SNAP Healthy Foods Incentives

Cluster Evaluation

2011 Final Report

438 N. Frederick Ave, Suite 315 • Gaithersburg, MD 20877
P 301.519.0722 • F 301.519.0724 • www.communityscience.com

Table of Contents

Preface

This *SNAP Healthy Food Incentives Cluster Evaluation Final Report* was prepared by Community Science with support provided through Fair Food Network and Wholesome Wave from the Aetna Foundation, The Kresge Foundation, CDC Foundation, and Kaiser Permanente. The report summarizes the evaluation findings from the first year of a cluster evaluation examining the use of SNAP incentives at farmers' markets by Fair Food Network, Wholesome Wave, Roots of Change, and Market Umbrella.

Community Science staff contributing to this report included: Ricardo Millett (Project Director), Christopher Botsko (Deputy Director), Kien Lee (Technical Reviewer), Amber Golden, Zachary Miller, and Angel Coleman. Carolyn Dimitri, Research Associate Professor at New York University's Department of Nutrition, Food Studies, and Public Health provided consulting on the economic impact of SNAP incentives.

Community Science would like to thank Dr. Oran Hesterman (CEO and President, Fair Food Network), Michel Nischan (CEO and President, Wholesome Wave), Richard McCarthy (Executive Director, Market Umbrella), and Michael Dimock (President, Roots of Change) for their leadership and assistance in developing, planning, and implementing the cluster evaluation. We also thank the staff from the cluster evaluation organizations that shared their knowledge, experiences, and data on SNAP incentives programs, including Skye Cornell (Wholesome Wave), Rachel Chadderdon Bair (Fair Food Network), Emery Van Hook (Market Umbrella), and Bobbie Peyton and Jezra Thompson (Roots of Change). We very much appreciate the willingness of the evaluators working with Fair Food Network and Wholesome Wave to share their data and knowledge of the SNAP incentive programs, including Leena Mangrulkar and Jane Morgan (JFM Consulting Group), and Lydia Oberholtzer (Department of Agricultural Economics, Sociology, and Education, Penn State).

I. Introduction

Supplemental Nutrition Assistance Program (SNAP) sales at farmers' markets have increased dramatically since 2007. Between October 1, 2010, and September 30, 2011, SNAP sales at farmers' markets topped $11.7 million. This was the first time that sales surpassed the previous high of $9.3 million in 1993. The 1993 record came before the advent of Electronic Benefit Transfer (EBT) debit cards, which initially posed serious challenges for farmers' markets. Between 2007 and 2011, yearly growth was more than 50%. While this represents a tremendous increase, SNAP sales at farmers' markets are still a very small percentage of total SNAP redemptions (0.016%), are considerably lower than their 1993 peak of almost 0.045% (Love, 2011; Roper, 2012; Briggs, Fisher, Lott, Miller, & Tessman, 2010), and are much lower than the overall estimated average for American consumers, which is 0.2% of food expenditures (Briggs, et al., 2010). In addition, the number of farmers' markets has grown by more than 400%, from 1,755 to 7,175, since the previous peak in the use of SNAP at farmers' markets (Agricultural Marketing Service (AMS), 2011). Given that there are so many more farmers' markets than in 1993, and that past experience and recent growth suggest that there is a willingness of SNAP recipients to use these markets under the right circumstances, there is great potential to further increase the use of SNAP at farmers' markets.

SNAP use at farmers' markets has grown tremendously in the past two years and, based on SNAP expenditures before the advent of EBT and how much consumers in general spend at markets, there remains enormous potential for further growth.

There is evidence that shopping at farmers' markets leads to increased fruit and vegetable consumption among low-income individuals (Herman, Harrison, Afifi, & Jenks, 2008; Kropf, Holben, Holcomb, & Anderson, 2007). In addition, there is evidence that farmers' markets have a positive economic impact on individual communities and the larger economy (Henneberry, Whitacre, & Agustini, 2009; Hughes, Brown, Miller, & McConnell, 2008; Market Umbrella, 2010; O'Hara, 2011).

Given this evidence, it is important to understand efforts to increase the use of SNAP at farmers' markets. This report summarizes initial results for a cluster evaluation of four organizations that are supporting the application of incentives to increase the use of SNAP benefits at farmers' markets. The next section provides an overview of the evaluation and the organizations that are part of the cluster evaluation. The third section describes the findings from the 2011 market season. The final sections discuss the implications of the findings and plans for the evaluation in 2012.

II. Overview of the Cluster Evaluation and the Organizations Involved

1. **What is a cluster evaluation?**

A cluster evaluation is an analysis of multiple grants or organizations that are addressing the same issue but that have independently developed their approaches to the issue. The technique was developed by the W.K. Kellogg Foundation (WKKF) in the 1980s to analyze the work of multiple grantees that were funded to address the same issue but were not required to use the same techniques or approaches (Sanders, 1998).

- **Cluster evaluations are collaborative, and allow all participants to contribute to the evaluation design and development** (Millett, 1995). All four organizations involved in this cluster evaluation have been active participants and have shared data that they have collected themselves for their own evaluation and monitoring processes.
- **Cluster evaluations are not designed to evaluate individual projects or approaches to a particular issue** (Russon, 2005). This evaluation does not assess whether one or another of the four organizations has developed a more effective approach to the use of healthy food incentives for SNAP recipients. Instead, the goal of the evaluation is to describe what these organizations are doing, their contribution to promoting SNAP use at farmers' markets, and the lessons they have learned.

> *Cluster evaluation "looks across a group of projects to identify common threads and themes that, having cross confirmation, take on greater significance."*
> *— WKKF Evaluation Handbook*

- **Cluster evaluations use the data collected by the individual projects or organizations that participate in the evaluation** (WKKF, 2004). Cluster evaluations are designed to synthesize and summarize data collected by participating organizations for their own individual project evaluations or for administrative or monitoring reasons. Because of this, the data are usually collected through different methods and the measures used are not always uniform. In the interest of learning, this cluster evaluation has taken full advantage of the available data; at the same time, the organizations involved have worked toward more consistency in the measures they are using. Thus, while this report relies heavily on data that were already collected, the organizations have all agreed to implement a common set of survey questions of market customers, vendors, and market managers, and to conduct interviews with customers during the 2012 market season.

2. **Why is this an opportune time to conduct a cluster evaluation of SNAP incentives at farmers' markets?**

Cluster evaluations provide useful information to support the development of a particular strategy or approach. SNAP incentives at farmers' markets have a track record and a body of data to be analyzed, which presents an opportunity to learn from experience. While there are commonalities in how the incentives have been implemented, the approaches and measures have been developed in different organizations and lack standardization. Cluster evaluation is designed to maximize the use of available data under such circumstances. While individual evaluations of these and other incentive programs have occurred and continue to occur, our understanding of incentive use can benefit from looking across organizations to understand common achievements and challenges. Some of the reasons this is useful are described below.

- **There is a body of evidence indicating that incentives can increase SNAP redemptions at farmers' markets.** There is evidence from different markets around the country that the implementation of incentives leads to increases in SNAP use at farmers' markets (Kim, 2010; New York City Department of Health and Mental Hygiene, 2010; Wholesome Wave, 2011).
- **There is a body of evidence indicating that shopping at farmers' markets increases the purchase of healthy foods.** Large numbers of customers and vendors agree that incentives lead to increased purchases of fruits and vegetables (Kim, 2010; Morgan, Mangrulkar, & Wedepohl, 2012; Wholesome Wave, 2011).
- **Further evidence in these areas would be useful.** While there is a growing body of evidence supporting the use of SNAP incentives at farmers' markets, further research is needed to examine the implementation of incentive programs in different states and based on different models or approaches. This cluster evaluation provides an analysis of incentive programs run by four prominent organizations and looks at markets in varied locations across the country.
- **Implementing incentives at farmers' markets can be challenging, and there is much to be learned from organizations involved in supporting incentive programs.** There are a variety of reasons why implementing an incentive program at farmers' markets is challenging. The organizational capacity of farmers' markets varies tremendously, with many of them having no paid employees and limited capacity to engage customers and other stakeholders (Ragland & Tropp, 2009; Stephenson, 2008). Low-income individuals may be reluctant to shop at farmers' markets for a variety of reasons such as perceptions of higher prices, limited hours, lack of transportation, and cultural issues, among other things (Briggs et al, 2010). The experience of organizations, such as the four involved in this cluster evaluation, that have successfully implemented incentive

programs in different settings can inform current and future efforts to implement SNAP incentives.

- **A cluster evaluation has the potential to improve data and program processes.** By working together, these four organizations can improve the quality of the data they use to inform the further development of SNAP incentive programs, learn from each other's experiences, and share what they learn with other organizations interested in encouraging the use of SNAP to purchase healthy foods.
- **The cluster evaluation can help inform further investments in SNAP incentives at farmers' markets.** As a result of the evidence that has accumulated around the promising practice of SNAP incentives and around farmers' markets as tools for community and local economic development, policymakers have put forth measures to expand and further research the use of incentives. On April 26, 2012, the Senate Agriculture Committee approved a new farm bill by a vote of 16-5 that includes up to $100 million over five years for SNAP incentive programs with preference given to programs that "use direct-to-consumer sales marketing" and that "provide locally or regionally produced fruits and vegetables." This provision encompasses SNAP incentives at farmers' markets and, if included in the final bill, will, along with a 50% match requirement, result in a substantial investment in healthy food incentive programs such as those examined in the cluster evaluation (Senate Agricultural Committee, 2012). The cluster evaluation provides an opportunity to inform the debate around these policy changes and the implementation process once the legislation is finalized.

3. **What organizations are part of this SNAP Healthy Food Incentives Cluster Evaluation?**

As mentioned earlier, there are four organizations taking part in the SNAP Healthy Food Incentives Cluster Evaluation. They are:

- Fair Food Network (FFN)
- Market Umbrella (MU)
- Roots of Change (ROC)
- Wholesome Wave (WW)

The four organizations have taken somewhat different approaches to promoting the use of incentives for SNAP recipients at farmers' markets. Both FFN and ROC have mainly focused on particular states, though they both have a national reach when it comes to advocating for farm policy changes, MU is a community-based effort with a national reach through its *marketshare* initiative (a national community of market practitioners sharing information and tools with one another), and WW is a national effort seeking and finding partner farmers' markets throughout the country. Together, these organizations participate in a larger movement designed to use incentives to bring the benefits of healthy eating to people with low incomes.

Fair Food Network. FFN is a national nonprofit founded in 2009 that works at the intersection of food systems, sustainability, and social equity to guarantee access to healthy, fresh, and sustainably grown food, especially in underserved communities. FFN's "Double Up Food Bucks" (DUFB) project provides families who receive SNAP benefits with the means to purchase more Michigan-grown fruits and vegetables at farmers' markets. FFN operates DUFB as a part of its mission to support local food growers and the local food economy. When recipients use their SNAP benefits debit card to shop at markets participating in DUFB, the amount they spend is matched up to $20 per visit with DUFB tokens. The incentives are funded through support from private foundations. DUFB was piloted in Detroit in 2009. In August 2010, DUFB was launched in Southeast Michigan at five markets in Detroit, four markets in Washtenaw County, and four markets in Battle Creek. In 2011, 54 markets throughout the state of Michigan participated in DUFB. For the 2012 market season, 26 additional markets are offering DUFB.

Market sites for DUFB are selected through an application process that includes a brief written application and a telephone interview. This application requires that each site has capacity to meet project requirements, which include: a designated market manager responsible for the project, the ability to accept electronic benefits, monies designated by local funders to support that specific community, and a commitment to participating in project evaluation. Most DUFB market sites process EBT at a central terminal operated by market management; others use a card-based system with each vendor having his or her own processing device. Once sites are selected, FFN runs DUFB as a small grants program, providing funds upfront for the DUFB tokens and administrative funds for the market. FFN provides the DUFB signs for vendors to display and forms for recordkeeping.

Market Umbrella. Marketumbrella.org is a nonprofit organization based in New Orleans, Louisiana, that is devoted to cultivating the field of public markets for public good. MU began with the mission to promote ecologically sound economic development in the Greater New Orleans area, particularly among family farmers and other local agricultural enterprises. MU has expanded its geographic reach by cataloguing and sharing innovations to improve the effectiveness of public markets. MU created its incentive program, "Market Match," for SNAP and the Farmers Market Nutrition Program (FMNP), which provides checks or coupons to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) for their use at farmers' markets. Market Match was developed in 2008 to help shoppers stretch their limited food dollars and spend them locally, which in turn supports local farmers and fishermen. Market Match operates during annual campaigns that are approximately two months long—from mid-July through mid-September. The campaigns are scheduled to bridge seasons in an effort to drive additional foot traffic to the markets in typically softer sales periods. During the Market Match campaigns, SNAP shoppers come to any of the three Crescent City Farmers Market locations, swipe their Louisiana Purchase Card (or other state EBT card) at the Welcome Tent, and, while supplies last, MU matches up to $25 per market visit. Funding for Market Match has come from national and community foundations. MU is also pursuing event fundraising to raise funds to continue to run the program.

Roots of Change. Since October 2009, ROC has managed the California Farmers' Market Consortium (CFMC), a statewide partnership of organizations dedicated to increasing food access and improving nutritional well-being in California. The CFMC focuses on building capacity within community-based organizations that work to improve food security by increasing healthy food access and increasing farming livelihoods at farmers' markets. CFMC's primary goal is to increase the incomes of California specialty-crop farmers through promotion, outreach, and incentives—particularly by harnessing the purchasing power of SNAP (known in California as the CalFresh Program), Social Security Income (SSI), and WIC benefit customers.

CFMC partner incentive programs have operated under different names (e.g., Veggie Vouchers and Fresh Five) but beginning in 2012 all partner incentive programs will be called "Market Match." These incentive programs increase the value of redemptions made at CFMC partner farmers' markets and can only be spent on California-grown specialty crops (fruits, nuts, and veggies). Funding for the incentives is currently generated by ROC and CFMC partner organizations' private fundraising efforts. ROC requires CFMC partners that are receiving funding for incentive programs to invest time and effort into their own fundraising efforts to match ROC-provided funding for incentives. ROC is appealing to the California Department of Food and Agriculture to allow for a percentage of future Specialty Crop Block Grant funds to be used to support incentives.

Wholesome Wave. WW's mission is to improve access to and affordability of fresh, healthy, locally grown produce to historically underserved communities, while creating significant local economic impact. The Double Value Coupon Program (DVCP) increases the value of federal nutrition benefits at participating farm-to-retail venues. Federal nutrition benefits eligible for matching with DVCP incentives include SNAP, WIC and Senior Farmers Market Nutrition Program (FMNP) checks, and WIC Cash Value Vouchers (CVV). DVCP was launched in 2008 at farmers' markets in Connecticut, California, and Massachusetts. In 2011, WW, through its network of partner markets, offered incentives at 225 markets in 21 states and the District of Columbia.

WW encourages partners to use a variety of community-specific strategies to implement DVCP, but requires all partners to meet and adhere to certain guidelines. For example, all partners must collect a minimum level of data requested by WW. DVCP markets must have the capacity and necessary training and certifications to accept at least one form of federal benefits (i.e., SNAP, WIC or Senior FMNP, or WIC CVV), as well as the incentive coupons. Guidelines stipulate that Double Value Coupons must only be issued to increase the value of federal benefits by no more than double the benefit and must be granted only for fruits and vegetables that are produced locally.

WW provides seed funding for incentives, outreach, and program management, but encourages partners to seek funding from other sources as well. WW helps partners to increase their fundraising capacity, which is considered a "leave-behind" of the partnership, along with other technical assistance, including: data collection training; data analysis; a facilitated learning community to share innovations and best practices; and external communications tools and training.

Summary characteristics of the organizations involved in the cluster evaluation. Exhibit 1 below summarizes some of the key features of the SNAP incentive programs offered by the four organizations involved in the cluster evaluation. The organizations vary in the number of markets with which they work and in their geographic scope. FFN and MU consistently use a one-to-one match for SNAP benefits. Most markets that WW works with also have a one-to-one match, but there are some who use a different match. Markets that work with ROC currently vary in their match, but ROC is in the process of reviewing whether more standardization would be helpful. The variation in matches for markets affiliated with ROC and WW is partly driven by available funds. In WW's case, it is also driven by the organizations that run the markets; these partners are given flexibility to define their own match programs, as long as they do not match above the one-to-one limit. Finally, all of the organizations rely on funding from the private sector to support their incentive programs. This use of private funds has enabled them to increase the benefits to low-income individuals and families where possible. Their ties to private-sector funds will serve the organizations well if government-provided SNAP incentives resulting from a new farm bill require a non-federal match, as is the case with the bill passed by the Senate Agriculture Committee. The organizations and the markets they work with will have built the relationships needed to access funding that can be used to meet the match requirement. However, fundraising also absorbs a lot of the energy of these organizations and limits the reach of the programs because the opportunities to use incentives to increase SNAP participation outstrip available funds. For example, MU operates its incentive program for a few months of the year. While this was partly strategic, MU would like to extend the program period when sales are a little slower in order to better serve customers and vendors. For ROC, part of the reason for the variation in match and maximum match is that the market partners have to decide how best to use their limited funds, which sometimes leads markets to discontinue incentives in the middle of the season or to change the match amount. This may pose a challenge for both customers and vendors, who do not know exactly what to expect when they go to particular markets. There is consensus among the organizations that additional, reliable resources would enable them to stabilize and expand the reach of their programs and help them build more partnerships.

Exhibit 1. Characteristics of SNAP incentive programs, 2011

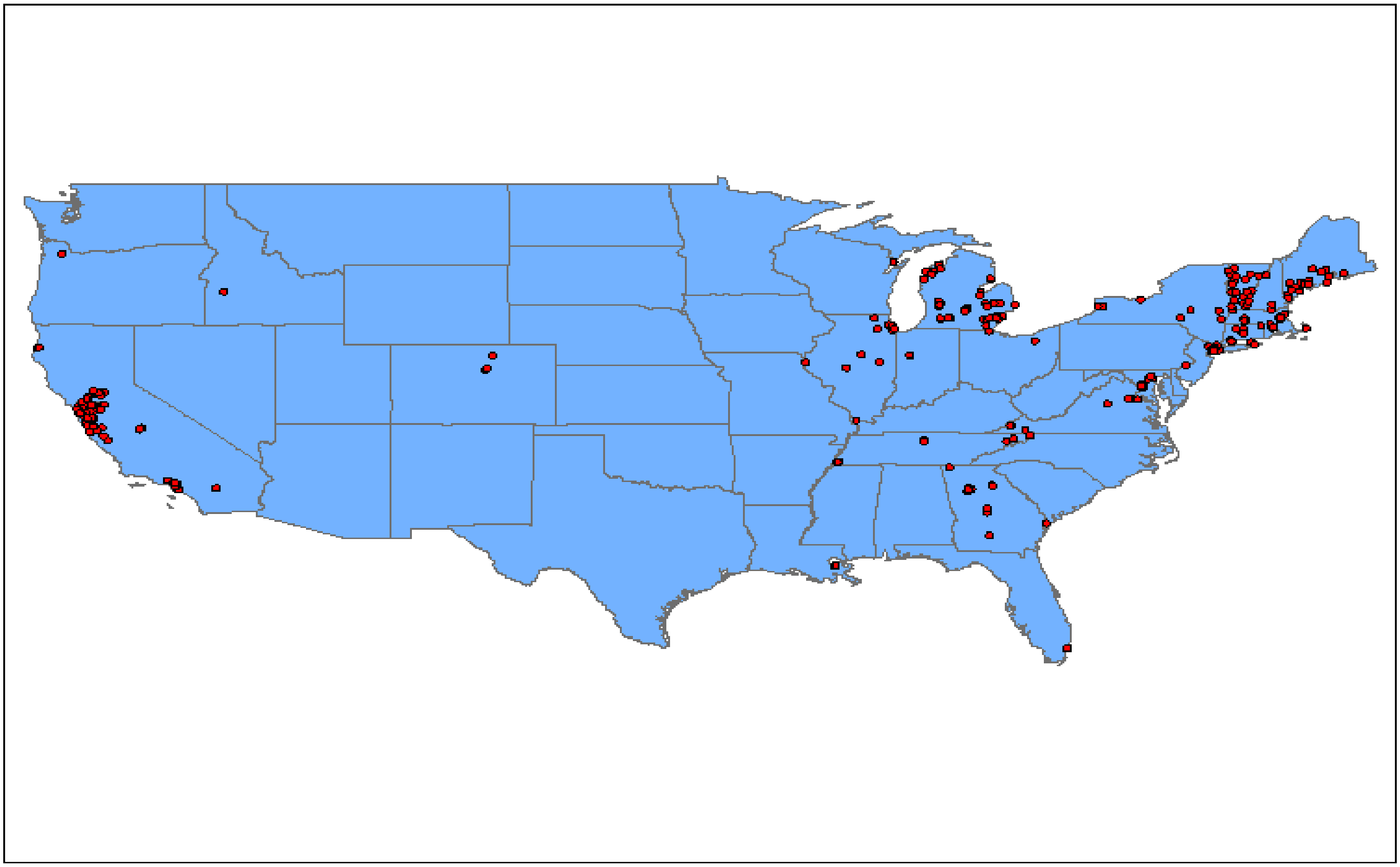
Feature	Organization			
	Fair Food Network	Market Umbrella	Roots of Change	Wholesome Wave
Number of markets offering SNAP incentives in 2011	54	3	72	225*
Location of markets	Michigan, plus one in Ohio	New Orleans	California	21 states and Washington, DC
Match (how much incentive is provided for every $1 in SNAP incentives)	$1	$1	Varies	Varies; $1 in most markets
Maximum amount of incentive benefit offered	$20	$25	Varies	Varies
Source of incentive-funding support offered to markets	Private funding (mainly foundations, but also other private organizations and direct fundraising)			
* Five of the markets supported by WW also received support from ROC				

III. Findings

1. All markets offering incentives

The evaluation collected data, albeit limited, on all the markets with which the four organizations worked to assess the scope and reach of their efforts. Together, the four organizations supported 349 markets in 22 states and the District of Columbia in 2011, where consumers redeemed more than $938,000 in SNAP incentives, and where SNAP recipients redeemed more than $1.47 million in SNAP benefits during the time when incentives were offered. This is a sizable portion (more than 10%) of the total SNAP benefits redeemed at farmers' markets across the country. A map showing the location of all the markets is included as Exhibit 2.

Exhibit 2. Location of markets that offer SNAP incentives that are affiliated with FFN, WW, ROC, and MU

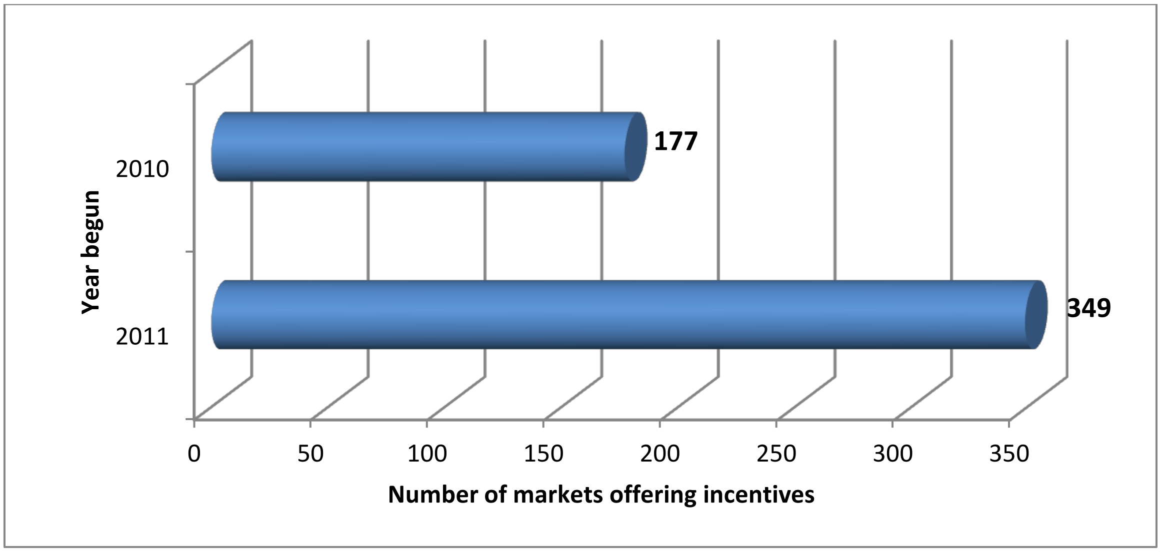


The map shows a heavy concentration of WW markets in New England, with smaller but sizable concentrations in Georgia, the mid-Atlantic states (including the Washington, DC, metropolitan area), and Illinois. Michigan and California have a high concentration of markets because ROC and FFN are based in those states. Though less noticeable on this map, New Orleans has multiple markets that offer incentives because it is the focus area for MU.

Between 2010 and 2011, the organizations involved in the cluster evaluation almost doubled the number of markets where they helped support SNAP incentives.

There was tremendous growth in the SNAP incentive programs supported by three of the organizations participating in the cluster evaluation between 2010 and 2011. In 2010, FFN undertook a statewide pilot that covered 15 markets, and expanded to 54 markets that offer incentives by 2011. WW had 116 markets in 2010 and 225 in 2011. ROC also saw a sizable expansion from 46 to 72 markets.[1] The growth in the total number of markets that offer incentives is shown in Exhibit 3.

Exhibit 3. Number of markets affiliated with FFN, WW, ROC, and MU offering SNAP incentives



FFN was the only organization that provided comparable data for all the markets that offered incentives in both 2010 and 2011. In those markets, SNAP redemption more than doubled (151% increase). WW did not provide direct comparisons for individual markets but analysis of the programs show that, on average, SNAP redemption at least doubles at markets that offer incentives (Wholesome Wave, 2012). When MU first implemented its program in 2009, it was able to obtain a 600% increase in SNAP redemption at the New Orleans markets during the months when the incentive was in place. SNAP redemptions were still three times or 300% higher after the incentives ended for the season compared to the period prior to when the incentives were offered (Market Umbrella, 2012). The increases that MU saw in SNAP redemption are quite large but not unprecedented; WW has experience with markets that have observed increases comparable to the ones experienced by MU (Wholesome Wave, 2011). Based on the similar experiences of these organizations and other places where incentives were implemented, as cited in the introduction, incentives clearly represent an effective strategy for increasing SNAP redemptions at farmers' markets.

2. Market sample

The organizations involved in the cluster evaluation were asked to identify markets that were strong candidates for inclusion in the cluster evaluation sample. Such a sample allowed for

[1] Five markets received funding from both ROC and WW and are counted only once in the total.

more detailed data collection from the markets. It will also provide the opportunity to conduct a common customer, vendor, and market manager survey in 2012. The organizations were asked to provide detailed data on the 30 selected markets in the sample. The data sought included: use of SNAP and SNAP incentives at markets, size and characteristics of the markets, number of market employees, and vendor costs for participating in the market. Some of these data were routinely collected by the organizations and markets as part of their administrative tracking; others required special requests from the markets.

Sample selection criteria. A sample of 30 markets was selected from the set of all markets offering incentives. These markets were selected based on the following criteria:

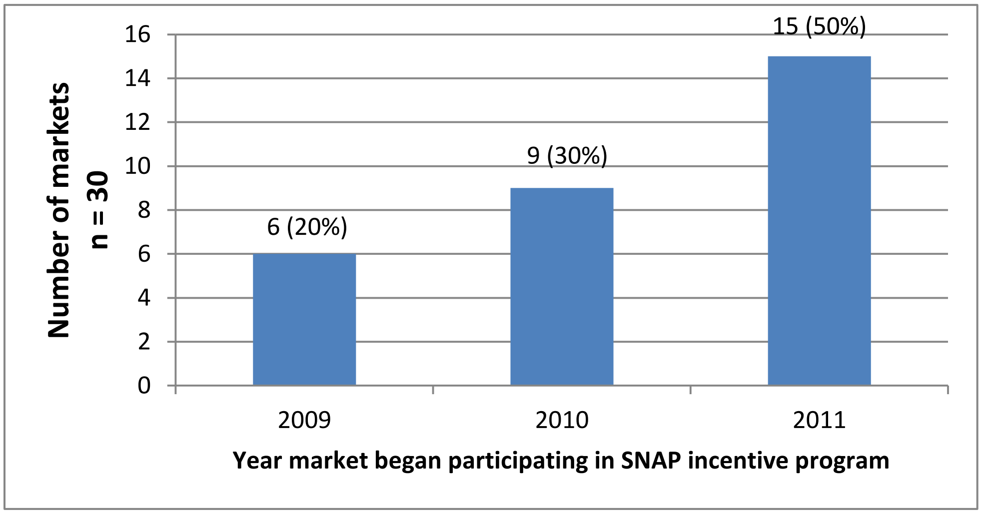
- A mix of smaller, medium, and large markets;
- Inclusion of markets that had a greater capacity to collect data; and
- Geographic diversity, which WW was able to provide through its range of markets across the country.

Location of sample markets. Exhibit 4 shows a map of the sample markets with California, Michigan, and New Orleans highlighted because of the concentration of markets in those areas.

Exhibit 4. Location of cluster evaluation sample markets

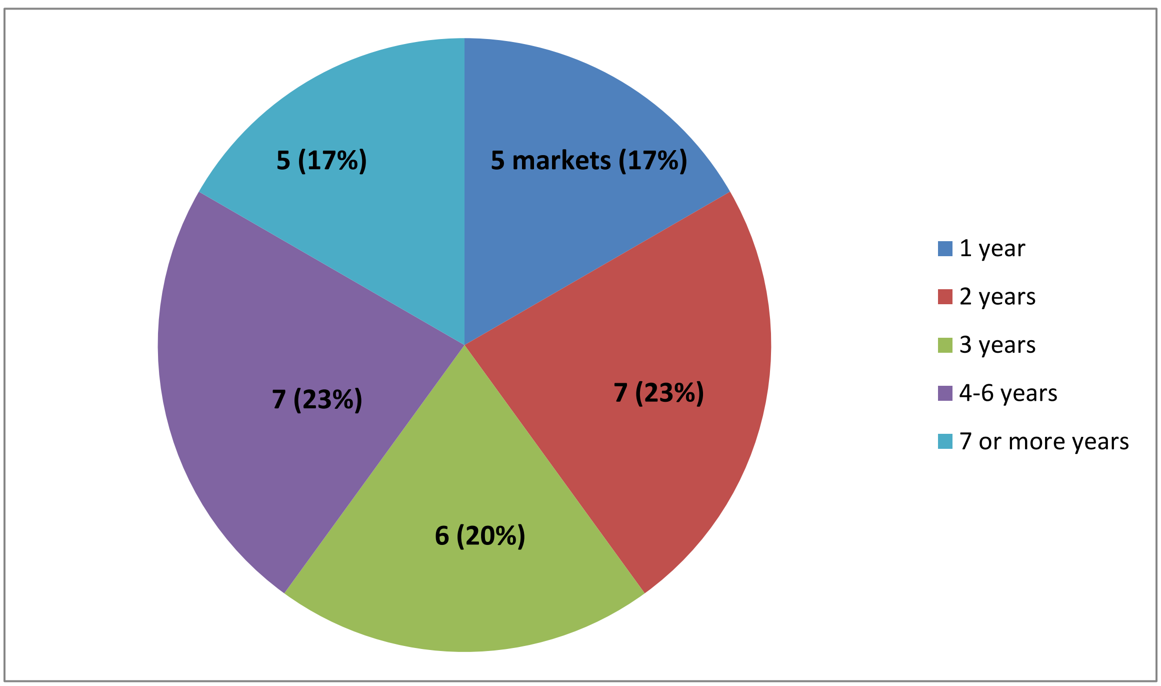
Implementation of incentives and EBT. Exhibit 5 shows that half of the sample markets began offering incentives in 2011; 20% began in 2009; and the rest began in 2010. The relative newness of the incentive programs reflects the extensive growth in the organizations' incentive initiatives over the past few years.

Exhibit 5. Year sample markets began participating in SNAP incentive program



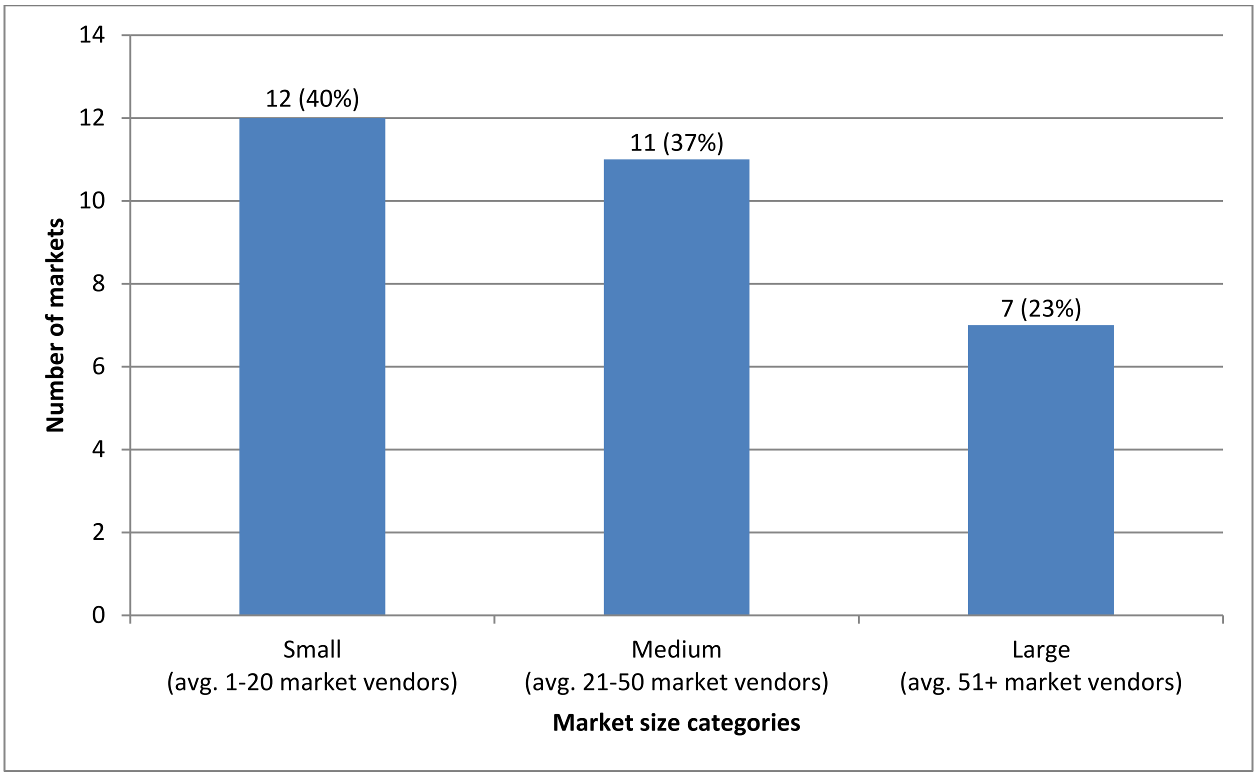
As shown in Exhibit 6, markets had more years of experience using EBT for federal benefits when they began accepting incentives. While five markets were using it for the first time in 2011, five others had been doing so for seven years or more. The most frequently reported time period for using EBT was two years, in seven markets.

Exhibit 6. Number of years markets have used EBT



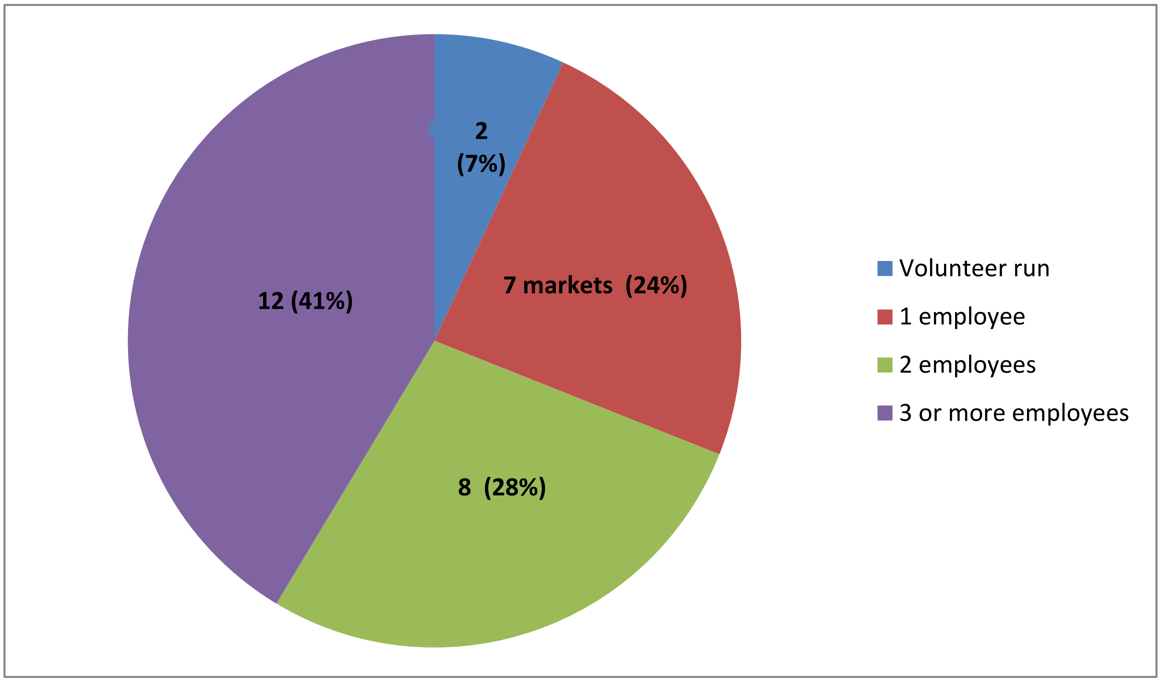
Market size. Market size is based on the average number of vendors who sell food that can be purchased using SNAP benefits. The markets were categorized into small, medium, and large, as shown in Exhibit 7. As discussed in Stephenson, Lev, and Brewer (2007), different researchers tend to use different measures for market size. The ones used here are somewhat different than those discussed in Stephenson et al. (2007), but are similar enough for some comparisons. There are proportionately fewer smaller markets in the sample then those found in Stephenson's study of Oregon markets, Oberholtzer and Grow's (2003) survey of mid-Atlantic farmers' markets, and the USDA's 2006 National Farmers Market Managers Survey (AMS, 2009). However, the percentage of large markets is very similar to what was found in these studies. The limited representation of smaller markets likely relates to the sample selection criteria, which sought markets with more advanced data-collection capacity. WW provided information from a forthcoming report that indicates that 46% of its markets have five or fewer participating farmers and another 32% have between six and 16 participating farmers. Based on these data, WW suggested that its sample markets include more large markets because of the sample selection criteria and that is likely true of ROC and FFN also (all of MU's markets are in the sample).

Exhibit 7. Number of markets by market size



Market employees. Data were collected on whether markets were operated by volunteers and how many employees were involved with implementing the incentive program. As shown in Exhibit 8, among the sample markets, only two, or under 7%, were volunteer-operated (i.e., had no full- or part-time paid employees). Two-thirds of the markets had more than one employee working on the incentive program, and 40% had three or more employees.

Exhibit 8. Number of employees per market

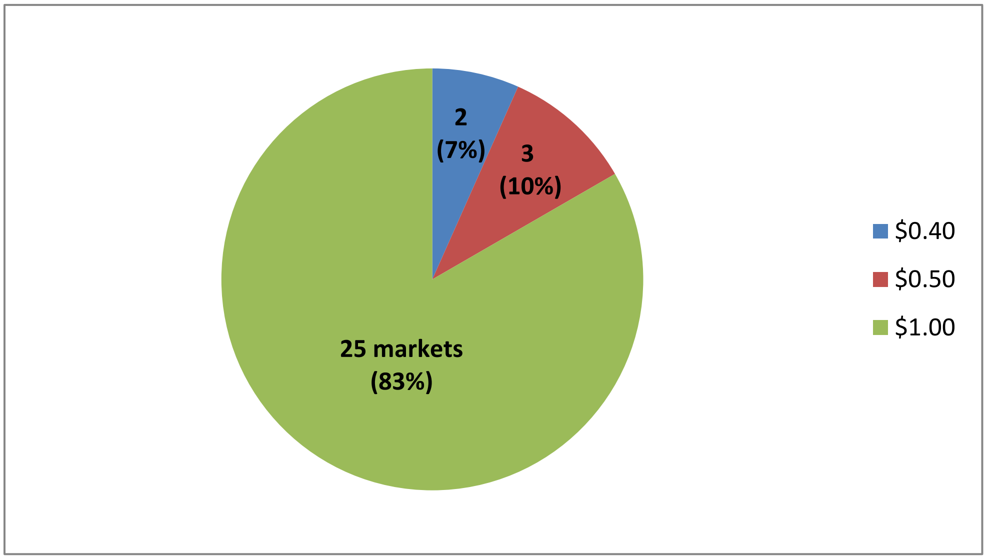


The limited number of markets that are volunteer-operated and the number with multiple paid employees make these markets somewhat unusual. The 2006 National Farmers Market Manager Survey found that only 39% of farmers' markets in the U.S. had a paid employee and only 22% had more than one employee (Ragland & Tropp, 2009). While Stephenson et al. (2007) found a higher percentage of markets with paid employees in Oregon (72%), they also found a much higher percentage of volunteer-operated markets compared to the sample in this cluster evaluation (28% versus 7%). This may be because the sample here includes more medium to large markets, which Stephenson et al. (2007) found are more likely to have a paid employee. In addition, the criteria used by the organizations for partnering with markets are more likely to be fulfilled by a market with paid staff.

The markets included in the sample are collectively somewhat different than the profile of farmers' market across the country, though the data to compare them to all markets that offer incentives are not available. In addition, the comparison data are now somewhat dated, especially considering the extensive growth in the number of farmers' markets over the past few years. In any case, the sample markets consist of a set of markets with considerable variability on key characteristics, such as the number of years operating EBT, size, and the number of paid employees.

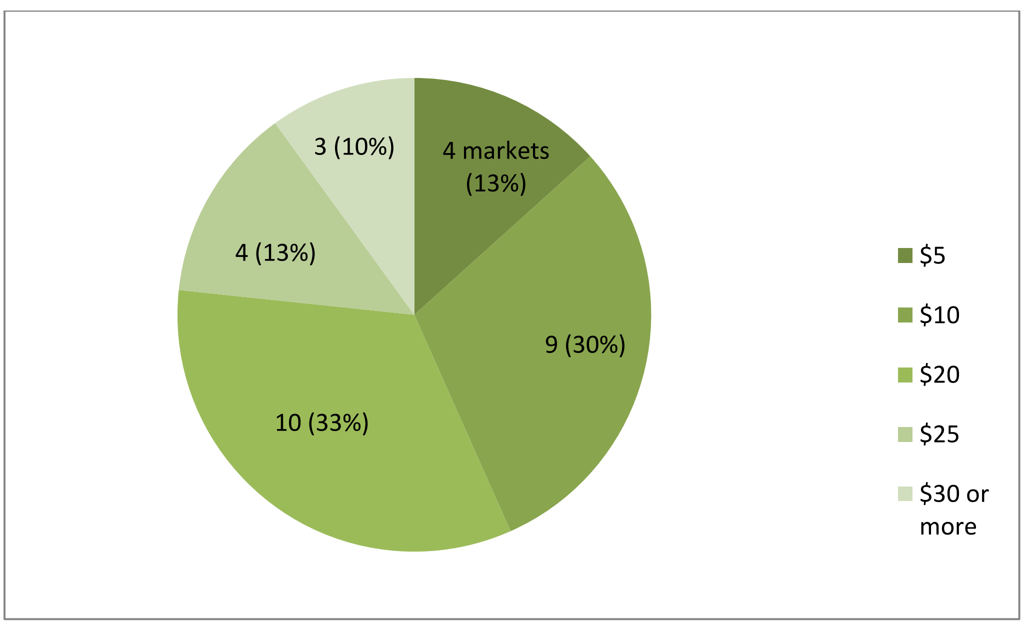
Amount of incentives offered. The markets in the sample varied to a small degree on the amount of every SNAP dollar that they matched and to a greater degree on the maximum amount of SNAP benefits for which a customer could receive incentives. Exhibits 9 and 10 provide the details of those differences.

Exhibit 9. Amount of incentive match for each $1 of SNAP benefits (sample markets)



The markets with the smaller match (i.e., $0.40 and $0.50 per $1.00 in SNAP benefits) varied their incentives over the course of the year and offered incentives of $0.50 and $1.00 for part of the year. The variation was driven by an attempt to stretch incentive budgets over the course of the year. Two of the three markets that matched $30 or more of SNAP benefits per week offered an unlimited match.

Exhibit 10. Maximum amount of SNAP benefits per week subject to the incentive among the sample markets



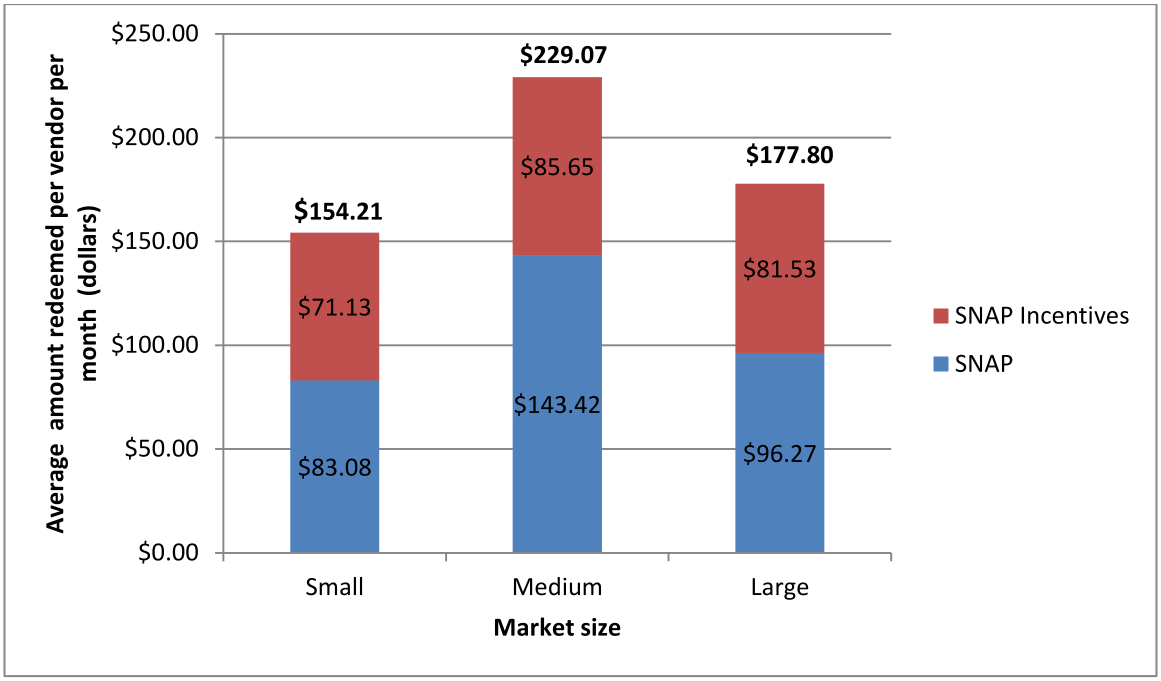
Vendor participation rates. The percent of vendors who participated in the incentive program varied by market. An average of 70% of vendors who sold eligible food at the markets participated in the incentive program. Participation rates varied from 22% to 100%. This finding and the survey findings described below suggest that a substantial number of vendors are very interested in participating in incentive programs.

Redemption of SNAP and SNAP incentives. The 30 markets in the sample had total SNAP redemptions of $386,651 and SNAP incentive redemptions of $253,488. The average annual redemption per participating vendor was calculated to assess the benefits of participation for vendors. The average vendor participating in the program accepted $545 in SNAP benefits and $350 in incentives for a total of $895 over the course of the season. There was a wide range among markets in amount per vendor, with SNAP benefits ranging from an average of $54 in the market with the smallest amount per vendor to $2,681 in the market with the highest amount. The median SNAP redemption per vendor was $445. The incentive amount per vendor in individual markets ranged from an average $7 to $2,062, with a median of $289.

An analysis was conducted to determine whether the maximum amount of incentives offered per customer affected how much vendors gained from the program. Because the length of market seasons varied and because that affects how much vendors make over the course of the year, the average monthly amount of SNAP and incentive redemptions per vendor was calculated. While there were differences in redemption by the maximum incentive, they were not statistically significant. One of the reasons for this was that there was tremendous variability among markets offering the same maximum incentive amount. Because of this variability and because the evaluation was not designed to test whether different incentive amounts are associated with greater incentive use, data from the cluster evaluation cannot be used to assess the effectiveness of different maximum incentives. If additional funding becomes available for SNAP incentive programs, further exploration will be helpful to determine what maximum amount of SNAP benefits matched maximizes participation by SNAP customers.

A similar analysis was conducted by market size. As shown in Exhibit 11, medium-size markets with between 21 and 50 market vendors had higher monthly average redemptions per vendor. Once again, the differences in the means among the different categories of markets were not statistically significant because of the amount of variation within the categories (i.e., there were big differences in the average redemption among markets of the same size). What is apparent from the analysis is that a SNAP incentive program can benefit vendors in any size market.

Exhibit 11. Average monthly SNAP and incentive redemption per vendor by market size



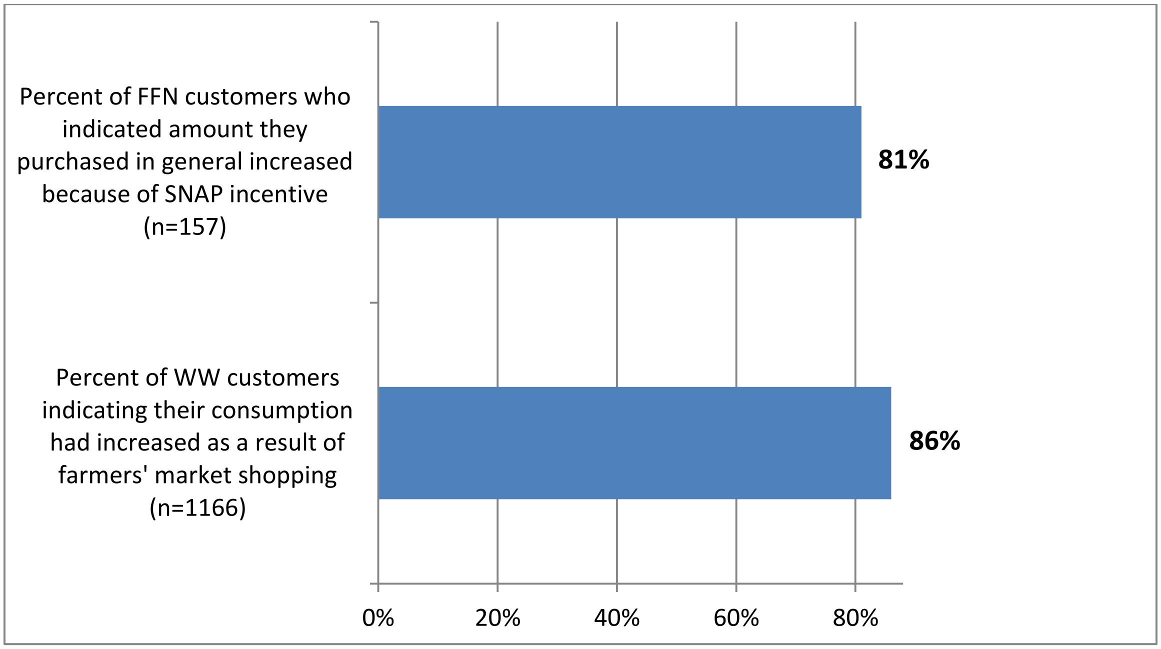
3. **Surveys**

The survey data for 2011 are derived from separate surveys conducted by the organizations participating in the cluster evaluation. Because each survey uses methods and questions developed independently of the other surveys, the data are not directly comparable. They are included here because cluster evaluations are intended to assess whether there are common themes across programs and organizations even if they use different methods of data collection. The organizations will be implementing a common set of survey questions in 2012 to enhance comparability. More information about the surveys reported here and the results are available in Morgan et al. (2012), Roots of Change (2011), and Wholesome Wave (2012). The data for FFN and WW come from the sample markets, while ROC data are gathered from their broader group of markets.

a. **Customer surveys**

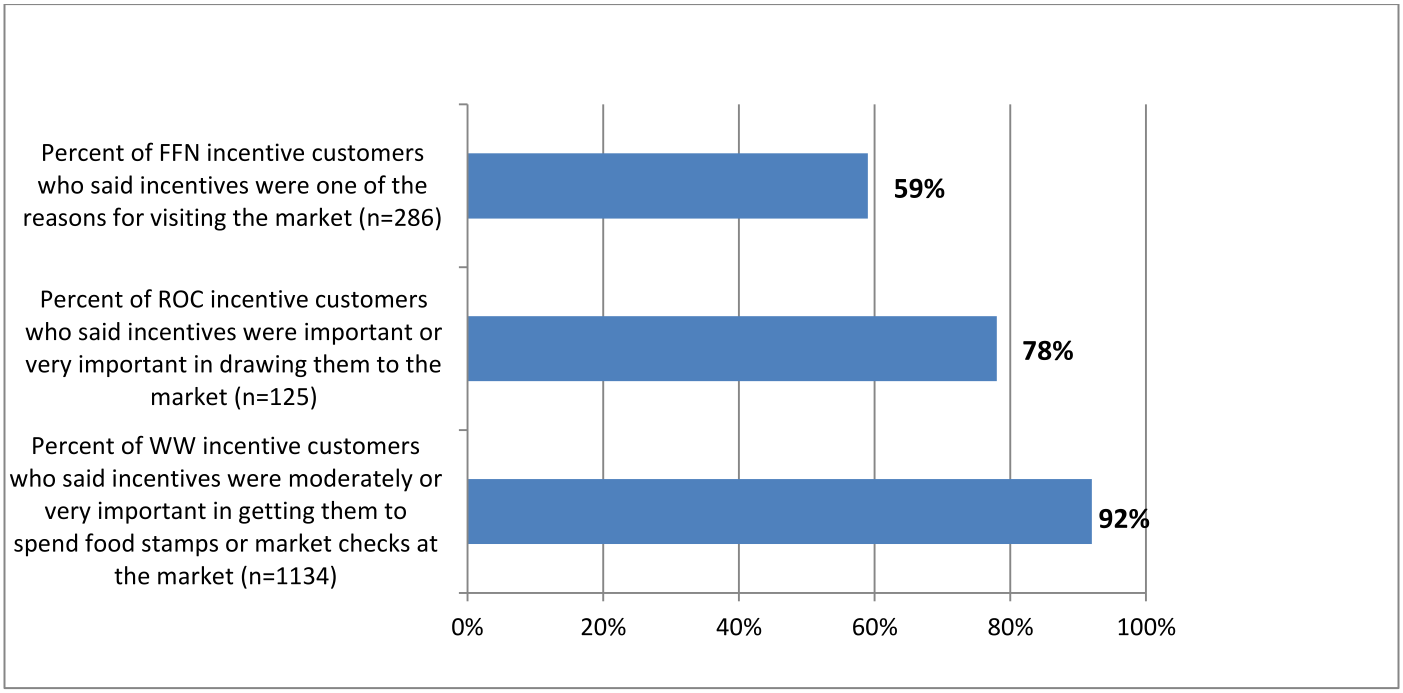
Purchase and consumption of fruit and vegetables. FFN and WW asked their customers about their purchase or consumption of fruit and vegetables, and the results are displayed in Exhibit 12. Large percentages of market customers report increases in fruit and vegetable purchase or consumption related to their experiences at farmers' markets.

Exhibit 12. Fruit and vegetable purchase and consumption



Each of the organizations that surveyed customers on the issue asked, in varying ways, about the importance of incentives to customers. As shown in Exhibit 13, the different questions led to varying responses regarding the importance of incentives in drawing SNAP participants to the market. Regardless of how the question was asked, more than 50% of customers surveyed indicated that the incentives were one of the factors that drew them to the market. This, combined with evidence that incentives increase the number of SNAP customers and the amount of SNAP redemptions, suggests that incentives are an effective strategy for drawing SNAP recipients to farmers' markets.

Exhibit 13. Importance of incentives in drawing customers to the market

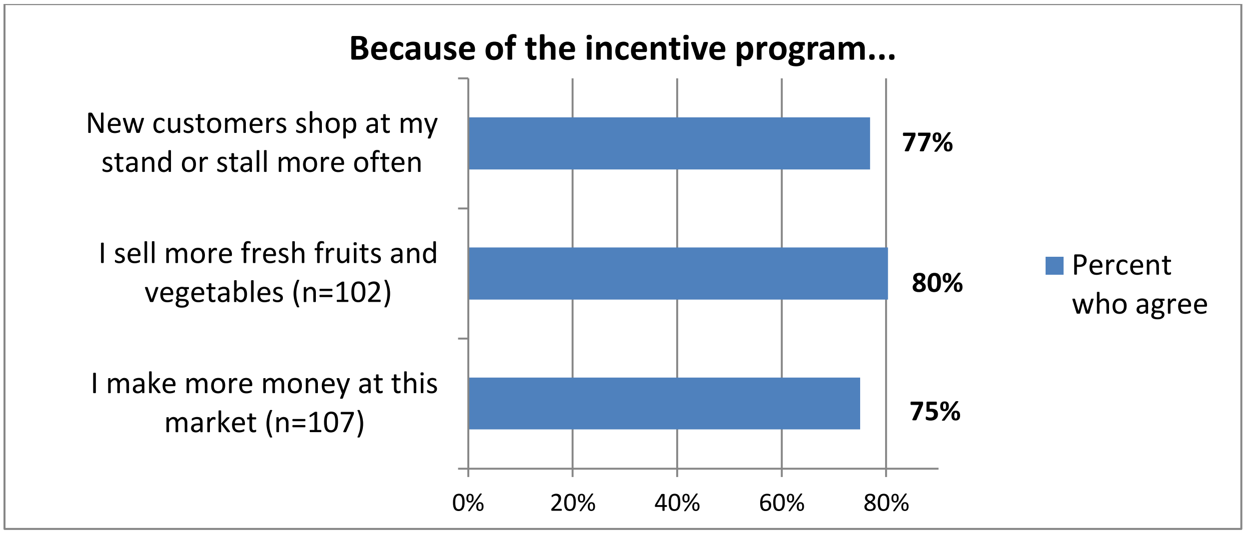


Spending in the area near the market. WW sought to determine the extent to which farmers' market customers spend money in the surrounding neighborhoods. It attempted to do this by using a survey question developed by MU to examine economic impact of all consumers at a market (n=1,147). They found that almost a third of customers who use incentives at farmers' markets planned to spend money at nearby businesses – an average of $28 each – and estimated that the total amount spent in support of such businesses would be $760,000 (Wholesome Wave, 2012). MU's survey question on this topic will be incorporated into the 2012 Cluster Evaluation Consumer Survey.

b. Vendor surveys

FFN conducted a vendor survey in 2011 (Morgan et al., 2012) and WW did so in 2010. Some key findings from the FFN vendor survey are shown in Exhibit 14.

Exhibit 14. FFN vendor perceptions of incentive program benefits



WW's 2010 survey found that:

- 50% of farmers (n=167) reported that the incentives were important or very important to their sales; and
- 55% (n=164) said that the fact that the market redeemed SNAP and offered incentives was important or very important in their decision to continue as a vendor at the market (Wholesome Wave, 2012).

The above findings suggest that most vendors see positive economic benefits from the incentive program and that incentives have the potential to enhance the success of individual markets and ensure their continued viability. This is important because markets are prone to closure if they do not find the right mix of vendors and customers (Stephenson, Lev, & Brewer, 2008).

FFN asked vendors how the incentive program influenced their plans for next season.

- 33% of farmers (n=104) reported that they plan to grow more produce next year because of DUFB
- 24% said (n=106) they plan to grow different fruits and vegetables because of DUFB

The WW survey asked whether farmers had made any changes to their operations as a result of the incentive program (n=100) and the results were:

- 15% reported increasing acreage or production as a result of the incentive program;
- 12% diversified products; and
- 10% added hoop houses or greenhouses (Wholesome Wave, 2012).

It should be noted that this was at an early stage in the development of WW's program and it will be important to assess whether changes in operation become more frequent or common over time. The cluster evaluation will produce data on these issues for the 2012 report because the common set of vendor survey questions to be administered during the 2012 market season will include questions about these topics.

IV. Conclusions and Implications

This report provides a summary of findings from the first year of a two-year cluster evaluation examining four organizations that have supported farmers' markets in offering incentives to SNAP recipients. The report's initial look at these programs and the research related to SNAP and incentive use at farmers' markets supports the following conclusions.

- **SNAP incentives are a promising practice with room for growth.** SNAP incentives offer a viable and promising tool for increasing the use of SNAP benefits at farmers' markets and for increasing the purchase and consumption of fruits and vegetables among low-income individuals and families. The evidence is clear that the implementation of incentive programs increases SNAP use at farmers' markets. The customers using SNAP benefits at farmers' markets reported that they purchased and consumed larger amounts of fruits and vegetables. While there has been a dramatic increase in the use of both SNAP benefits and incentives at farmers' markets, the evidence suggests that there is room for additional growth. Evidence also suggests that SNAP incentives have already resulted in economic benefits to the communities where farmers' markets are located and to the farmers and their employees who work at the markets. Further increase in the use of incentives is likely to result in a bigger impact on the viability of local growers and their communities.
- **Intermediary organizations play an important role in promoting SNAP incentives.** Intermediary organizations such as those participating in the cluster evaluation have played a critical role in expanding incentive programs. They have been able to locate and support markets with the capacity to implement incentive programs and, as such, have enhanced the markets' capacity and motivated other markets to develop their ability to handle federal benefits and seek private support. The organizations helped link markets and created tools such as *marketshare*, which provides the opportunity for peer learning. In addition, they have played a critical role in fundraising and encouraged their partners to also leverage more resources.
- **Private funding has played a critical role in supporting the use of SNAP incentives, but additional public funding would provide the opportunity for further growth and experimentation.** Private partners have been willing to contribute to incentive programs with the hope that if the strategic use of incentives is successful, public

funders would become interested and provide additional support. So far, public funding has been fairly limited, with support coming from the Farmers Market Promotion Program, the Specialty Crop Block Grant, state agriculture viability programs, and other state sources. If a substantial increase in public funding occurs as a result of the farm bill, there will be an opportunity to expand incentive programs and to learn more about ways to maximize their effectiveness. This would help alleviate some of the funding challenges that have led ROC markets to change incentive amounts or end programs earlier in the season than otherwise desired, and could allow MU to extend the months during which it is able to offer incentives.

V. Next Steps for the Cluster Evaluation

The cluster evaluation is continuing for the 2012 market season. As noted throughout this report, the 2012 evaluation will include a common set of questions for customers and vendors that have already been decided upon. These include customer questions covering:

- How easy or difficult it is to buy fruits or vegetables in the customer's neighborhood;
- How prices at the farmers' market compare to other places the customer shops;
- Whether the customer plans to spend money in the area around the market;
- Whether the incentive program led the customer to increase the amount of fruits and vegetables purchased and to buy more varied fruits and vegetables; and
- Whether the customer is making more trips to the farmers' market as a result of the incentive program.

The vendor questions cover topics including:

- Whether the incentive program has led the vendor to sell more fruits or vegetables, make more money, and have more new and repeat customers;
- Whether the vendor has increased acreage, is developing or offering new products, is starting a green or hoop house, or is buying new equipment because of the incentive program;
- Whether the vendor is planning on hiring new workers; and
- Whether and how the vendor's customer base has changed as a result of the incentive program.

The questions will be asked of a sample of customers at each of the sample markets and surveys will be attempted with all the vendors who participate in the incentive program. This will provide comparable data from a wide variety of programs and markets and should provide a more complete picture of how customers and vendors are affected by SNAP incentive programs. An additional survey will be created for market managers, and interviews will be conducted with a small sample of customers from each organization's programs to get more detail on their experiences with incentive programs.

In addition to the surveys, the cluster evaluation is exploring methods of measuring the economic impact of incentive programs. The cluster evaluation has already begun exploring methods of measuring the impact of farmers' markets using the IMPLAN model developed by the Minnesota IMPLAN Group (Otto and Vaneer, 2005; Hennenberry et al., 2009). The Food Assistance National Input-Output Multiplier (FANIOM) developed by USDA is specifically designed to measure the effectiveness of federal nutrition benefits as a stimulus to the economy (Hanson, 2010) and includes estimates and information that may be useful in conducting an economic impact analysis. However, both of these approaches have limited utility for capturing the full economic effects of SNAP incentive expenditures at farmers' markets because they rely on multipliers that do not take into account the impact of purchasing goods from locally owned businesses as opposed to national or multi-national companies and are not based on direct-to-consumer markets such as farmers' markets. A growing body of research suggests that buying from local merchants has a greater economic impact on a local or regional economy than purchasing from national or multi-national chains (Fleming & Goetz, 2011; Patel & Martin, 2011). Purchases from a local farmer are also likely to have a greater local impact because more of the resulting revenue is retained locally compared to supermarket or other food-store purchases (O'Hara, 2011). The organizations taking part in the cluster evaluation are exploring ways to measure the impact of the incentive programs through models that take into account the nature of the market in which they operate. Efforts will be made to develop such estimates on either a national or regional basis for the 2012 market season.

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