

19 May, 2014

Secretary Tom Vilsack
United States Department of Agriculture
1400 Independence Ave, S.W.
Washington, DC 20250

Dear Secretary Vilsack,

Thank you for the U.S. Department of Agriculture's immediate response to the passage of the Agricultural Act of 2014. All of the undersigned organizations support and many have a long history of direct experience with fruit and vegetable incentive programs and we are particularly interested in -- and excited about -- the new Food Insecurity Nutrition Incentive grant program (FINI). The Managers' Report accompanying the Act suggests the Secretary consult stakeholder groups for insight on the program's design, which we are taking as an invitation to share key suggestions based on our significant accumulated experience. We appreciate the speed with which USDA has implemented key provisions of the 2014 Farm Bill and hope the Department will be able to issue a Request for Proposals for the FINI program in Fall, 2014.

Basic goals, principles, and priorities for the FINI program

The legislative language creating the FINI program enumerates specific priorities in grantmaking and we strongly encourage the Department's implementation plan and application scoring to reflect these emphases. We elaborate on these priorities here:

i) Maximize the share of funds used for direct incentives to participants – We share Congress's desire that the lion's share of federal grant funds be used for fruit and vegetable incentives that will provide an immediate healthy food benefit to families participating in the Supplemental Nutrition Assistance Program (SNAP). However, we also recognize that many of the highest-need communities do not have the infrastructure to immediately implement a successful incentive program. Many organizations have found that an initial

investment in, and emphasis on developing infrastructure, knowledge, skills, and capacity pay off in successful incentive projects that can achieve lasting results.

We urge the Secretary to encourage and consider awarding extra review points for proposals from high or persistent-poverty rural, Tribal, and urban areas and not require that most of the grant funds for these communities be used for incentives, at least in the first year of the grant. Criteria for identifying these communities could be participation in USDA's StrikeForce initiative, Promise Zones, designation as "persistent poverty" counties, EFNEP or SNAP Ed eligible areas, or locations identified as "food deserts" on USDA's Food Atlas. Particularly in rural America, both the consumers and the farmers in these areas could benefit enormously from a nutrition incentive program that improves recipient health and stimulates local agriculture economies, but without an initial investment in organizing the efforts will fail.

ii) Use direct to consumer marketing – As organizations that work at both the farmer and the consumer end of the food chain, we are committed to developing models that not only meet low-income consumers' immediate food needs but also create sustainable food systems that support the hard work of America's small and medium-sized family farms. These are pioneering farm operations that are increasing the diversity of crops and extending seasons, exploring more sustainable practices, and increasing the production of fresh local foods for their region. They are creating a more stable, resilient food system, and increasing employment in hard hit rural communities. Poverty is an underlying cause of inadequate food access and poor diets: incentive programs that link consumers directly with producers create economic activity and offer the added benefit of addressing a root cause of the problem.

Small and medium-sized family farms selling direct to consumers are particularly responsive to consumer demands, often adding new crops based on input from customers. Furthermore, farmers' markets and other direct-to-consumer outlets including mobile markets and farmstands offer a culture of healthy eating and experiential nutrition education that makes direct retail particularly effective at promoting the kind of environmental and behavioral changes in diet that FINI is designed to encourage.

iii) Demonstrate a track record of designing and implementing successful nutrition incentive programs that connect low-income consumers and agricultural producers - USDA estimates that almost half of the farmers' markets that currently accept SNAP benefits conduct some kind of nutrition incentive program and at least 98 organizations support SNAP incentive programs at farmers' markets around the country. There is a wealth of accumulated experience and successful models in the field. USDA funds should

build upon what has already been learned and allow successful models to expand and innovate to serve more consumers and low-income communities.

iv) Provide locally or regionally produced fruits and vegetables – As mentioned above, we strongly encourage USDA to direct grant funds to organizations whose proposed SNAP incentive programs incorporate local and regional production, even in intermediated markets. We recognize that direct retail will not work in every community but encourage the Department to maintain a priority for applicants that connect the incentives to local and regional fresh produce production by prioritizing projects that minimize the number of intermediaries between farmers and consumers and maximize the percent of the food dollars earned by farmers.

While we understand that the FINI program’s primary goal is to improve the diets and health of SNAP participants by increasing their produce consumption, we believe this can be achieved while also boosting demand from small and mid-sized family farms. This approach offers the additional benefit of creating jobs and economic activity in the food sector that address the underlying poverty that creates the need for the SNAP benefits in the first place.

v) Meet the healthy food needs of under-served consumers in places convenient to them – We support Congressional intent to target the FINI grant funds to organizations conducting projects in high-need communities. However, a number of nutrition incentive programs that serve low-income consumers well are in city centers including Downtown Chicago, IL; Cherry Street in Tulsa, OK; Crescent City Market in New Orleans, LA; Downtown Long Beach, CA; Las Olas in Downtown Ft. Lauderdale, FL; and Hope Market in Providence, RI. These markets offer a wide variety of produce, are convenient to public transport, and are located near workplaces. So, although they are not located in high-poverty areas, they do an excellent job of serving a high need population. We urge the Department to take this into consideration in awarding grants and suggest that the application include an opportunity for organizations to explain how they serve low-income consumers if their physical location is not in a high poverty area.

Grant design and administration

The Agricultural Act provides the Secretary a significant amount of flexibility in designing the FINI grant application and administrative processes and we encourage the Department to make use of this latitude. We strongly encourage the Department to allocate grant funding in a way that reflects the priorities in statute and also consider the following:

1) Multi-year grants – It takes more than one season or one year to establish new shopping patterns and dietary habits. In low-income communities it often takes more than one year to win enough trust for consumers to embrace new retail opportunities and be able to accurately assess the impact of a program on people’s lives. We urge the Department to provide multi-year grants of at least up to three years. We do not support the idea of creating different categories of grants (planning or implementation, for example) but instead suggest a flexible grant design that allows applicants to provide a multi-year plan that may include a capacity building and planning year in communities where that will be required. The grant design can also evolve based on results from the first several years.

2) Match requirements – We recognize that all proposals must demonstrate that at least half the total program costs will be supported with other funds. For multi-year grants, we recommend that applicants be required to demonstrate only that they have a commitment for the required match for the first year, and not for the whole grant period, at the time of application. Funding that can be used for a match is typically committed on an annual basis. Matching funds for subsequent years can be verified when the programs submit their annual grant reports and other information required by USDA.

3) An annual grantee meeting – The SNAP nutrition incentive community is both vibrant and rapidly evolving. USDA can achieve the best possible results from the FINI program in the next five years by facilitating annual meetings of grantees to share their on-the-ground experiences; identify best practices; problem-solve common challenges; provide USDA staff content area knowledge for analysis of the year’s results; and provide insight about data collected. Grantees could also suggest ways subsequent Requests For Proposals (RFP) could be changed to better meet the needs in the field.

We understand meetings can be costly, both in terms of people’s time and funding, and want to ensure they are valuable. We suggest asking the USDA implementing agencies to solicit recommendations from organizations with experience conducting incentive programs for guidance and planning assistance to identify the most valuable topics to consider, appropriate speakers, and best session design.

4) Evolving and flexible grant design – Since this is a new grant program in a quickly changing and complex area of work, we suggest that grant approaches outlined in the RFPs evolve over the course of its five years to reflect lessons learned in the field. We suggest that USDA limit somewhat the design parameters of the programs funded in the first several years in order to obtain definitive information about basic incentive effects. Our suggestion would be to concentrate on direct-to-consumer markets and fresh produce incentives at first with just a few, limited-scale initiatives in conventional retail that maintain an emphasis on fresh produce and regional, family-based farm production.

It is probable that some applicants will submit one application to conduct an incentive program throughout a geographical region (or state) that includes a variety of kinds of communities, including some that are exceptionally high-need and perhaps harder to serve initially. The applicant may propose to do supplemental activities to ensure program success in these areas. Health data demonstrates that need is particularly strong in the areas mentioned in section I (above), and we suggest USDA consider awarding extra points in the review process to organizations with reasonable plans to serve those communities.

5) Grant sizes and streamlined application process – As mentioned above, we believe that the FINI program can support highly valuable, though smaller-scale work in underserved communities. The USDA grant process can be complex and challenging for groups that may have unparalleled ability to conduct successful incentive programs but fewer grant-writing resources. We encourage USDA to allow groups that are applying for lesser amounts of funding to submit a significantly shorter and less complex application.

Two funding levels with different application requirements could meet this goal. Proposals for a lower funding tier could be simpler than a standard NIFA application, requiring sufficient information to ensure the applicant has the capacity to do the work and guarantee accountability but with a shorter narrative and less extensive evaluation, for example. This lower level will include smaller-sized grants and is appropriate for existing and new incentive programs serving communities with limited populations. Applicants for higher funding levels would be required to submit a standard-type NIFA application. Obviously, applicants within these two tiers should only compete amongst each other: applicants in the lower tier should not compete in the review process with applicants in the higher tier.

6) Technology and incentive instruments - Our goal is to fully integrate sustainable, small and mid-sized American farmers into a vibrant and healthy food retail environment. Scrip and token systems work well in some markets and may remain the most logical approach for many markets, particularly small ones. Scrip and token-based systems utilized at direct to consumer markets should be eligible for funds through this program.

We saw use of farmers' markets plummet when the food stamp program (now SNAP) transitioned from paper vouchers to electronic benefits so we fully appreciate the importance of developing appropriate, cost effective technologies that serve both SNAP participants and farmers well. Improved, appropriate integration of direct-to-consumer markets with SNAP EBT technology is desired and should be supported through the FINI program. The goals of such technology integration should include simplified use and administration of EBT technology at direct-to-consumer markets and interoperability

with other federal nutrition assistance programs (e.g. WIC, SFMNP, WIC FMNP). Promising first steps have been taken in this direction and we hope the FINI grants will provide opportunities to test multiple approaches in different kinds of markets.

7) Grants should reflect geographic and demographic diversity – Although not explicitly stated in the legislation, we urge the Department to ensure that funding flows to projects serving a wide variety of kinds of communities in all parts of the country. This includes Tribal areas and remote rural communities as well as inner-city projects.

8) Use "common sense" when reviewing applications from the same region. Multiple incentive programs with different program rules, branding, and incentive levels should not be conducted in an area that serve the same SNAP customers.

The FINI program is an exciting opportunity to increase the purchasing power of SNAP participants and learn what factors influence shopping behavior and diet change for better health. In our experience, more than one program in the same geographic area can cause the following problems:

- Customer confusion. Incentive programs in overlapping areas with different program rules, incentive levels, and caps can promote confusion among some SNAP recipients.
- Exploitation of differing incentive levels, benefit caps, or procedures. Different program features can lead individuals to exploit programmatic differences to accumulate incentives in a way that is unintended in program design.
- Potential competition between nutrition incentive program operators. Regardless of market or retail venue size, incentives could “drive” SNAP customers from one market or retail site to another. For some smaller-sales markets in underserved areas, this could have negative impacts for retaining producer interest, and reduce market sustainability.

To avoid this we suggest that USDA notify the state SNAP agencies when the FINI RFP is published and encourage them to facilitate collaboration among interested groups or, at the very least, share contact information amongst the organizations they know are interested in applying for funding.

USDA can also conduct informational webinars (perhaps in coordination with our groups) and emphasize the importance of collaboration among organizations proposing to conduct programs in the same regions. The Department could also award additional review points to collaborative applications.

Programs that devolve into competition undermine the multiple positive benefits that can be achieved. On the other hand, collaborations that include complimentary retail venues and consistent program design, outreach, and incentive levels are more successful because they increase the likelihood that consumers will know about, understand, and make use of the incentive.

9) Incentive levels – As you know, there is much variability in the incentive levels organizations use to match SNAP purchases for fruits and vegetables. A \$1 to \$1 match is the most common, but different levels may be appropriate in different locations or at different times in a program’s evolution (for example, after the first year when shopping habits may have begun to change or a community has become accustomed to a new type of retail it may be possible to reduce the match and retain high levels of participation).

Since there are so many variables that can influence the efficacy of healthy incentive programs, we encourage USDA to direct most of the available funding to projects using a 1:1 match level. This will hold one variable constant and provide an opportunity to tease out the effects of other program characteristics when comparing the results in demographically similar markets. We have found that it takes time for consumers to understand SNAP incentive programs and the simplicity of the 1:1 match level removes confusion. It can also be included in program names (Double Value Coupon Program, Double Up Food Bucks), which simplifies communications.

We recognize that successful programs use different match levels and we do not want to preclude them from continuing or impede new experimentation with incentive levels that are most likely to achieve the desired results. However, it is crucial that grants offering a lower incentive level (less than \$1 in incentive for every \$1 in SNAP spent) not be perceived as “better” because they could conceivably stretch FINI dollars further. We do not yet know enough about how fruit and vegetable incentives impact consumer purchasing and diet decisions to assess whether there is one ideal level that will improve diet for everyone, everywhere. Until more is known it is most appropriate for USDA to judge competing applications on the merits of the complete program design without reference to the specific incentive level proposed.

We also call USDA’s attention to the question of incentive caps, which are as varied as incentive levels around the country. Applicants may specify a maximum benefit cap that

they feel is most appropriate for their community and shoppers, but a cap should not be required nor mandated by USDA. As mentioned above, we recommend that USDA have awareness around proximal farmers markets' and/or retailers' incentive cap amount having an effect on market competition and program confusion. A cap that is set too low may prevent a significant increase in fruit and vegetable purchase and consumption. Likewise, a cap set high enough to lead to an increase in fruit and vegetable purchase and/or consumption, may be too low to achieve an observable change in nutrition or health outcomes. In other words, an incentive threshold that leads to an increase in fruit and vegetable purchase may be a separate threshold for improved nutritional or health outcomes. More experimentation and evaluation is needed to identify incentive threshold(s) that leads to health impact.

We believe that, at least initially, directing most funding to programs using a 1:1 match provides the opportunity to achieve some uniformity of design, messaging, evaluation data, and program administration while not stifling innovation or local flexibility.

10) Evaluation - The SNAP incentive program has the potential to accommodate multiple types of projects in different kinds of retail venues. Even within direct markets, considerable variation can exist in how programs are implemented, including the socioeconomic characteristics of the clientele; season length; size of the incentive; market accessibility; types of nutrition incentive benefits offered and other factors. This variation makes it important to develop standardized and uncomplicated reporting metrics for applicants and evaluators to ease the ability of drawing generalizable conclusions. (Since some organizations might build capacity using a Farmers Market and Local Food Promotion Program grant and then implement an incentive program using the FINI program, the information required of applicants should be standardized to align between programs where similar information is being sought. This would also allow valuable information about direct marketing to be collected from both programs and across USDA mission areas.)

We believe it important to collect the following kinds of basic data from retail partners in a program:

- management or organizational structure of the retail site/program (nonprofit, farmers association, city sponsored, etc.)
- financial instrument used for SNAP and incentive purchases (tokens, scrip, electronic, etc.)
- retail locations, mobile route, or other pertinent information to understand how the project improves access to healthy food for underserved low income consumers
- months of operation and operating days and hours

- whether this is an entirely new SNAP incentive programs or the continuation, expansion, or modification of an existing program
- for direct farm-to-consumer venues -- average number of producers participating in or providing product to farm stands, mobile markets or farm or food share programs per year
- whether the market/project accept other nutrition assistance program benefits (WIC CVV, WIC or Senior FMNP, etc.)
- if the market/project collaborates with nutrition education programs or offers cooking, gardening or other activities

Some incentive programs conducted in retail stores incentivize fruit and vegetables grown in that state or region. In these cases, the retailers should report whenever possible how the incentive program led them to increase purchases of local and regional produce during the duration of the FINI grant period and in comparison to previous years. If retail stores are participating in a seasonal fresh produce incentive program they should be able to track information on sales of produce purchased with SNAP both during the time of the incentive and after it concludes for information on if/how purchasing patterns change.

Incentive program design and use data can be gathered with these questions:

- which, products are incentivized and at what level
- incentive level/ratio and maximum
- incentive delivery mechanism (at markets, social service agencies, etc.)
- number of SNAP participants that use SNAP benefits (per site/per year)
- dollar value of SNAP dollars issued in market/program scrip, where applicable
- dollar value of SNAP purchases (per site/per year)
- dollar value of incentives issued (per site/per year)
- dollar value of incentives redeemed (per site/per year)
- information on SNAP use in markets in previous years, when possible

Consumer impact

We recognize the funding for program evaluation is limited, so suggest that customer intercept surveys of a sample of participants be deemed an adequate representation of the programs' impact on the larger community served. We recognize the FINI statute directs almost all federal resources to incentives and program implementation so is fundamentally different from the Healthy Incentive Pilot, which used significantly more money on evaluation than actual incentives. It would be unreasonable to expect the same rigor in the FINI evaluation. We encourage USDA to be practical and realistic and recognize the merits of information gleaned from participants in less formal and uniform ways. Applicants can

capture valuable data and feedback, especially if grants include support for their evaluation processes.

To ensure that good and consistent information is collected without placing unreasonable burdens on direct marketing farmers or nonprofit groups, we suggest USDA require that all grantees collect the following basic information from a sample of participants:

- Gender
- Age
- Ethnicity
- Whether participant has used SNAP at a market or a project like this before
- Location of residence (e.g. ZIP code)
- How they learned of the nutrition incentive program
- Whether they increased purchases of fruits and vegetables because of the incentive program? If so by how much (e.g., percentage, dollar value, etc.)?
- Whether they increased the consumption of fruits and vegetables because of the incentive? If so by how much?
- Identify reasons for purchasing fruits and vegetables at that location. Possible reasons could include:
 - price
 - interactive / pleasant shopping experience
 - greater freshness or quality of food
 - better selection of food
 - convenience
 - participation in education or other activities at the site
 - other
- Do they use any other nutrition assistance programs at the market site?

When possible, the format of the standard survey questions used by all applicants should align with other external datasets. This will allow a comparison between the responses of SNAP customers participating in incentive programs, and those who have not had that opportunity.

Local public health and/or human service agencies, universities or colleges, and volunteer organizations may be able to assist with collecting SNAP participant information. Even with the best of partners, this information collection will cost organizations time and money. We anticipate the USDA will include funding for this in FINI grants.

11) Initial grant round - The Agriculture Act provides a total of \$35 million to the FINI program to be spent in years 2014 and 2015, \$20 million each for years 2016 and 2017,

and \$25 million for 2018. We understand that it will not be possible to conduct a first round of grants in the six months remaining in FY2014, but we would appreciate a conversation with USDA staff about the most effective way to manage the large funding difference between an initial FY2015 \$35 million round of grants followed in FY2016 by \$20 million.

We suggest the Department obligate the funds for multi-year grants made in the initial 2015 round in that year. That will provide grantees with assurance that their projects will not be cut-off after one year of funding. It will also minimize the difference in the flow of USDA funds to communities in years 2015 and 2016, allowing for a more orderly development of programs.

We understand establishing a new program is an arduous process and would like to help. Our organizations are uniquely positioned to provide outreach once the Department has established the FINI program structure and application timeline. We would be glad to offer webinars collaboratively with USDA staff, include information in our publications, and promote the new program during meetings and conferences. The more advance notice USDA can provide the more likely we will be to be able to offer the comprehensive support that will make FINI a success.

Thank you for the opportunity to provide you our recommendations. We look forward to working together closely over the next five years.

Sincerely,

AFPD, MI
Angelic Organics Learning Center, IL
Appalachian Sustainable Agriculture Project, NC
California Alliance with Family Farmers, CA
Chicago Botanic Garden, IL
Crossroads Community Food Network, MD
Delta Land and Community, AR
Dill Pickle Food Co-op. IL
Eastern Market Corporation, MI
Ecological Farming Association, CA
Ecology Center, CA
Experimental Station, IL
Fair Food Network, MI

Farm to Table, NM
Farmers Market Coalition, IA
Florida Organic Growers, FL
Friends of Evanston Farmers Markets, IL
Global Garden Farm Market, IL
Growing Power, WI
Hmong National Development, Inc., Washington, D.C.
Illinois Farmers' Market Association, IL
Illinois Public Health Institute, IL
Illinois Specialty Growers Association, IL
Illinois Stewardship Alliance, IL
Liberty Prairie Foundation, IL
Malik Yakini, Founding Member Detroit Food Policy Council, MI
Market Umbrella, LA
Michael Fields Institute, WI
Michigan Farmers Market Association, MI
Michigan Land Use Institute, MI
National Farmers Union, Washington, D.C.
National Sustainable Agriculture Coalition, Washington, D.C.
Nebraska Slow Food, NE
Nebraska Sustainable Agriculture Society, NE
New England Farmers' Union, MA
Northbrook Farmers Market, IL
Northeast Organic Farming Association - Interstate Council (CT, MA, NH, NJ, NY, VT)
Plenty!, VA
Rural Advancement Foundation International (RAFI-USA), NC
Lieutenant Governor Sheila Simon, IL
Slow Food USA, NY
The Land Connection, IL
Union of Concerned Scientists, Washington, D.C.
Virginia Association for Biological Farming, VA
Washington Sustainable Food and Farming Network, WA
Wholesome Wave, CT

