

*Farmers markets are good for everyone*

## Strengthening farmers markets for the benefit of farmers, consumers, and communities

Position Paper from the Farmers Market Coalition

2009



### Background on Farmers Markets

Everyone loves farmers markets and they continue to expand in number across the United States. In 1994, there were approximately 1,755 farmers markets in the United States. In 2009 their numbers have tripled - to more than 5,200. It is estimated that more than three million consumers shop and more than 100,000 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, and some state studies suggest remarkable levels of direct and indirect economic benefits as a result of farmers markets.

The USDA and other federal agencies have a vested interest in the viability of farmers markets and the long-term success of diverse, family-owned farms. Yet, several public policies inadvertently diminish the public benefits generated by farmers markets. While the recently enacted 2008 Farm Bill made some significant strides towards a healthier public environment in which farmers markets can thrive, there is a long way to go. This position paper addresses some (but certainly not all) of existing, new, and newly changed federal policies, with a focus on the programs that help enhance the success and reach of farmers and farmers markets throughout the country.



### Advancing farmers markets

The Farmers Market Coalition (FMC) was established in 2006 as a 501(c)(3) non-profit organization in order to strengthen farmers markets through education for the benefit of farmers, consumers, and communities. The organization is governed by a seventeen member Board of Directors which is intentionally diverse, representing markets, farmers, state farmers market associations, government agencies, and academic institutions. This vantage point affords FMC a unique perspective on the diverse interests of farmers markets nationwide. By collaborating with others, FMC identifies a broad range of governmental and non-governmental support and mobilizes peers to inspire innovation and excellence.

### Promoting farmers markets

Recognizing the benefits of farmers markets to both farmers and consumers, Congress created the Farmers Market Promotion Program (FMPP) as part of the 2002 Farm Bill. This competitive grants program, administered by USDA's Agricultural Marketing Service, provides federal support to establish, expand, and promote local farmers markets, roadside stands, Community Supported Agriculture (CSA) and other forms of direct farmer-to-consumer markets. Thanks to advocacy on the part of FMC and its allies, the 2008 Farm Bill expanded this program to \$33 million over five years. It is already being recognized as the USDA's flagship program for farmers markets, providing funding for 211 projects since 2006. Nevertheless, due to funding restrictions only 17% of applicants were awarded grants in 2009.

## Supporting the infrastructure needs of farmers markets

While the long-term sustainability of farmers markets is not contingent on physical structures, it is directly linked to the security associated with permanent locations, whether indoor or outdoor. While markets have been immensely resourceful in establishing in-kind relationships with cities and private landowners in order to operate in open parking lots, city streets, or local parks, the realities of urban development sometimes require market relocation to less desirable areas, and few markets can afford to pay rents even for parking lots in prime locations. Monies should be made available for strategic location of new farmers markets and the improvement and rehabilitation of existing farmers markets. Farmers markets are wise investments for municipalities seeking to increase foot traffic, revitalize neighborhoods, expand commerce, and build healthy communities.

## Putting more money where mouths are: Farmers Market Nutrition Programs

Congress established the Farmers Market Nutrition Program (FMNP) 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. States administer FMNPs in partnership with the USDA Food and Nutrition Service (FNS) which provides cash grants to State agencies or Indian Tribal Organizations. Eligible seniors or WIC participants are issued FMNP vouchers. These vouchers 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 vouchers. The federal food benefit level for WIC FMNP recipients is regulated to be between \$10 and \$30 per year, per recipient, with \$10 to \$50 per year for Senior FMNP recipients. However, state agencies may supplement the benefit level. The farmers, farmers markets, or roadside stands can deposit the vouchers in the bank the same as cash or submit them to the state agency for reimbursement.



The FMNPs benefits seniors, women, and children by giving them additional access to the nutritional benefits of fresh, locally-produced agricultural products. They also benefit farmers by increasing their direct sales. The programs have historically been constrained by inadequate and inconsistent funding, but fortunately, FMC and its allies were successful in advocating for increased funding for the Senior FMNP in the 2008 Farm Bill, helping secure a \$23 million increase in mandatory funding over five years.

During fiscal year (FY) 2008, 72% of farmers markets were authorized to accept WIC and/or Senior FMNP coupons. Though current funding levels provided fewer than one-quarter of eligible recipients with vouchers, the FMNPs resulted in nearly \$40 million in revenue to farmers in that year.

**FMC supports making funding for the WIC and Senior Farmers Market Nutrition Programs a permanent and expanded component of the USDA appropriation by allocating \$50 million annually to each program.**

## Expand the use of Electronic Benefits Transfer (EBT) in farmers markets

The switch to Electronic Benefits Transfer (EBT), in the Supplemental Nutrition Assistance Program, or SNAP (formerly "Food Stamp Program"), was intended to improve efficiency but unintentionally left out farmers and farmers markets. The program failed to recognize that card readers are expensive and that farmers markets are typically not "wired." Even the advent of wireless technology has been slow to benefit farmers markets because of the lack of service availability in non-urban settings, unreliability of signal strength, and slow transaction speeds. 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. In recent years, other pilot programs have been implemented in both urban and rural areas with great success. This success, however, is contingent upon the ability of the markets and

nutrition agencies to pay for and maintain terminals, and to effectively communicate to SNAP participants about the ability to redeem EBT at the markets. While the number of markets which accept SNAP/EBT benefits is growing, only about 15% of the markets listed in the National Farmers Market Directory accepted SNAP/EBT funds in 2008.

**FMC provides opportunities for its members and partners to share best practices in EBT operation and nutrition education at farmers markets. FMC supports federal funding of wireless EBT implementation, outreach, and ongoing operation, with a goal of expanding access to at least 50% of farmers markets by 2012.**

## The future of farmers markets in public policy

Farmers markets offer a wealth of public benefits - for consumers, farmers, and communities both urban and rural. 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. Economically, they generate new local and regional activity. In a word, they create community.

Because of their far-reaching and interconnected impacts, support for farmers markets is sprouting in new and exciting ways. The programs mentioned here represent some of the provisions in the 2008 Farm Bill that reflect the increasing public demand for programs that support local food. FMC supports the growth of these programs and encourages farmers markets, farmers market producers, and organizations that support them to pursue financial support through these avenues.

One such avenue is Community Food Projects (CFP), which help organizations address local hunger, nutrition, and food access issues by connecting low-income people with fresh foods direct from local farms. The 2008 Farm Bill reauthorizes the CFP as a permanent program with \$5 million a year. In 2009-2011, the CFP program will include an additional \$1 million annually for the Healthy Urban Food Enterprise Development Center to provide support and technical assistance for the development of programs that distribute local and healthy food to underserved communities.

Another program which has successfully infused markets at the local level with mini-grants or matching dollars are Specialty Crop Block Grants, which are provided annually to State Departments of Agriculture to enhance the competitiveness of farmers who grow fruits, vegetables, tree fruits, and nursery crops. The program was made mandatory in the 2008 Farm Bill, and funds have been increased to \$55 million annually through 2012.

**FMC supports a significant increase in state use of these funds for education, research, marketing, and promotion related specifically to farmers markets.**

## Supporting agricultural entrepreneurship

While supporting the infrastructure and improving accessibility of farmers markets are necessary goals, they are moot points without the farmers that make them possible. With the average age of the American farmer on the rise and a startling number of acres of prime farmland lost each year, the need to cultivate the new generation of farmers who can use farmers markets as tools for viable family businesses has never been greater. What follows are some of the federal programs which have been or can be used to support new and existing agricultural enterprises in order to expand the pool of producers to meet the growing demand at farmers markets nationwide.

USDA's Value-added Producer Grants (VAPG) assist farmers and ranchers to develop business plans and acquire working capital for value-added agricultural food products. While the VAPG is authorized for \$15 million in mandatory annual funding, the FMC advocates for the appropriation of the additional \$40 million in discretionary funding authorized in the 2008 Farm Bill.



Local Food Enterprise Loans were newly established in the 2008 Farm Bill as part of the Business and Industry loan program through USDA Rural Development in order to support farm and ranch incomes as well as the renewal of local food system infrastructure and community development.

While it was first authorized in the 2002 Farm Bill, the Beginning Farmer and Rancher Development Program (BFRDP) was never funded in the appropriations process and was only made a mandatory competitive grant program in the 2008 Farm Bill. With \$75 million over four years, the BFRDP supports financial and entrepreneurial training, mentoring, and apprenticeship programs, as well as programs that link retiring farmers with beginning ones. The BFRDP has the potential to support education, outreach, and curriculum development activities to assist beginning farmers in growing viable businesses which rely on farmers markets as a primary sales outlet.

**FMC supports congressional appropriation of the \$30 million which was authorized above and beyond the \$75 million in mandatory funding for BFRDP.**

Lack of access to land is, briefly put, one of the chief obstacles for new and beginning farmers. The FMC supports Farm Services Agency loan programs such as the Down Payment Loan Program and the pilot Beginning Farmer and Rancher Individual Development Account Program, which aims to promote a new generation of farmers and ranchers by helping those of modest means establish a pattern of saving.



Additionally, the Farmers Market Coalition avidly supports long-standing programs that fund research as well as provide information and technical assistance for farmers, ranchers, Cooperative Extension educators. Outcomes from these programs help drive innovations in product diversity, season extension, and marketing skills, and are essential if farmers markets are to remain competitive in a global food environment.

### Leveraging partnerships for the future

Farmers markets are fundamentally local. While federal policies can help create the ideal conditions for successful farmers markets, it is the innovation, partnership, and strategic implementation at state and local levels that truly creates favorable outcomes for farmers, consumers, and communities. The Farmers Market Coalition strives to facilitate grassroots efforts by identifying sources of support in common avenues as well as unexpected corners.

This is made possible by leveraging the collective knowledge of coalition members as well as by the coalition's participation in the Farmers Market Consortium, a unique collection of national leaders who have a common interest in farmers markets.

Despite a turbulent economic climate and a number of other obstacles, farmers markets can fulfill their potential roles as keystones of social, nutritional, economic, and environmental health.



**CONTACT US:**

P.O. Box 4089  
Martinsburg, WV 25402  
877-362-0553  
info@farmersmarketcoalition.org  
www.farmersmarketcoalition.org

The Farmers Market Coalition is a 501(c)(3) nonprofit devoted to strengthening farmers markets for the benefit of farmers, consumers, and communities.

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