Roots of Change

Farm Bill Recommendations for Nutrition Title
September 2, 2011

In this document, we offer three recommendations for the 2012 Farm Bill that support funding for innovative options to increase SNAP purchases of fresh fruits, vegetables and nuts at farmers' markets. Each would promote the use of existing government resources and give the USDA new tools to address issues of food access and affordability for low-income families. Simultaneously these recommendations will increase revenues for small farmers that sell healthy, fresh local foods to underserved populations through direct marketing, like farmers' markets, farm stands and community supported agriculture (CSA).

The United States Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP) is the nation's largest national food assistance program. The nation spent $68 billion on benefits last year.[1] SNAP is an entitlement program. Thus, funding for benefits is not subject to discretionary cuts and budgets are set based on government economic projections. SNAP funding and participation has increased in response to the economic downturn. The Congressional Budget Office (CBO) estimates that the demand will continue to rise. SNAP's size makes it a powerful a tool for making good food available to low-income people and for improving revenue for specialty crop farmers.

As a way to address these challenges, Roots of Change (ROC), in collaboration with other nonprofits throughout the country, have been offering incentive dollars to recipients of SNAP who use their federal benefits at farmers' markets, and directs them to regional small farmers. Over the two years that we have offered incentives, we have documented an increase in SNAP redemptions, prevalence of more farmers' markets accepting SNAP, and an increase in specialty crop sales from those vending at farmers' markets. We've found that incentives provide greater purchasing power for SNAP recipients, enabling them to buy more fresh fruits and vegetables.

It is critical to note that these programs are currently reliant upon philanthropic support for the incentive funds and, as such, are unsustainable. History shows that philanthropies are engines for innovation, not a mechanism for on-going programs. Therefore, we propose a new funding system to support a public-private partnership that will leverage the ingenuity that comes with private ventures, the funding stability and programmatic accountability that comes with public programs, and builds on the natural synergy between current USDA programs and the incentive projects at farmers' markets.[2]

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1 Total programmatic spending for SNAP includes program administration and benefits distributed to eligible individuals and households. USDA, Amber Waves, The Economics of Food, Farming, Natural Resources, and Rural America, Statistics, Market and Trade, Mark Nord and Mark Prell, June 11, 2011.
2 The City of Boston, MA has partnered with nonprofits to provide farmers' market incentives on a citywide scale to over 82,000 residents. Between 2007 and 2010, the number of city farmers' markets that accept SNAP and offered incentives increased from 1 to 21. This project was made possible through financial funding from the Mayor's Fresh Food Fund, Project Bread, Farm Aid, and Wholesome Wave and is an example of a successful public-private partnership accomplished with government support. See The Food Project at: http://thefoodproject.org/bountybucks.

Why support farmers' market incentives for SNAP recipients?

1) It is important to note that farmers' markets have faced many challenges in serving nutrition benefit clients since the de-obligation of Food Stamp coupons and the institution of electronic benefit transfer (EBT) systems. With the onset of EBT, in order to accept SNAP, farmers' markets have had to hire additional staff to run EBT machines and navigate many regulatory and administrative issues. These costs have been a disincentive for market managers to accept SNAP redemptions. Consequently, farmers' markets have seen a significant decrease in their SNAP customer-base. It is only recently that SNAP redemptions have begun to grow significantly. Incentive programs are and will continue to accelerate the return of nutrition benefit clients to the farmers' markets and provide a financial motivation for many more market managers to accept benefits again.

2) Encouraging better eating habits through education and outreach is more powerful when coupled with incentives that increase purchases of healthy food. Rather than restricting SNAP participant's food choices, incentives direct expenditures away from unhealthy food choices. Nutrition incentives would help to remediate some of the negative perceptions that FNS faces when SNAP is seen as supporting purchases of highly processed, fast or "junk" foods.

3) Early evidence shows that SNAP incentives increase purchases of fresh fruits and vegetables and adds income to the specialty crop farmers selling at participating farmers' markets. The ROC managed California Farmers' Market Consortium (CFMC) partners with an average of 70 farmers' markets that participate in a study that evaluates incentives and their affect on SNAP redemptions. These markets started offering incentives in 2009 with a total of $71,545 in SNAP redemptions at the end of the year. The following year's SNAP redemptions increased to over $196,32310 for 2010.[3] This number continues to rise during 2011 and is expected to continue to increase as funding becomes available for these projects. Wholesome Wave, a nonprofit offering incentives at farmers' markets nationwide, reported that redemption rates increased anywhere from 300% to 600% in markets that have implemented incentive programs.[4]

4) Coupled with outreach efforts, incentive programs present opportunities to enroll more eligible clients at farmers' markets, drawing them towards the program with greater access to healthy foods. Farmers' markets can be particularly useful platforms for signing up those hard-to-reach populations, like seniors and eligible immigrants.

5) The price of fruits and vegetables increased 5% to 6% from 1987 to 2007, while sugars, sweets, fats and oils increased 2% to 3% during the same period.[5] Incentives enable more families to purchase fruits and vegetables where they otherwise would not be able by placing market money in their hands that they can only spend on fresh nuts, fruits and vegetables sold by farmers at those farmers' markets.

6) Nutrition incentives would help create a Farm Bill that promotes a healthier America. People

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3 The CFMC currently consists of eight core partnerships throughout the state, from Humboldt County to San Diego, with organizations that work with or directly manage farmers' markets. Over the last two years, the CFMC has been able to collectively raise over $300,000 in farmers' market incentives, in addition to redeeming over $265,000 in CalFresh benefits in the combined years thus far, and have redeemed over $7,000 in WIC benefits during the second year. Over 850 individual farmers throughout the state and countless federal benefit customers have benefited from this project at over 70 farmers markets operating throughout the state.

4 Moore et al., "Associations of the Local Food Environment with Diet Quality."

5 The Earth Institute at Columbia University and Collaborative Initiatives at MIT: Massachusetts Institute of Technology., "Food and Health: Using the Food System to Challenge Childhood Obesity--Final Report on the Curbing Childhood Obesity Project, Phases I and II," http://collaborativeinitiatives. org/pdf/ObesityFoodHealth.pdf.

who consume five or more servings of vegetables a day are less likely to have diabetes, stroke, and heart disease (Ford 2001, He 2007, He 2007). From 1999 to 2002, SNAP participants, who were living at or below 130% of the poverty level, on average, ate 1.43 servings of vegetables and 0.93 servings of fruits per day. (Dong 2009). The National Institute of Diabetes and Digestive and Kidney Diseases reports that on average, people who are considered obese pay $1,429 (42 %) more in health care costs than normal-weight individuals. Some of these healthcare costs could be curbed by providing low-income people with nutrition related disease better access to fresh fruits and vegetables.

7) According to the AMS, USDA, more than 1,000 new farmers markets were recorded across the country with a total of 7,175 in 2011. SNAP redemptions in 2010, totaled $7.5 million at all certified direct marketing outlets, resulting in 453,711 purchases nationwide with an average purchase amount of $16.69. Enabling more SNAP access at these farmers' markets would provide more clients access to more fresh produce and directing their benefits to the farmers that sell at these venues.

8) According to the USDA, for every one-dollar spent in SNAP benefits, there is an additional $1.85 cycled back into the local economy. Since the majority of SNAP benefits are redeemed at the beginning of the month they are issued, SNAP acts as an immediate economic stimulus to struggling local economies.

9) A well-managed FNS program would bring stability to nonprofits and farmers markets working to serve SNAP clients.

First Recommendation: Create a "Fresh Fund" grant program within Food and Nutrition Service (FNS) that provides nutrition incentive dollars for SNAP recipients using their benefits to purchase fresh fruits and vegetables at farmers' markets and other direct marketing venues.

We recommend that the SNAP budget include incentive programs at farmers' markets. There are two programs, SNAP-Education and SNAP-Outreach that could fund these conditional cash transfers for incentives at direct marketing venues.[6] We also believe Section 32 of the Farm Bill, which provides money for FNS Special Nutrition Programs, could also be used to fund incentives.

We recommend that up to one-tenth of one percent (0.1%) of SNAP funds be provided for nutrition incentives. In 2010, 0.1% of allocated SNAP funds would have provided $69 million for a National FNS Fresh Fund Nutrition Incentives grant program. We suggest that the FNS Fresh Fund would grow over the five years of the next Farm Bill, starting with $14 million in year one, and growing by each year to reach $70 million by the final year. Layering the funding will allow farmers markets to develop programs and infrastructure over a period of time.

6 The conditional cash transfer in the proposed program would be in the form of tokens or EBT payments that support purchases by SNAP clients at a farmers market when they use their EBT to purchase fruits, nuts and vegetables. Those involved in cutting-edge antipoverty work increasingly use conditional cash transfers to empower the poor and break the poverty cycle. The Oakland-based NGO Family Independence Initiative pioneered the use of conditional cash transfers with support from then Mayor Jerry Brown. See The New York Times, Opinionator Blog, *Out of Poverty, Family Style*, July 14, 2011.

A mechanism for reloading a SNAP recipient's EBT card has already been developed as part of the FNS Healthy Incentives Program (HIP) pilot. [7] This could allow for automatic replacement of money spent on fresh fruits, nuts and vegetables purchased at farmers markets.

Justifications for above recommendations

1) CBO estimates that there will be over $406 billion in projected spending between 2008 and 2017 for the Farm Bill's Nutrition Title IV, which represented 67% of the 2008 Farm Bill budget. This huge pool of projected federal funding indicates the need for these projects and identifies existing resources that could be reallocated to support greater food access, like incentives for federal benefit customers at farmers' markets.

2) The CBO has projected that mandatory spending for SNAP will be at $365 billion between 2011 and 2015 and that future mandatory spending will continue to rise with outlays increasing by 5.1 percent in 2011 and by an average of 4.4 percent annually between 2012 and 2020, compared with an average growth rate of 6.4 percent between 1999 and 2008.[8] Since many eligible SNAP recipients are not accessing the full entitlement, drawing more of these customers into the farmers' markets with incentives will help sign up more eligible people to receive SNAP benefits, providing much needed economic and nutrition stimulus.

3) Focused outreach strategies that offer seniors and eligible immigrant families incentives would increase SNAP participation by targeting outreach efforts at farmers' markets. The International Rescue Committee (IRC) operates an incentive project at their City Heights Farmers' Market in San Diego, where there is a significant immigrant population and one of the lowest participation rates in the entire U.S. With help from ROC and Wholesome Wave, IRC has been able to successfully prescreen SNAP customers with targeted outreach. In 2007, IRC reported that, "Over 100 individuals have been successfully supported through the CalFresh application process and now use EBT at the market on a regular basis." (IRC, 2007).[9] This means that 100 more SNAP participants are cycling their federal dollars back into the local economy and into the pockets of regional farmers.

   If the national participation rate rose 5%, a little over 2 million more low-income people would have an additional $3.2 billion in benefits per year that could be used to purchase healthy food, and an additional $2.5 billion in new economic activity would be generated nation-wide.[10]

7 See Food Research and Action Center, A Review of Strategies to Bolster SNAP's Role in Improving Nutrition as well as Food Security, July 2011.
USDA's Healthy Incentives Pilot (HIP) that evaluates whether financial incentives provided to SNAP recipients at the point-of-sale, increase the purchase of fruits and vegetables. See FNS's section on their research and updates on HIP at: http://www.fns.usda.gov/snap/hip/qa-s.htm
8 The projected SNAP budget contains non-discretionary spending items, with distributions based on program eligibility. CBO follows the rules established in the Balanced Budget and Emergency Deficit Control Act of 1985 when developing baseline projections for mandatory program spending. Although that act has now expired, the CBO assumes that existing law will remain unchanged and that future outlays will depend on the evolution of caseloads, benefit costs, and other factors. Congressional Budget Office, Chapter 3,The Spending Outlook, Farm Bill 2012: http://www.cbo.gov/ftpdocs/108xx/doc10871/Chapter3.shtml

9 Farmers' Markets Reach Out to Low-Income Residents, HealthyCal, 2010: http://www.healthycal.org/archives/1998

10 SNAP program benefits, Data as of August 1, 2011: http://www.fns.usda.gov/pd/17SNAPfyBEN$.htm

Second Recommendation: Increase overall funding for the Senior Farmers' Market Nutrition Program (SFMNP).

SFMNP—currently at $20.6 million annually to operate the Program through 2012—should be increased from the current ceiling of $50 to $100 per client per season, with a minimum provision of no less than $35 per eligible senior per year, rather then the current minimum of $20. Total program funding would grow to $40 million. This very small increase in funding could be taken from savings generated from changes to the Commodity Title.

Justifications for above recommendation

1) Low-income seniors often object to receiving food assistance, because they don't want to 'take away' resources from families with children. Some of ROC's partners have found that "seniors respond well to the idea of helping their community and economy in the process of improving their nutrition. It is not uncommon to find that just talking about using SNAP benefits at local farmers' markets can encourage a client, who seemed impossible to convince before, to get excited about applying for SNAP."[11]
2) Many seniors that are eligible to receive SNAP don't apply, due to stigmatization. Thus, they often rely heavily on emergency food assistance programs, such as food banks and SFMNP vouchers. An increase in the dollar amount offered for SFMNP vouchers would improve senior food security and relieve some of the pressures placed on food banks.
3) Farmers' markets act as community hubs for isolated populations, such as seniors and immigrant families. By increasing the amount seniors can spend at farmers' markets through SFMNP, we are encouraging them to eat well and participate in their communities, which is a holistic approach to good health.

Third Recommendation: Increase overall funding for AMS SCBG and provide specific additional funding for projects that provide infrastructure and nutrition incentives to SNAP recipients.

We recommend that AMS provide funding for farmers' market incentives as a direct benefit to specialty crop farmers selling to SNAP and WIC recipients. To do this, we recommend increasing the funding for the Specialty Crop Block Grant (SCBG) program and the Farmers Market Promotion Program (FMPP), by scoring higher those proposals that offer incentives to federal benefit customers at farmers' markets.

AMS Specialty Crop Block Grant (SCBG) funds a variety of projects that improve the incomes and livelihoods of specialty crop farmers, funding related projects in the fields of research, marketing, promotion, and education. The program is currently funded at $55 million annually. California is the largest annual beneficiary, receiving approximately $17 million. We recommend that SCBG funding be incrementally increased over the five years of the next Farm Bill to a total of $90 million (Yr 1 = $62 million; Yr 2 = $69; Yr 3 = $76, Yr 4 = $83; Yr 5 = $90). These funds would be used in two ways, 55% applied to core specialty crop programs and 45% used for conditional cash transfers for farmers' markets incentives. By year 5, California would receive over $22.5 million for core SCBG uses and up to $4.5 million for incentives and infrastructure that would be spent at farmers markets to increase sales of fresh fruits, vegetables and nuts.

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[11] "Food for People, Inc. CalFresh Application Assistor Best Practices," Food for People, Inc, The Food Bank for Humboldt County, 2011.

Funds for this increase could be taken from changes to the Commodity Title.

Justifications for above recommendation

1) This would be consistent with the National Association of State Departments of Agriculture (NASDA), September, 2010 Resolution [1) "to draft and explore potential policy for the upcoming Farm Bill that would increase funding levels of SCBG and SNAP allocations that could be used to increase nutrition incentives at farmers markets". This proposal is also consistent with Food Research and Action Center (FRAC) and Wholesome Wave's farm bill recommendations to support incentives for healthy purchases of fresh fruits and vegetables sold by small regional farmers.
2) Though, the Presidential budget proposal for Fiscal Year 2012 strives to reduce the deficit by $1 trillion over the next decade, trimming more than 200 federal programs, it supports local economic development and job growth, amongst other infrastructure. Farmers' markets are a local economic driver with multiplying benefits for those accessing other nondiscretionary federal programs.
3) In comparison to commodity crops, we're under-investing in farmers' markets and local food systems. Last year, the USDA spent $13.725 billion in commodity crop insurance and supplemental disaster assistance payments to primarily large industrial farms, according to the CBO. In stark contrast, the amount spent that year on local and regional food systems was less than $100 million, according to the USDA.
4) The 2011 AMS National Farmers Market Directory counted 7,175 markets in the country, which is a 17% increase since 2010. California remains the nation's leader in farmers markets with 729 locations in 2011, up from 580 that were counted last year. Currently, 300 farmers' markets accept SNAP in California, with more than $197,000 in EBT purchases were made at farmers markets last month, up from less than $130,000 in July 2010, according to the California Watch who interviewed Oscar Ramirez, spokesman for the state Department of Social Services. Supporting all of the 729 markets to accept SNAP would bring in more federal dollars to regional specialty crop farmers and farmers' markets fueling the local economy.
5) Additional investments in the success of specialty crop farmers will help improve the overall health of the nation, which needs its people to consume more fruits, nuts, and vegetables.

Conclusion

Providing conditional cash transfers in the form of nutrition incentive for SNAP clients buying fresh fruits, nuts and vegetables at farmers' market is a win-win solution that serves the nation in four ways.

1) SNAP purchases are an economic stimulus and incentives will motivate more people to enroll in the program and increase the amount of stimulus.
2) Incentives give low-income people who suffer disproportionally from food related illness a way to purchase more healthy food.
3) Healthier food for more people will mean, over time, less healthcare costs for the nation.
4) Small farmers who serve the public by delivering healthy fresh food to farmers markets will grow their customer base and increase their incomes, ensuring a healthy regional farm economy and closer connections between urban and rural communities.

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