

Census of MI Farmers Markets

Food Assistance & Payment Processing

This document is part of the MI Farmers Market Census series. More available at mifma.org/census

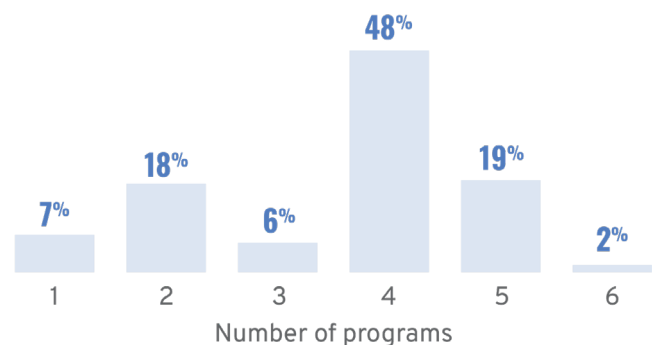


Markets are Important Places for Food Assistance Programs

A majority (68%) of Michigan farmers markets accept one or more forms of food assistance, well above the 50% of markets nationally who accept them.¹ And, 92% of those markets accept two or more forms of food assistance.

Additionally, three quarters (75%) of markets report at least one vendor accepting credit cards on their individual devices. About a quarter (26%) of markets offer market-wide credit card authorization on behalf of all vendors at the market.

Share of Participating Markets Offering Food Assistance Programs



Most Offered Food Assistance Programs

Program	MI % accepting	National % accepting
Any form of federal food assistance	71%	50%
Senior Farmers Market Nutrition Program (Project FRESH in MI)	64%	29%
WIC Farmers Market Nutrition Program (Project FRESH in MI)	60%	29%
Supplemental Nutrition Assistance Program (SNAP)	58%	39%
Nutrition Incentive Program (Double Up Food Bucks in Michigan)	54%	27%
Produce Prescription	13%	3%

¹ U.S. Department of Agriculture Agricultural Marketing Service, 2019 National Farmers Market Manager Survey: Federal Nutrition Programs (2020). Retrieved from <https://www.ams.usda.gov/sites/default/files/media/FederalNutritionPrograms.pdf>.

Managers are Integral to Smooth Food Assistance Operation

Facilitating food assistance sales is one way that markets serve vendors. If the market did not play this role, each eligible vendor would need to apply to become individually authorized to accept SNAP, a process that is formidable for many vendors.

Of the markets accepting SNAP,

83%
have paid
managers

98%
have central
terminal models

DEFINITION

Central Terminal Model



A model in which the responsibility for creating and managing the SNAP program lies with the decision-making body of the farmers market. The market facilitates SNAP transactions using one central point-of-sale device and is responsible for reimbursing vendors with the federal funds obtained from those transactions. In this model, FNS expects the decision-making body for the farmers market to apply for authorization on behalf of the farmers market. The decision-making body of the farmers market may be the sponsoring organization, the employer of the farmers market manager, or the board of directors that manages the market.

Adapted from "Accepting SNAP Bridge Cards at Michigan Farmers Markets," MIFMA, 2016.

Food Assistance Programs Require Administration & Oversight

BACKGROUND

Market-wide payment processing requires administrative oversight. Markets must apply for authorization to accept payments; obtain and maintain processing equipment; recruit and train vendors; create and distribute scrip; interact with customers; and handle reimbursement and other administrative duties both within and outside of market hours. Promotion of food assistance programs to potential customers is an additional (and crucial) task outside of administering the programs. These tasks can extend beyond the market season too, as managers must renew their authorizations to accept payments and prepare for the market season. And yet, funding to cover administrative time for running food assistance programs is rare.

Program administration can be challenging, especially for markets operating with few resources. One fifth of respondents to the Census said their markets have no written operating budget, and one quarter (25%) have volunteer managers. Despite limited resources, market managers remain committed to the smooth functioning of food assistance programming. **The typical manager spends...**



4 hours per week
on food assistance programs.
Some spend as many as
20 hours per week.

This represents, on average, about a quarter of their total weekly work hours. The burden is higher on micro² markets (with 8 or fewer vendors) who spend an average of 40% of their time on food assistance administration.

² Market sizes based on number of vendors (Micro 5-8; Small 9-30; Medium 31-55; Large 56+) and derived from: Stephenson, G., Lev, L., & Brewer, L. (2007). Understanding the Link Between Farmers' Market Size and Management Organization. Retrieved 2023, from <https://catalog.extension.oregonstate.edu/sr1082>

STAFF & VOLUNTEERS

About 30% of markets rely on additional staff or volunteers to manage and support food assistance programs. Staff members could include assistant market managers, and/or support from other organization employees such as bookkeepers. Medium-sized markets rely on additional staff support more than other markets. Micro markets rely on more volunteer hours than other sized markets.

Median Weekly Hours Spent on Food Assistance Programs During Peak Season

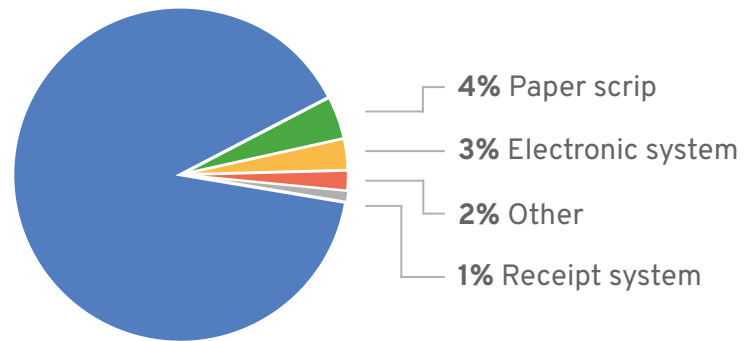
	Average	Micro	Small	Medium	Large
Market managers	4	6	3	3	5
Other staff members	8	8	6	23	15
Volunteers	3	8	3	5	n/a

OPERATION

Most markets operate SNAP with token systems. Because food assistance programs at farmers markets rely on physical redemption methods, their operation hinges on significant and consistent administrative capacity.

89%
Tokens (wooden, metal, plastic)

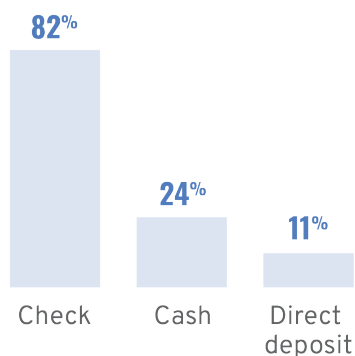
SNAP Administration Method



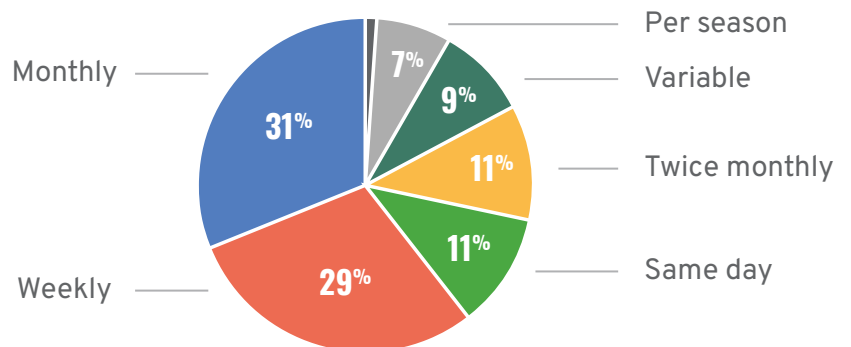
VENDOR REIMBURSEMENT

Most markets cut checks manually and reimburse either weekly or monthly.

Method
Some use more than one



Frequency



Creative Ways to Expand Food Access

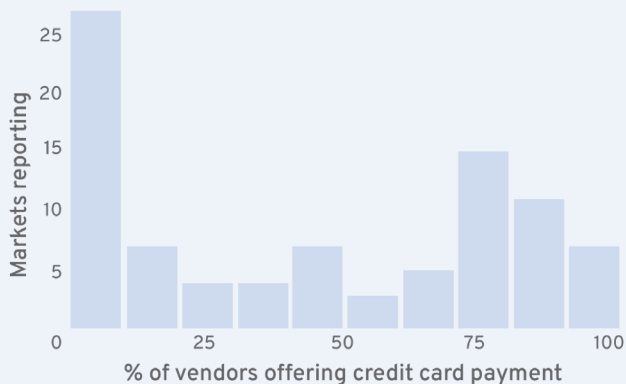
LOCAL PARTNER SUPPORT

When asked how local organizations support markets' food access efforts, respondents described a broad range of community involvement. Funding is often provided by healthcare organizations, local foundations, and banks. Local health departments and MSU Extension are most likely to partner with markets around food assistance education and customer recruitment.

While markets are most likely to pursue SNAP authorization on their own, 8% of respondents said they rely on another organization to be the legal program administrator. Markets might find entities whose personal or organizational missions align with expanding community food access. In one community, a local bank "processed all card transactions, token handling, and coupon redemption with both customers and vendors." Individual volunteers, local health departments, or local nonprofits are other partners that administer SNAP on behalf of markets.

Many Markets Remain Low-Tech

Vendors offering credit/debit is still rare; managers say, on average, only 28% of their vendors offer this option. This suggests only a select few vendors are willing to invest in payment processing technologies and prefer to operate with cash.



RECUPERATING ADMIN COSTS

Retailers are not authorized to charge processing fees to SNAP shoppers. However, they are permitted to charge vendors a fee for processing payments. A small number take advantage of this: 18% charge fees (ranging from 2 to 5% of SNAP sales), while one market raised vendor stall fees by 9% to recuperate some administrative costs.

Markets are more likely to charge fees for credit/debit payments. One third (34%) of those operating a central terminal apply credit card fees to vendors, shoppers, or both. Customer fees are charged per transaction (either a flat rate up to \$2, or 2-3% is most common). Vendors, on the other hand, are charged a percent of their credit/debit sales, ranging from 1.79% to 8%.

Key Takeaways for Market Organizations

If you are pursuing SNAP or other food assistance programs, know they require a clear plan and ongoing funding for time spent administering these programs.

Consider the following recommendations for alleviating the administrative burden:

- Recuperate administrative costs by charging vendors a SNAP administration fee.
- Recruit the help of other staff members at your organization for bookkeeping and administration. Or consider ways that partner organizations in your community might fill these roles.
- Continue to educate funders and policy makers about the importance of providing healthy food access through your market, and the administrative costs of doing so.