.
- To be a voice for North American farmers' markets advocacy.
- To foster strong state, provincial, and regional farmers' market associations.
- To bring private and public support to the table to sustain farmers' markets in the long term, for the benefit of farmers, consumers, and communities.
- To promote farmers' markets to the public.
- To develop and provide educational programming and networking opportunities related to farmers' markets.



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The FMC is a project of the North American Farmers' Direct Marketing Association. NAFDMA is a 501(c)6 trade association dedicated to nurturing the farm direct marketing industry.
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"Farmers' markets are such a win for everyone," says Randii MacNear, chair of the Farmers' Market Coalition and a 25-year champion of the Davis, California Farmers' Market. "They're good for farmers and small-scale agriculture — all in desperate need of outlets such as farmers' markets to continue.

"They're good for kids: Where else can you see children eating raw corn, with their faces smeared with strawberries and watermelon?

"They're good for our health. Food is supposed to be good for you.

"They're good for community. We spend so much of our lives in isolation—in our cars, in our homes, in our cubicles, sitting in front of our computers. But when you go to a farmers' market, you remember you're a human being. It's like putting your feet in a river. You remember who you are and what nourishes you."

Reflecting their popularity, farmers' markets have proliferated in the past 10 years. In 1994, there were approximately 1,755 farmers' markets in the United States. In 2004, their numbers have more than doubled—to over 3,700. More than 3 million consumers shop and more than 30,000 farmers sell at these markets annually. The United States Department of Agriculture estimates that these markets generate approximately \$1 billion in consumer spending each year.

The USDA has a vested interest in the viability of farmers' markets and the long-term success of diverse, family-owned farms. And yet, its policies have unwittingly complicated the operation of both farms and markets. For instance, the introduction of the Electronic Benefit Transfer system has placed farmers' markets on the wrong side of the digital divide. How did this happen? In part, USDA failed to recognize the expertise present in farmers' markets. The FMC makes that leadership more recognizable.

While, the FMC represents farmers' markets across North America, this position paper is focused on U.S. policies and programs that impact farmers' markets, and on making them more "farmers' market-friendly."

Extending the benefits of farmers' markets to those using EBTs

A classic example of a policy that was intended to improve the efficiency of the Food Stamps program, but that unintentionally left farmers and farmers' markets out of the solution, was the switch to the Electronic Benefits Transfer program, or EBT.

The EBT loads food stamp benefits onto a card that can be read electronically, like a credit or debit card, doing away with the paper food-purchase coupons. Although the program wasn't intended to prevent EBT recipients from shopping at farmers' markets, that was an unintentional result, simply because card readers are expensive and because farmers' markets typically take place in "unwired" locations. Even the advent of wireless technology has been slow to benefit farmers' markets because, like wireless telephone reception, the signal strength can be variable and weak.

The USDA attempted to solve this problem in 2002 with a pilot program that put wireless terminals in the hands of New York farmers who already had food stamp authorization, who participated in markets that had a high percentage of food stamp business prior to the EBT conversion, and whose markets were located in places where there was a wireless signal—primarily in New York City.

Over time, the program was expanded to include markets in upstate and other parts of New York, and to include a marketing program to inform shoppers that their EBT cards were welcome at the markets.

According to Diane Eggert, executive director of the Farmers' Market Federation of New York and an FMC council member who was involved with the pilot, the program increased EBT transactions at farmers' markets by \$25,000 in 2003. More significant, it also generated an additional \$121,000 in sales through the acceptance of credit and debit cards, which the wireless devices also made possible. (Farmers,

however, were responsible for the processing charges for the credit- and debit-card transactions.) The combined increase in sales was enough to overcome techno-phobia on the part of some farmers, frustration with signal variability and dropped transactions, as well as dismay at the "significant monthly fees that are associated with the wireless service," Eggert says.

In 2005, the Farmers' Market Federation of New York has upgraded the wire terminals and changed wireless service providers—to a company with more towers and greater coverage in rural areas of the state. "However, we have a fixed number of terminals and cannot offer the terminals to individual farmers as we did in the past," Eggert notes. As a result, the Farmers' Market Federation of New York will adopt a practice that has become the *de-facto* standard for accepting EBT transactions at farmers' markets nationwide.

"We will be offering market managers one terminal to use for all vendors within the market," she explains. "This requires the market to become food stamp authorized, open its own checking account, and establish an account with our service provider.

We will also provide market managers with market tokens to 'sell' to EBT customers for use in the market to purchase Food and Nutrition Services-authorized food products. The tokens can then be redeemed by the farmers on a weekly basis through the market manager."

This "wooden token" method of facilitating EBT, as well as credit- and debit-card transactions, has been adopted by markets from Arizona to Louisiana, but it still can exclude rural or poorer markets — such as those in Alabama, which has yet to adopt the EBT technology, according to Don Wambles, member of the FMC Council and director of the Alabama Farmers' Market Authority.



Today

Farmers' Market Nutrition Programs at a glance**Women Infants and Children's FMNP****Where**

36 states,
District of Columbia,
Guam, Puerto Rico,
5 tribal organizations

Who

2.3 million women
and children;
2,345 farmers' markets

How much

\$24.2 million (2003)*

* The year for which the most recent numbers are available.

Seniors FMNP

\$15 million to 47 Senior FMNP grantees (states, D.C., etc.)



“In Alabama, the inconvenience and inconsistency of the technology, the high transaction fees, and the fact that our farmers need their cash immediately work against acceptance of the program,” Wambles explains.

Although most farmers' market advocates acknowledge that, eventually, wireless coverage will improve, terminal costs may decline, and the program will gain more widespread acceptance, they regret that their needs were not taken into account when the technology was first adopted. The failure costs farmers' sales and customers' access to fresh, locally grown produce.

“The testing of EBT in New York State has shown that there is significant interest on the part of food stamp clientele to purchase fresh, locally grown agricultural products at farmers' markets,” Eggert affirms. “There is equally an interest on the part of farmers to be able to sell their products directly to food stamp clients. It is important that we continue to find ways for farmers to accomplish this without having to incur the cost of wireless terminals and the significant monthly fees associated with wireless service.”

As experiments in Louisiana have shown, use of a central wireless terminal requires market organizations to develop the capacity to manage the electronic-to-wood-to-cash reimbursement system. “This can be a good thing,” adds Crescent City Farmers Market co-founder Richard McCarthy.

Farmers' Market Nutrition Program: putting more money where mouths are

The Farmers' Market Nutrition Program (FMNP) was established by Congress in 1992 to provide fresh, unprepared, locally grown fruits and vegetables to participants in the Special Supplemental Nutrition Program for Women, Infants and Children, popularly known as WIC. The program was also intended to expand the awareness, use of, and sales at farmers' markets as well as develop new farmers' markets and expand existing markets. In 2001 the program was expanded to include low-income seniors. The FMNP is administered through a Federal/State partnership in which the Food and Nutrition Service (FNS) provides cash grants to State agencies or Indian Tribal Organizations.

Eligible seniors or WIC participants are issued FMNP coupons. These coupons can be used to buy fresh, unprepared fruits, vegetables and herbs from farmers, farmers' markets or roadside stands that have been approved by the state agency to accept FMNP coupons. The federal food benefit level for FMNP recipients is regulated to be between \$10 and \$30 per year, per recipient. However, state agencies may supplement the benefit level. The farmers, farmers' markets, or roadside stands can deposit the coupons in the bank the same as cash or submit them to the state agency for reimbursement.

In contrast to the EBT program, which has had to overcome technological challenges and high costs to gain acceptance, the FMNP program has been readily implemented. It has benefited seniors, women, and children by giving them

additional access to the nutritional benefits of fresh, locally-produced agricultural products. It has benefited farmers by increasing their direct sales. Its only shortcoming has been inadequate and inconsistent funding.

Although farmers' market advocates would rather achieve agreement on the objective of permanent and adequate funding than argue over a particular dollar amount, Wambles says that allocating \$27 million to the WIC FMNP "would make a big difference," while the Senior FMNP needs "a minimum of \$40 million" in annual funds.

Spreading the word about farmers' markets

Recognizing the benefits of farmers' markets and seeking to enhance their viability, Congress created the Farmers Market Promotion Program (FMPP) as part of the 2002 Farm Bill. The program is designed as a competitive grants program, administered by USDA's Agricultural Marketing Service. The goal of the FMPP is to provide Federal support to establish, expand, and promote local farmers' markets, roadside stands, CSA's and other forms of direct farmer-to-consumer markets. The FMPP would provide funds for much-needed improvements in the physical infrastructure necessary to carry out today's direct farmer-to-consumer markets. These investments would benefit small and medium

scale farms while improving the economies of rural and urban communities.

Although Congress has authorized funds to implement this program for each of fiscal years 2002 through 2007, it has thus far failed to appropriate any funds for the Farmers Market Promotion Program. In the FY2005 appropriations process, FMC and several grass roots organizations spearheaded a drive to provide funds for FMPP which was defeated by just 5 votes at a full vote of the House of Representatives. The Farmers' Market Coalition and other farmers' market advocates strongly recommend funding the FMPP at an initial level of \$5 million in 2006.

Conclusion

Farmers' markets represent one of society's few win-win solutions, offering benefits for everyone who participates, and even many who don't—including neighboring businesses, downtown development districts, rural communities, and local governments. Neil Hamilton, professor at Drake University's Agricultural Law Center, calls farmers' markets "fulcrums of democracy," referring to their capacity for involving many diverse segments of society and cultivating grassroots leadership around issues of importance to everyone: food, economic activity, and community. Maine State officials estimate that every \$1 spent at the farmers' market leverages at least 58 cents within the community. The Farmers' Market Coalition recommendations will direct federal investment into areas where the initial dollar investment can be leveraged many times over. ■

Farmers' Markets at a Glance*

The number of farmers' markets has more than doubled in the U.S. in the last ten years.

<u>1994</u>	<u>2004</u>
1,755	3,700+
	30,000 farmers
	3 million consumers
	\$1 billion in consumer spending

* Provided by USDA Agricultural Marketing Services who is also partly responsible for this unprecedented growth.

Project for Public Spaces shares the ideas presented in this paper. Moreover, it has joined forces with the Farmers Market Coalition to reward innovation within the farmers' market community by establishing new grant-making, research and tools that serve the tripartite paradigm for public markets to animate public space, support sustainable operations, and serve a variety of community benefits.