

How to bring wireless EBT to your farmers market



bridging the digital divide

An Emerson National
Hunger Fellowship
Hunger-Free Community Report
prepared by Lucinda Megill
for marketumbrella.org



*initiating and promoting the ecology
of local economies since 1995*

This document is free and available as a PDF online



Inside this report:

- An Introduction
- Community Food Security
- Becoming an Authorized Retailer
- Systems
- Third Party Processors
- The Launch
- Final Comments
- Appendix A — Vendor Handout
- Appendix B — Press Release and Media Ideas



An Introduction

In 1995 when the Crescent City Farmers Market opened, Louisiana announced plans to change the delivery of Food Stamps from paper coupons to Electronic Benefit Transfer (or EBT). Operating on a New Orleans parking lot with no access to electricity or telephones (a conventional land line), the Market could not overcome the “digital divide.” New Orleans was not alone.

Ironically, while new farmers markets were proliferating across the country (and old ones were enjoying a new lease on life) as beacons for community food security, USDA was introducing new technology (scrapping paper for plastic) that effectively removed farmers markets from the largest and oldest Federal program addressing hunger and nutrition: food stamps.

During the next ten years, farmers markets continued to grow in strength as they captured the imagination of communities seeking some control over the food distribution system, creative solutions for farmland loss, epidemic obesity, urban space management, and so forth. State and Federal policies began to follow the leadership emerging from out of the markets. USDA programs like the WIC and Seniors Farmers Market Nutrition Programs moved from innovative pilot to desirable and politically popular program with a national reach. And yet,

Food Stamps remained elusive to most farmers markets.

Why is this? In the past with paper coupons, farmers at markets could accept the coupons (much as they do now with the WIC and Seniors/FMNP coupons and vouchers). It was *low-tech*, required some paperwork, relatively simple and required little of the farmers market organization. After all, a Food Stamp purchase at a farmers market was and is a transaction between producer and consumer. With EBT, each farmer would need a telephone line to swipe the card and complete the instant electronic transaction. Since many farmers markets operate as temporary “tent cities” on parking lots, this is not practical. Indeed, farmers markets were growing ever more aware of this technological problem with “plastic currencies” since more and more farmers market shoppers were arriving with new questions, like “Do you accept credit cards?” and “Where’s the nearest ATM?”

USDA was aware of this problem. For the next few years, they experimented with a number of pilot programs seeking to overcome the challenges of accepting Food Stamps in this age of credit, debit, and now benefit cards.

Among these experiments, New York Department of Agriculture and Markets’ Bob Lewis equipped each farmer with a wireless terminal in





selected markets. In others, markets would erect a centralized, wireless terminals in which Food Stamp consumers would first visit before shopping with each farmer. During these and other early experiments, problems persisted: the wireless devices could not secure strong signals; Food Stamp shoppers felt stigmatized for having to wait in line at a centralized depot while other shoppers were purchasing the cream of the crop; market management discovered the joys of reimbursing vendors with cash for food stamp dollars. As appealing as it may be to award each farmer a wireless EBT machine, who's going to foot the bill?

Accepting Food Stamps at the farmers market is a win-win-win situation. The small family farmers, fishers and small businesses benefit from the federal dollars spent at their stands, the customers benefit from the access to fresh local products in their neighborhood, and the local economy benefits from the multiplier effect, which shows that Food Stamp dollars spent at least double in circulation.

If accepting Food Stamps is such a benefit then why don't more markets across the country accept food stamps? One major obstacle is a technological one, how do markets with no electricity or phone line hurdle the technological divide-the following is a guide to help make sense of the maze of authorizations, electronic money, and the nuts and bolts of getting the word out.

In this guide you will find tips

and steps for becoming an authorized vendor, ideas about how exactly to accept Food Stamps, some information about companies that sell point-of-sale machines and handle the electronic benefit transactions. In addition, some ideas about how this plugs into increasing food security in your community. To help you understand our process you will find 'Our Story' in each section.





Community Food Security

Community food security is a condition in which all community residents obtain a safe, culturally acceptable, nutritionally adequate diet through a sustainable food system that maximizes community self-reliance and social justice.

— Mike Hamm and Anne Bellows (www.foodsecurity.org)

Central to the operating posture of the Economics Institute’s Crescent City Farmers Market has been that of partnership and innovation. Like CCFM, most farmers markets are small, under-capitalized operations that best accomplish goals by establishing strategic partnerships with others. In so doing, they stretch the capacity of both and help organizations to travel into new terrain. One of these new areas has been that of community food security. Conventional social service nutrition organizations, like food banks, have found themselves trapped into sylos where success is measured by how many pounds of food get distributed. Some have broken out of the sylos and sought creative partnerships to address structural and behavioral questions, like “How is it that food insecure communities also face obesity?” or “Why is there no fresh produce in low income neighborhoods?”

Below is an article that appeared in New Orleans’ *GambitWeekly* newspaper. It serves as a useful introduction to the growing food security conversation and how local governments, nongovernmental organizations, and citizens are chiming in.

“Hunger Pains”
Gambit Weekly staff

Hungry kids are more anxious, more apt to suffer from chronic illness and more likely to have behavioral problems.

New Orleanians have a famous love affair with food. But far too many people who live here go to bed hungry.

“The numbers are so staggering -- the need in New Orleans is at a level that nobody is meeting right now,” says Jenny Rodgers, spokeswoman for Second Harvest Food Bank. Second Harvest has increased its southern Louisiana distribution by roughly 100 times over the past two decades -- but it’s still not enough. “Our services have grown and grown, but we’re still not reaching everybody who needs us,” Rodgers says.

Last Monday, Aug. 30, Mayor Ray Nagin joined Second Harvest to announce a plan, “A Blueprint to End Hunger,” designed to reduce hunger in this city by half over the next five years. It’s part of a nationwide effort spearheaded by the coalition National Anti-Hunger Organizations. The Blueprint, developed by the coalition, spells out what private citizens, nonprofit organizations and government can do to reduce hunger.

Currently, one in four Louisiana children live in “food insecure” households, which do not have access to enough food. This is largely due to widespread poverty. Last month’s U.S. Census report found that 17.2 percent of Louisiana residents now live in poverty, the second worst rate in the nation. At the top of the Blueprint’s list of priorities is better access to the national Food Stamp





evaluate current approaches to health care, utility assistance, affordable housing and child care. Money not spent on child care can be used to feed that child. Money not spent on rent can help ensure that no one in that household goes hungry. Money spent on food can, in the long run, prevent hospital visits, boost school achievement, and prevent our neighbors from going to bed hungry.

“Hunger Pains” was published September 7, 2004 in the *Gambit Weekly*: <http://www.bestof-neworleans.com/dispatch/2004-09-07/commentary.html>



Becoming an authorized retailer

If your market is like most, out in a field or parking lot with no phone line and no easy access to electricity, then the idea of being able to accept Debit, Credit, and Food Stamp cards is a fantasy. However, due to the marvels of cellular technology, there is hope. Read on if you would like to adapt to a cashless economy and expand access to your market...

The Food Stamp Program is a Federally funded program administered at the state and local levels. To get started, contact your state's Food and Nutrition Service Office (FNS) for information about applying to be an authorized retailer and about equipment options.

To find your states office check out: <http://www.fns.usda.gov/cga/Contacts/FieldOffices/default.htm>

Ask them:

- What is happening in the state regarding Electronic Benefit Transfer (EBT) and farmers markets?
- Are there any incentive or grant programs available to markets?
- Are there any markets currently accepting food stamps?
- What is the process to get an application?
- Who should you contact with any questions about the application?
- Will they provide wireless EBT terminals?
- If not, do they work with or know of any third party providers of services and equipment?
- What are their regulations regarding third party providers?

They may have no answers to your questions. They may be able to answer them all. Either way, my best advice is to be patient and friendly-it can only help. Bureaucracies move slowly: be persistent and check daily.

Our story: The folks in the FNS office were very friendly but had very little knowledge of the kind of device we would need. We asked many questions and used those specifics to guide our interviews with other markets and companies. As a result, we were able to answer their questions about how we were going to go about this. They helped us through the ins and outs of the application, and we were approved. Louisiana, at this time, does not provide wireless terminals, so we had to purchase our own (see Third party processors). This may change as more markets get them and as they are seen as more reliable. It is important to note that in Louisiana any machine provided by the state at this point will only be good for EBT purchases. To accept debit, credit and EBT on the same machine requires a third party processor.





Systems

Tokens...Easy as 1-2-3-4-5

1. Customer decides how much they would like to spend
2. Swipes their card, enters their PIN
3. Receives instant authorization and a receipt
4. Collects the tokens for the approved amount
5. Spends the tokens on eligible products with vendors

the numbers must be entered by hand and error ridden. This is due to mistakes in recording credit card numbers and information. The market's customers welcome the wireless solution, which is quick, efficient, and secure and retains the fun of the token concept.

The tokens can then be used by vendors to pay their rent or submitted in return for a check. Tokens are also a great way to track sales and daily totals.

Other ideas

Other markets around the country have used a paper script system or went through the process of having individual vendors apply for authorization.

Check out: http://www.fns.usda.gov/fsp/ebt/ebt_farmers_markstatus.htm for more information about markets' ideas around the country.



Our story: After seeing the token system used by the Arizona Farmers Markets, the market decided to use that for credit and debit customers. For a year we have been "turning plastic into wood," in the form of \$5 wooden tokens using an offline system. Our customers have been very receptive to this fun and convenient token system. However, the offline system is time consuming because all of





Third Party Processors and Equipment

There is a growing amount of companies and suppliers of wireless point-of-sale equipment. Below are the companies we researched and the equipment they use. For more ideas about companies to research ask your state EBT expert and local banks.

Company:

eFunds

<http://www.efunds.com/us/en/index.cnt>

Our contact: Devonna Milton-Bennett, 985-230-0906

Equipment: VeriFone Omni 3600

Used by: Fondy Food Market, Milwaukee



Company:

CardService International

<http://www.cardservice.com/>

Our contact: Glenn Gustin, 1-888-440-6072

Equipment: LinkPoint9100

Used by: Arizona markets, Pittsburgh Farmers' Market



Company:

Paymentech

<http://www.paymentech.com/>

Our contact: 1-800-824-4313, option 1

Equipment: Nurit 8000 S

Used by: Crescent City Farmers Market



Our story: Months of researching, viewing demonstrations, talking to other outdoor markets, spending time on the phone and Internet, and asking experts and users was well worth it when it came time to negotiate and make a decision. We purchased the equipment and completed our first EBT transaction on January 29th, 2005. For an update on the pilot with Paymentech and the Nurit 8000 contact the Crescent City Farmers Market: ecoinst@loyno.edu.





The Launch



Accepting Food Stamps can be a benefit for your market and a benefit for your customers using food stamps. But in order to get the customers you have to tell them. Here are some ideas about partners we sought out, and background work that we did before and during our launch.

Before the launch

Do price comparison research, not only to make sure your market is an affordable option for shoppers on a limited income, but also to use for marketing to this new audience. Compare your prices with other markets, supermarkets, and corner stores.

Get creative. Build collations with groups targeting and serving low-income consumers: Food Stamp Nutrition Education providers, community groups, public health initiatives, emergency food providers, and churches.

Think about the audience you already have. Does your market currently accept Farmers' Market Nutrition Program vouchers for Seniors or for Women, Infants and Children? If you do, find a way to spread the word to them.

Prepare your vendors. Make sure they know the rules and consequences for violations. Walk them through the system and encourage their feedback. See Appendix A for our vendor handout.

Funding

If your machine and elec-

tronic transactions are being handled by a third party processor it will cost you to purchase the machines and run each transaction. To cover these costs be creative with your requests. Seek out organizations that like "nuts and bolts" projects. What you are doing is very visual and new. It involves technology, farmers, small business, public health and low-income folks. Involve as many groups and partners as you can to cover the costs for your machines, transactions and publicity.

Media and Spreading the Word

Farmers markets are great visuals and your story has many angles (helping small farmers and small businesses, low-income customers, new technology, public health). So send your press release far and wide. Involve print media, television and radio, use the contacts your market already has and don't limit your media to those that you think your target will see-tell everybody! Spread the word broadly and encourage word of mouth by having a giveaway. Document the effectiveness of your media by simply asking customers how they found out about your market. See the Appendix B for our press release and other media coverage.

Our story: When researching EBT solutions, we paired it with price comparison research. We compared the prices on





produce and other products to the prices of local chain grocery and mega stores. We found that our prices are competitive, often less expensive or the same price. This insight about the affordability of the market and date for a marketing campaign. We partnered with a public health initiative grant that the city received as part of Steps to a Healthier US. Check out this link to see if your city has received or might receive this grant: <http://www.healthierus.gov/steps/> . We also coordinated visits to Senior Citizens centers to announce the news. We partnered with the commodity distribution, WIC clinics, and Food Stamp Nutrition Education who agreed to hand out our flyers to their clients.





Final Comments



Never underestimate the importance of a friendly, attentive and easily identified staff ready to welcome newcomers to the farmers market.

Every market and every community is different but talking to others in your community and other markets can be extremely helpful for preparing you. This is an exciting combination of low-tech farmers markets, high tech solutions and partnerships that get at the root of community food security.

Helpful folks:

Cassia Herron,
Urban Organizer
Community Farm Alliance
Portland, KY
cassia.herron@insightbb.com

Cindy Genrty, Director
Community Food Connections,
Arizona
cgenrty@foodconnect.org

Young Kim, Director
Fondy Food Center
Milwaukee, WI
young@fondymarket.org

Crescent City Farmers Market
marketumbrella.org
200 Broadway, Suite 107
New Orleans, LA 70118
markets@marketumbrella.org

Thanks!

To the farmers markets listed above and others who helped us by answering countless questions and providing information.

Our Food and Nutrition Service Field Office in Baton Rouge, especially Bobbi and C. W. for their help and patience with our new situation.

To Step Together New Orleans, a public health initiative, for helping to underwrite and support this new step for us. (www.steptogethernola.org)

To the Congressional Hunger Center, a non-profit in Washington DC committed to fight hunger by developing leaders. They sponsor the Emerson National Hunger Fellowship (www.hungercenter.org).

Crescent City Farmers Market for inspiration, support, encouragement and the vision that got this project started, maintained and sustained. (www.crescentcityfarmersmarket.org)





Vendor EBT/Food Stamp Fact Sheet

We will start accepting Food Stamps on January 22, 2005

Appendix A Vendor Handout

An example of how to communicate to the vendors in simple terms how they can and cannot handle food stamp transactions.

The following are some guidelines and rules set by the US Department of Agriculture:

The process will be very similar to the credit card tokens:

- The customer will decide how much they want to spend
- Swipe their card at the Market booth and get an instant authorization,

- Get \$1 ORANGE tokens and use them at your stands
- Then the money will be deposited in our Loyola account
- You can use them for rent just like green tokens

No Change: you may not give change in any amount for the tokens. They will be in \$1 denominations to make this easier than the \$4 Farmers Market Nutrition Program coupons.

It is illegal to exchange cash for Food Stamp benefits.

What can I sell?

- Okay: Produce, milk, meat, bread, candy, cold prepared foods, seeds and plants for growing food.
- Not okay: alcohol, tobacco, pet food, any non-food item, and any food served hot or “meant to be eaten in the store” (this would be things like the Green Plate Special, sno balls or shots of wheat grass).

Sales Tax: You may not charge Sales Tax on any item purchased with the Food Stamp tokens.

Food Stamp customers must pay for their purchases at the time of sale. So you may not take payments before they get the items and you may not give them items and accept payment later.

Important:

Your feedback, comments and questions about this pilot will contribute to its success and our ability to help farmers in the region and across the country expands their ability to utilize this system.

We are among the first farmers market in the Deep South to accept food stamps using a wireless point-of-sale device and the token system. Violating the rules will not only stop us from being able to accept food stamps but affect the ease with which other farmers and markets around the region can use Food Stamps. Thanks for your cooperation and enthusiasm. Contact Darlene or Lucinda if you have any further questions.



Media Alert-For Immediate Release

For more information: January 20, 2005
Darlene Wolnik, 504-861-5898

**Appendix B
Crescent City
Farmers Market
Press Release**

**Crescent City Farmers Market
now accepts Louisiana Purchase cards!**

Great Visuals

Beginning Wednesday January 22nd the Crescent City Farmers Market will be expanding access to purchase fresh, local and affordable products to all New Orleans residents. The farmers market will have the wireless point-of-sale technology to swipe Louisiana Purchase cards allowing residents to make purchases using food stamps. Spending federal Food Stamp dollars at the farmers market is a win-win situation. It increases access to fresh, nutritional products at affordable prices¹ and benefits local family farmers and small businesses.

The Food Stamp Program provides a basic safety net to millions of people in the United States, and approximately 110,000 people in New Orleans, amounting to about 10.6 million dollars in benefits². The goal is alleviating hunger and malnutrition by permitting low-income households to obtain a more nutritious diet through normal channels of trade. Every dollar spent in Food Stamps is doubled³ when spent in chain supermarkets, but the impact is further multiplied when the money from this program is spent with local farmers and continues to circulate in the New Orleans area. "Farmers markets accepting food stamps is an ideal way to support low-income residents and small-scale producers to help fight food insecurity in our community," Lucinda Megill is an Emerson National Hunger Fellow assigned to New Orleans working with the farmers market and The Hope House. The Emerson National Hunger Fellowship is sponsored by the Congressional Hunger Center in Washington, DC, a program to fight hunger by developing leaders.

"Our farmers market is where public policy hits the asphalt, once we've piloted wireless EBT at our markets we can share our experience with other communities interested in food security," says Richard McCarthy, Executive Director of the Economics Institute, the parent organization of the Crescent City Farmers Market. This expansion of the farmers market has been the result of collaboration with the Food and Nutrition Service Field Office in Baton Rouge, the staff of Loyola University, other farmers markets across the country, and Step Together New Orleans. "Step Together New Orleans is working collaboratively throughout the city to build supportive environments, such as local farmers markets accepting food stamps, that will enable New Orleanians to make changes, small steps, to improve our health in an effort



to reduce the burden of diabetes and obesity in our community,” says Bridget Kelly, Program Manager for the public health initiative. Crescent City Farmers Market is the first market in the Deep South to use wireless point-of-sale technology to accept Electronic Benefit Transfer (EBT) Louisiana Purchase cards.

The Economics Institute (EI) is a Loyola University New Orleans department that initiates and promotes the ecology of local economies through markets, meeting places, mentoring, and modeling best practices. Housed at the Twomey Center for Peace through Justice, the Economics Institute uniquely embodies the University’s core Jesuit values of creating socially just development that enables individuals to fulfill their full human potential. EI shapes public policy and offers technical assistance to create new commercial infrastructure that links small-scale producers to consumers.

The farmers market operates at four locations around the city throughout the week.

Tuesdays, Uptown Square
200 Broadway Ave
10 am to 1 pm

Wednesdays, The French Quarter
Governor Nicholls & French Market Pl.
10 am to 2 pm

Thursdays, American Can Co. Apt.
3700 Orleans Ave.
3pm to 6pm

Saturdays, The Warehouse District
700 Magazine St.
8am to noon

The Market is free and open to the public, for more information check out www.crescentcityfarmersmarket.org.

1. Crescent City Farmers Market. Can you afford to miss the market? November 30, 2004. http://www.crescentcityfarmersmarket.org/news/news_market_detail.php?news_id=469

2. Louisiana Office of Family Support. Regional Food Stamp Participation Report. July 2003. http://www.dss.state.la.us/departments/ofs/OFS_Statistics_2004_-_2005.html

3. Food Research and Action Center. Good choices in hard times. July 2002. <http://frac.org/html/publications/pubs.html>

###

