

V.  
Selling Food to  
Participants in  
Government  
Assistance Programs



## V. Selling Food to Participants in Government Assistance Programs

Farmers' markets may be located close to economically disadvantaged areas. Vendors at farmers' markets can sell their products to participants in government food assistance programs. Unfortunately, there are some limitations to these programs. Developments in mobile technology and increased funding at the federal level may minimize these limitations.

### WIC Farmers' Market Nutrition Program

In Texas, the only nutritional assistance program operating at the farmers' market level is the Farmers' Market Nutrition Program (FMNP).

Congress created the FMNP in 1992 to provide access to fresh, locally grown fruits and vegetables to participants in the U.S. Department of Agriculture's Special Supplemental Nutrition Program for Women, Infants and Children (or WIC). The goal of FMNP is to stimulate local agriculture and promote local farms as well as to provide WIC participants with fresh fruits and vegetables.

As funds are available, Texas Department of State Health Services (DSHS) will contact local health agencies and determine if they want to participate in FMNP. Generally, these local health agencies are located near a Farmers' Market Association. If the local agency chooses to participate, DSHS will then contact the local Farmers' Market Association to determine if the Market wants to participate. However, a Farmers' Market Association can take the initiative and contact DSHS first to express interest in participating in FMNP.

Texas is scheduled to receive about \$1.4 million in FMNP funding from the USDA and about \$350,000 in State matching funds in fiscal year 2006. The Nutrition Services Section of DSHS administers the FMNP program. As WIC participants receive WIC benefits at local health agencies, they are issued five \$2 coupons per family member. These coupons can only be used May through August. To participate, a Farmers' Market Association must provide DSHS with a bank account number for reimbursement purposes.

The coupon holder buys the food with the coupon. At the end of the day, the vendor gives the coupons to the market manager who provides a receipt to the vendor for the dollar amount of the coupons. The market manager then mails the coupons to DSHS and the State Comptroller reimburses the Farmers' Market Association for the dollar value of the coupons through direct electronic transfer. The Market Manager then directly reimburses the vendor. State reimbursement occurs within 10 calendar days from receipt of the coupons.

For fiscal year 2006, there are 28 WIC local health agencies providing FMNP services to approximately 240,000 women and children in 31 counties. These counties are served by 41 Farmers' Market

Associations. In fiscal year 2005, DSHS reported a 51.7% redemption rate. For more information about the FMSP contact DSHS at 512-341-4400.

Under current regulations issued by the Texas Department of Health, a vendor may accept and redeem FMNP coupons if:

- the vendor is a current member of a market association that has entered into a written agreement with the local health agencies which administer the WIC program; and
- the vendor and market association enter into a written agreement in a form prepared by the DSHS governing acceptance of FMNP coupons, a copy of which must be provided to the Department.<sup>13</sup>

If a vendor ceases being a member of the association, the vendor will no longer be eligible to redeem FMNP coupons, and the association is responsible for providing notice.

### **Senior Farmers' Market Nutrition Program**

The federal government also provides nutritional assistance under the Senior Farmers' Market Nutrition Program (SFMNP), which provides coupons to senior citizens to purchase fresh fruits and vegetables at approved farmers' markets during the harvest season. The SFMNP currently operates in 46 states and tribal jurisdictions. As of October 2005, Texas is not a participant in the SFMNP but may join the program in the near future.

### **Food Stamps**

Technology also soon may allow participants in the food stamps program to purchase food products at farmers' markets in Texas.

The food stamp program is by far the largest program providing nutritional support to low-income individuals and families. The food stamps program is funded by the federal government through the U.S. Department of Agriculture and administered in Texas by the Texas Health and Human Services Commission (THHSC). As of October 2005, however, food stamps could not be used at farmers' markets in Texas due primarily to the fact that food stamp transactions now are transacted solely on an electronic basis.

In the 2002 growing season, the Texas Department of Agriculture and Texas Department of Human Services (THHSC's predecessor) obtained funding from the U.S. Department of Agriculture to conduct a pilot project using wireless point-of-sale terminals and/or special manual vouchers/phone authorization in order to allow recipients to use food stamps at six farmers' markets in different areas of the state. The agencies completed a study, but as of October 2005, the agencies have not taken further action to expand the project. Test projects, however, are ongoing in other states.