
Evaluation of the Hilo Farmers' Market Demonstration

Final Report

Ken Offerman

Office of Analysis, Nutrition and Evaluation
USDA Food and Nutrition Service
3101 Park Center Drive, Room 503
Alexandria, VA 22302

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Executive Summary:

Evaluation of the Hilo Farmers' Market Demonstration

The Hilo farmers' market demonstration tests an alternative to the conventional implementation of Electronic Benefit Transfer (EBT) found in the traditional retailer environment. It also tests an alternative to the standard back-up voucher system used by non-traditional vendors.

During the six month demonstration period, **participants and vendors successfully implemented and operated a system using a single EBT terminal and paper scrip.**

Key findings:

- Following EBT rollout in June 1998, the average monthly amount of food stamp redemptions at the market fell 98% (from about \$13,000 to \$233).
- During the demonstration period, scrip redemptions increased to a monthly average of \$6,560.
- Food stamp redemptions are still about half of what they were prior to EBT rollout, some of which may be accounted for by a

switch to cash purchases by recipients.

- Sixty-six percent of recipients surveyed at the market indicated that they shopped at the Hilo market at least once or twice every week.
- All of the recipients surveyed found scrip easy to use, and nearly half (48%) said they purchased from \$10-\$20 of scrip at a time for same day use.

Conclusion

The demonstration suggests that **scrip will work in a market environment like the one found in Hilo** where a market manager has access to a telephone, is willing to manage the scrip process, and handles a moderate volume. **Scrip may not be the most appropriate option for more urban areas** with higher volume and larger transaction amounts.

Evaluation of the Hilo Farmers' Market Demonstration

Chapter 1

Introduction

Background

This report examines the Hilo Farmers' Market demonstration, which tests one possible option to the conventional implementation of Electronic Benefit Transfer (EBT) found in the traditional retailer environment. It also tests an alternative to the standard back-up voucher system used by non-traditional vendors and vendors in an EBT environment looking for non-electronic solutions. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) requires all states to implement Food Stamp Program (FSP) EBT systems before October, 2002 unless waivers are authorized by USDA. Farmers' markets, fruit stands and other similar businesses operate in environments where electric power and land-line telephones are not readily available (or are cost prohibitive). These operations also work within other serious business constraints (i.e., rapid and small dollar transactions) which can limit

the practicality of the more traditional EBT Point of Sales (POS) solution.

Purpose

USDA has a fundamental interest in ensuring that program participants have continued access to farmers' markets and that the FSP is available to support small farmers. The Food and Nutrition Service (FNS) which administers the FSP also has an overriding interest in exposing FSP participants to the potential nutritional and financial advantages of supporting local farmers' markets. Encouraging farmers' markets to participate as vendors in USDA's nutrition assistance programs has long offered a wide range of benefits to food stamp recipients, farmers and communities across the nation. First of all food stamp recipients gain better access to fresh produce. In addition, farmers gain new outlets for their production, communities can become more food-secure and local economies can be revitalized.

In an attempt to test the feasibility of alternative solutions to standard EBT implementation, the Hilo Farmers' Market demonstration was approved in September 1998. The cooperative agreement between FNS, the State of Hawaii and the Hilo Farmers' Market (HFM) was finalized in November 1998. Official data collection began with November sales. The analysis/evaluation of the HFM demonstration is based on the various data sources compiled by the HFM manager, the State of Hawaii, the FNS Hawaii Field Office, FNS Western Regional Office and the FSP Benefit Redemption Division including historical STARS data relating to FSP retailer authorization and redemptions for the Hilo market. This report examines the available data provided by the market manager from November 1998 through April 1999, FNS historical data from March 1995 when the market was first authorized, and survey results from food stamp recipient and farmer/vendor interviews.

Research Questions

The Hilo market analysis addresses the following questions:

1. Describe the Hilo Farmers' Market demonstration, including a comparison to the historical performance of the HFM.
2. Assess the potential implications of a scrip system on recipients, retailers and the market.
3. Assess the overall success of the use of scrip at the HFM and its potential appropriateness at other similar markets.

These questions are addressed in the following three chapters.

Chapter 2

Describe The Hilo Farmers' Market Demonstration

History and Market Environment

The HFM has been in operation since January 1988 and is located in the downtown area on the waterfront. The market has been authorized to participate in the FSP since March 1995. Hilo is located on the island of Hawaii which has a much smaller population than Oahu where Honolulu is located. Hilo is located on the windward side of the Island where, according to the market manager, its population consists of local residents with limited tourist trade. The area has a high percentage of residents who are on public assistance.

The HFM operates under a market manager system where farmers are charged a specific amount for each day they participate in the market. The number of farmers participating will vary depending on the day of the week and particular growing season. The market manager requires that all fruits and vegetables sold in the market be locally grown. There are several supermarkets/grocery stores nearby (half block to three blocks away) which also sell fruits and vegetables but according to the market manager and other sources, most of these items are imported from the mainland and cost more than the same items sold in the farmers' market.

According to the market manager, the HFM also offers a variety of locally grown fruits and vegetables which may not be available in the supermarkets.

EBT was implemented in the Hilo area during June 1998. As FSP recipients used the last of their food stamp coupons, they were no longer able to use their benefits at the HFM because it was not feasible to equip all the vendors (70 - 100) with phone lines and POS units. Using paper vouchers was not seen as a viable option due to the processing time delay and the possibility that insufficient funds will be available to cover the transaction, in which case the vendor would assume the loss. During the summer of 1998, recipient representatives, the market manager and other interested parties contacted the State FSP office, the FNS Hawaii Field Office, the FNS Western Region Office and the FNS national office to present their case and to discuss options/alternatives. FNS authorized a demonstration which would use scrip starting in September 1998.

Operation

The demonstration operated as follows:

- Prior to a particular market day, the operator ensures that there is a

sufficient amount of scrip for the market day. The scrip is marked with a value of \$1.00 for the purchase of food stamp eligible food items at the Hilo Farmers Market.

- On a particular market day, the operator sets up one kiosk in the farmers' market for the purchase of scrip. The kiosk is staffed by one or two persons at the same location as the POS device.
- Food Stamp recipients wishing to use their benefits to purchase food from the market present their EBT card to the operator and state the amount of scrip they wish to purchase.
- The operator swipes the EBT card through the POS device. If the recipient's account contains sufficient funds for the transaction, the operator processes the transaction, gives the recipient the amount of scrip purchased and a receipt and informs the recipient that the scrip dollar is ONLY valid at the Hilo farmers' market.
- The recipient uses the scrip to directly purchase food at any individual vendor stand(s) accepting food stamps within the farmers' market. Only vendors who sell eligible food items (produce, meats, breads, dairy items, nuts and legumes, beverages, herbs and spices, etc.) can participate in the scrip system. The market manager requires each vendor to pay an

additional \$1.00 for each day they participate in the market whether they redeem food stamps or not. The dollar fee helps to defray the additional costs associated with the demonstration and issuance of scrip.

Those costs cover staff time to operate the POS terminal, prepare the required reports and produce the scrip.

- Throughout the day and at the end of the day, vendors return their accumulated scrip to the operator, who redeems the scrip for an equal amount in U.S. currency.
- At the end of each market day, the operator makes an accounting of how much scrip was issued and how much scrip came back from the vendors.
- All households requesting a refund for unused scrip have their EBT account credited for the amount returned.

Integrity Procedures

The market manager also agreed to the following procedures aimed at fraud and misuse prevention:

- The operator is responsible for developing the scrip. The Hilo Farmers Market is liable for any losses associated with use of the scrip.

- Scrip can only be purchased on two days (Wednesdays and Saturdays) when the Hilo Farmers Market operates the POS kiosk. The scrip may be used on any day that the Hilo Farmers Market is open for business.
- If the vendor does not recognize the purchaser as a food stamp client, the vendor verifies that the purchaser is indeed a food stamp recipient by asking to see the purchaser's EBT card.
- Each vendor and each scrip consumer are notified of the exact change only policy with respect to using scrip. Vendors aren't allowed to make change for the consumer if the product is not priced in one dollar increments. For instance, if an item costs \$1.25, the consumer either pays the vendor a scrip dollar and 25¢ in U.S. currency, or the vendor reduces the portion of the product (if possible) to accord to the value of one dollar.
- The operator keeps a strict accounting of EBT transactions, the amount of scrip returned, currency distributed to the vendors, and unredeemed scrip at the end of each market day.

Scope of Vendor Participation

This part of the analysis is based on data from November 1998 through April 1999 provided by the HFM manager, discussions with the market manager, surveys of food stamp participants and farmers/vendor who participate in the market and FNS sources and databases.

During the six months of the demonstration the total number of vendors (see Table 1) selling at the HFM ranged from 75 in November to a high of 118 during April. Not all vendors at the market redeemed food stamp benefits during this period. The number of vendors redeeming food stamp benefits ranged from a low of 68 in January to a high of 78 during April.

TABLE 1:
HILO MARKET REPORTED
VENDOR POPULATION BY MONTH

	11/98	12/98	01/99	02/99	03/99	04/99
All Vendors	75	86	99	105	113	118
Vendors with FSP Redemptions	73	71	68	72	77	78

Table 2 provides a breakout of the amount of scrip issued for each of the six months, the amount redeemed and the amount of outstanding scrip for that month. It is possible to issue more scrip in a month than is redeemed since recipients are not required to use all of their scrip on the same day but are required to use the scrip only at the HFM.

The amount of issued and redeemed scrip was highest during the month of March. The month of December is traditionally one of the most active months at the market as well. The amount of unspent scrip reached \$575 in December. In January, March and April, more scrip was spent than was actually issued in each of those months.

During the other three months of the demonstration, the reverse was true, less scrip was redeemed than had been issued. At the end of the demonstration, \$675 (or about 1.6% of all scrip issued) remained outstanding.

Table 3 compares the amount of scrip redemptions with the amount of food stamp coupon redemptions over the period. While the demonstration has been operational since September, the market still receives a limited amount of food stamp coupons each month. The number of coupons at the HFM will continue to decline as the coupon supply dwindles with implementation of EBT. This should continue until the coupon stock is depleted.

TABLE 2:

**HILO MARKET REPORTED
SCRIP ISSUANCE AND REDEMPTION**

	11/98	12/98	01/99	02/99	03/99	04/99	TOTAL
Total Scrip Issued	\$5,679	\$7,732	\$6,614	\$6,450	\$7,949	\$7,275	\$41,699
Total Scrip Redeemed	\$5,253	\$7,157	\$6,671	\$6,305	\$8,111	\$7,405	\$40,902
Refunded to Customer/Credit	\$122	\$0	\$0	\$0	\$0	\$0	\$122
Unspent Scrip	\$304	\$575	(\$57)	\$145	(\$162)	(\$130)	\$675

TABLE 3:

**HILO MARKET REPORTED
SCRIP REDEMPTIONS VS. FOOD STAMP PAPER REDEMPTIONS**

	11/98	12/98	01/99	02/99	03/99	04/99	TOTAL
Total Scrip Redeemed	\$5,253	\$7,157	\$6,671	\$6,305	\$8,111	\$7,405	\$40,902
Food Stamp Paper Redeemed	\$228	\$97	\$29	\$44	\$24	\$21	\$443
Total FS Redemptions	\$5,481	\$7,254	\$6,700	\$6,349	\$8,135	\$7,426	\$41,345

Each time a recipient wishes to receive scrip, the transaction is completed by swiping the EBT card at the POS. The number of transactions may reflect multiple transactions by the same individual/household during that month. Table 4 indicates that the average amount of each transaction during the period ranged from a low of \$14.61 in April to a high of \$17.03 in December. The average for the six month evaluation period was \$15.51.

Table 5 provides a distribution of the types of vendors recipients redeemed their benefits at the HFM. The vendor category with the highest level of food stamp participation were those selling only fruits and vegetables (from 64 to 59). In addition to the popular fruits and vegetable vendors, others included fish, plants/herbs, baked foods, prepared food and coffee.

TABLE 4:

**HILO MARKET REPORTED
TOTAL TRANSACTIONS TO PURCHASE SCRIP AND
AVERAGE DOLLAR AMOUNT**

	11/98	12/98	01/99	02/99	03/99	04/99	TOTAL
Recipient EBT Transactions to Purchase Scrip	382	454	443	416	496	498	2689
Total Scrip Issued	\$5,679	\$7,732	\$6,614	\$6,450	\$7,949	\$7,275	\$41,699
Average per Transaction	\$14.87	\$17.03	\$14.93	\$15.51	\$16.03	\$14.61	\$15.51

The number of vendors redeeming food stamp benefits fluctuated during the six months, starting at 73, then falling to a low of 68 in January before returning to higher levels in the final months of the demonstration. These fluctuations are due to the normal ebb and flow of vendors participating in the market due to changes in the growing season, purchasing patterns of food stamp participants and the fact that a number of vendors each month redeem an extremely small number of food stamp benefits (see Table 7 below).

The top ten redeeming vendors accounted for more than half of the total redemptions at the Hilo market (Table 6). With the exception of the top three to six vendors each month, the level of redemptions is less than \$300 per month. Supporting this level of redemptions with standard electronic solutions (equipping individual vendors with POS terminals or cell phones) would most likely prove to be cost ineffective for the State or FNS.

The ten lowest redeeming vendors never redeemed more than \$10 in any month and accounted for less than 1% of redemptions at the Hilo market (Table 7).

TABLE 5:
HILO MARKET REPORTED
NUMBER OF VENDORS WITH REDEMPTIONS BY TYPE*

	11/98	12/98	01/99	02/99	03/99	04/99
Fish Only	1	1	1	1	1	1
Fruits/Vegetables Only	63	59	59	62	64	60
Fruits/Vegetables & Plants/Herbs	2	2	1	1	1	2
Fruits/Vegetables & Prepared**	0	0	0	0	1	1
Plants/Herbs Only	1	1	0	0	0	0
Bake Only	2	2	2	3	4	4
Bake & Prepared	1	1	1	1	1	1
Prepared Only	2	3	2	3	3	3
Plants/Herbs & Prepared	0	1	1	1	1	1
Coffee Only	1	1	1	1	1	2
Total Number of Vendors with Food Stamp Redemptions	73	71	68	73	77	75

* The food category breakouts were provided by the Hilo Market Manager and may not correspond to FNS distinctions between food categories.

** The Hilo Market uses the “Prepared Only” category to include food items which are locally produced/prepared like fruit juices etc., and are distinguished from other prepared” items like “baked” foods.

TABLE 6:
HILO MARKET REPORTED
TEN HIGHEST MONTHLY REDEMPTIONS BY VENDOR*

	11/98	12/98	01/99	02/99	03/99	04/99
First	\$964	\$1,316	\$1,004	\$1,139	\$1,267	\$1,342
Second	497	678	578	636	824	914
Third	303	457	461	289	386	437
Fourth	251	387	338	272	375	264
Fifth	214	366	287	227	288	259
Sixth	191	354	248	224	278	248
Seventh	191	242	232	173	274	229
Eighth	169	222	227	173	215	211
Ninth	139	201	197	172	209	199
Tenth	130	159	191	171	195	193
Total Highest Ten Redemptions	\$3,049	\$4,382	\$3,763	\$3,476	\$4,311	\$4,296
Total Redemptions	\$5,481	\$7,254	\$6,700	\$6,349	\$8,135	\$7,426
Percent of Total Redemptions	55.6%	60.4%	56.2%	54.8%	53.0%	57.9%

* Redemptions include food stamp coupons and scrip.

TABLE 7:
HILO MARKET REPORTED
TEN LOWEST MONTHLY REDEMPTIONS BY VENDOR *

	11/98	12/98	01/99	02/99	03/99	04/99
First	\$2	\$1	\$1	\$2	\$2	\$1
Second	2	1	2	2	2	1
Third	4	3	3	3	3	2
Fourth	4	3	4	4	4	2
Fifth	5	3	5	4	4	2
Sixth	5	4	5	5	4	2
Seventh	5	4	6	6	5	3
Eighth	6	5	8	7	5	3
Ninth	7	5	8	8	6	3
Tenth	7	8	10	8	6	4
Total Ten Lowest Redemptions	\$47	\$37	\$52	\$49	\$41	\$23
Total Redemptions	\$5,481	\$7,254	\$6,700	\$6,349	\$8,135	\$7,426
Percent of Total Redemptions	0.9%	0.5%	0.8%	0.8%	0.5%	0.3%

* Redemptions include food stamp coupons and scrip

Comparison to Historical Operations

Farmers Market operators and vendors allege that EBT has drastically reduced their food stamp business. This section analyzes data provided by the FNS Store Tracking and Redemption Subsystem (STARS) to assess that claim, as well as to see whether implementation of the demonstration restored redemptions to their former level.

STARS provides the “official” record of redemptions at the Hilo Farmers’ Market. It is possible that the monthly figures reported by the market manager may not match these figures exactly due to tracking and accounting procedures which were done manually rather than electronically through STARS.

The historical FSP redemption record of the HFM is presented in Table 8. The market was authorized to participate in the FSP starting in March 1995 when FSP redemptions totaled \$1,739. FSP redemptions increased steadily over the next three years within the context of expected seasonal variations and vendor participation. EBT became fully operational in Hilo in June 1998. By comparing specific monthly redemption totals across years prior to EBT implementation, a clear trend emerges of increased FSP redemptions. For example, April

redemptions started at \$3,503 in 1995, increasing each year to \$12,517 in 1996, \$15,107 in 1997, and to \$19,220 in April 1998, the last full month prior to EBT implementation.

Starting in June 1998, the level of FSP redemptions begins to decline significantly from \$7,616 in June to \$233 in August, the last month before the demonstration began. With the start of the demonstration in September 1998, FSP redemptions increased from \$3,653 in September 1998 to a post EBT high of \$7,988 in March 1999.

Table 9 examines the average redemption figures for the six months of the demonstration with the same six months from the previous year. These figures indicate a significant drop off in food stamp redemptions from pre-EBT levels, with FSP redemptions down near 57% even under the scrip option. There may be many factors which are contributing to the market not reaching the pre-EBT redemption levels. When asked, the market manager indicated he did not have funds for advertising and relied on word-of-mouth to publicize the new redemption procedures. It may take time to rebuild recipient participation in the market even under scrip which may not be perceived as being as simple to use as food coupons. It is also possible that many recipients may have become accustomed to using cash at the market and continued to do so

rather than switch to scrip.

TABLE 8:
FNS RECORDED
FOOD STAMP REDEMPTIONS*

	1999	1998	1997	1996	1995
January	\$6,679	\$14,643	\$19,174	\$10,903	-----
February	\$6,472	\$14,945	\$14,123	\$9,212	-----
March	\$7,988	\$17,279	\$13,881	\$10,859	\$1,739
April	\$7,317	\$19,220	\$15,107	\$12,517	\$3,503
May		\$15,593	\$20,179	\$10,219	\$5,269
June		\$7,616	\$14,426	\$8,214	\$5,272
July		\$851	\$13,372	\$11,021	\$5,572
August		\$233	\$12,782	\$12,971	\$6,962
September		\$3,653**	\$14,359	\$9,885	\$6,238
October		\$6,143	\$15,910	\$12,980	\$4,754
November		\$5,785	\$13,385	\$8,907	\$9,106
December		\$7,216	\$16,608	\$17,804	\$8,764
Total	\$28,456	\$113,177	\$183,306	\$135,492	\$57,179
Pre-EBT Avg		\$16,336***	\$15,276	\$11,291	\$5,718
Demo Avg (11/98-04/99)	\$6,910	-----	-----	-----	-----

* Redemption figures include food stamp coupons and scrip as recorded by FNS and may not match precisely those reported by the Hilo Market

** September 1998 – use of scrip begins with start of demonstration

*** Average redemptions based on the first five months of 1998

TABLE 9:
FNS RECORDED
AVERAGE REDEMPTION*
COMPARISONS TO DEMONSTRATION MONTHS
(November 1998 – April 1999)

	Total Redemptions for Period	Number of Months	Average Monthly Redemptions	Percentage Difference from Demo Months
Nov 1998 - Apr 1999	\$41,457	6	\$6,910	----
Nov 1997 - Apr 1998	\$96,080	6	\$16,013	-56.9%

* Redemption figures include food stamp coupons and scrip as recorded by FNS and may not match precisely those reported by the Hilo Market.

Chapter 3

Assess the potential implications of a scrip system on recipients, retailers and the market

Retailer Reports

The basis for this section is the surveys which were administered by the FNS Hawaii Field Office during several trips to the market during the demonstration period. **Since there were only 13 completed surveys to analyze, all results are reported by actual numbers responding to specific questions rather than percentages.** A number of the questions were targeted to gain a better understanding of pre-EBT conditions at the market to compare to current circumstances. The results were:

- Ten vendors reported that they had been selling food items at the market for more than two years; one reported less than six months; one reported less than one year; and one reported more than one year but less than two.
- Twelve vendors reported that they were only authorized to participate in the FSP as a member of the Hilo Market; the remaining vendor was authorized individually as well.
- Eleven vendors indicated that this was the only farmers' market they participate in while two participated in other markets.
- Six vendors estimated their pre-EBT annual food stamp redemptions at over \$1,000 while the remaining vendors estimated the total to be approximately \$500 or less annually.
- Two vendors estimated that from 26 to 50% of their total sales of fruits and vegetables came from food stamps one year ago; four estimated from 11 to 25%; and six vendors estimated less than 5%.
- Eight vendors estimated that less than 5% of their total sales of fruits and vegetables came from food stamps during the last month; three ranged between 6-25%; and only one estimated more than 51%.
- Twelve vendors indicated that they participate in the market two days per week (which is the number of days participants can complete an EBT transaction to purchase scrip at the market).
- When asked to compare the time required to complete a scrip

- transaction with one using food stamp coupons, six said it was about the same, four thought it took longer and three felt it was quicker than coupons.
- When asked how far they have to drive to the market, three indicated 30 miles; four drove between 10 and 30 miles; and the rest drove less than ten miles.
 - When asked to identify their most important competitive advantages of selling in the market, vendors cited price and freshness most often.
 - Seven vendors (about half), indicated that the same people purchase produce from them and pay with both cash and food stamp scrip often or some of the time; the remaining six reported that they were never aware of it.
 - Nine vendors indicated that there were no other places in the immediate area to purchase fresh produce and vegetables; the remaining vendors indicated that what was available was of lesser quality and more expensive.
 - When asked if food stamps were no longer accepted at the Hilo market, seven vendors, or more than half felt that recipients would stop shopping at the market altogether; five felt they would spend a lot less.
 - A majority (eight) of the vendors said that they would accept only cash for transactions if the alternatives were to use a POS terminal which takes about 30 seconds to complete, or to use paper vouchers which take a number of days to clear; five indicated that they would use a POS terminal.

Recipient Surveys

This section presents the results of food stamp recipient surveys which were administered by the State of Hawaii's Food Stamp Office while recipients were visiting the market. A total of 65 recipients responded to the survey over several visits by State officials. **Some of the counts vary due to non-response or multiple responses to specific questions.** The first set of questions were asked of all 65 recipients, the second set of questions were added to the questionnaire for which there are only 20 responses. The results were based on 65 recipient surveys.

Shopping Frequency

When asked how often recipients shop at the Hilo market (Table 10), a majority of the respondents indicated that they shop there at least once or twice every week.

Knowledge of EBT at Market

The most common means of learning about using EBT at the Hilo market (Table 11) was through a friend (42%) followed by the news media (29%).

Shopping Experience

- Ninety-two percent of the respondents indicated that they had used scrip at the Hilo market on prior occasions.
- Ninety-seven percent of recipients reported that there was always an operator to process EBT transactions.
- All of the recipients who responded (64) indicated that scrip was easy to use, that they had no problems with its design and that it was always marked \$1.00 and only for purchases at the Hilo Farmers' Market (one response was missing).
- When asked if all vendors participate and accept EBT scrip, all but one recipient said YES.
- Of those responding (61), 52 percent indicated that when they purchase scrip, they intended to use it over more than one day while 48 percent indicated that they purchase scrip only for same day use.

Dollar Volume of Scrip Use

Table 12 indicates that for nearly half (48%) of recipients, the most common amount of scrip purchased was from \$10-\$20 at time, followed by \$21-\$30 (17%) and from \$1-\$5 (15%). Only six percent of recipients purchased more than \$50 at a time.

Odd-Dollar Amounts

When asked what happens when their purchase is not an even dollar amount (Table 13), the most common response (57%) by recipients was that the vendor adjusts the purchase by giving more or less food to make it an even dollar transaction. Twenty-nine percent of recipients indicated that they provided the vendor with additional cash to help make up the balance.

TABLE 10:

**HOW OFTEN DO YOU SHOP AT THE HILO FARMERS' MARKET?
(Based on 65 Recipient Surveys)**

	Percent of Responses	Number of Responses
Once Per Month	8%	5
Two to Three Times Per Month	25%	16
Weekly	35%	23
Two Times Per Week	31%	20
Sporadically	1%	1
TOTALS	100%	65

TABLE 11:

**HOW DID YOU HEAR ABOUT USING EBT AT
THE HILO FARMERS' MARKET?
(Based on 65 Recipient Surveys with some multiple responses to total 69)**

	Percent of Responses	Number of Responses
Friend	42%	29
News Media	29%	20
Vendors	9%	6
Saw Signs/Posters	3%	2
Market Manager	3%	2
Other	14%	10
TOTALS	100%	69

TABLE 12:

**WHAT IS THE USUAL AMOUNT OF SCRIP YOU PURCHASE AT
THE HILO FARMERS' MARKET?
(Based on 65 Recipient Surveys)**

	Percent of Responses	Number of Responses
\$1.00 to \$5.00	15%	10
\$5.00 to \$9.00	8%	5
\$10.00 to \$20.00	48%	31
\$21.00 to \$30.00	17%	11
\$31.00 to \$50.00	6%	4
More Than \$50.00	6%	4
TOTALS	100%	65

Clients' Overall Assessments

- All of the respondents indicated that the use of scrip should be continued at the Hilo Farmers' Markets.
- Of those responding (61), all of them indicated that they were not aware of any abuse of food stamp benefits at the Hilo Farmers' Market.
- Only one person (out of 59 respondents) said that they had ever requested a refund for unused scrip.

TABLE 13:
WHAT HAPPENS WHEN YOUR PURCHASE IS NOT
AN EVEN DOLLAR AMOUNT?
(Based on 65 Recipient Surveys)

	Percent of Responses	Number of Responses
Never Experienced	3%	2
Vendors Adjust the Purchase by Giving More or Less to Make it an Even Dollar	57%	37
Vendor Knows Her So She Gives Extra Change On Visit & Next Visit Pays Less	2%	1
Recipient Gives Cash Change to Make Up the Balance	29%	19
Missing	9%	6
TOTALS	100%	65

Additional Items

The State Food Stamp Office was provided with several additional questions which were not available till their final visit to the Hilo Farmers' Market. **Therefore, the following are responses to questions which were only asked of twenty food stamp recipients and are therefore reported as actual numbers rather than percentages except as noted.** The results indicate that:

- When asked if they also use cash to purchase fresh produce, 15 of 20 (75 percent) indicated that they did. Of the 15, 10 reported spending from \$1-10 per month, two reported spending from \$10-15 per month and three reported spending more than \$20 per month.
- All of the recipients who responded, indicated that they knew that they could purchase fresh produce other places (Table 14). When asked if they felt the selection of produce was better at the Hilo market, 18 indicated that it was while 2 felt that the selection of produce was about the same. When asked about the cost of fresh produce at the Hilo market compared to other places, 16 indicated that the Hilo market was cheaper while 4 thought the cost was about the same.
- When asked what the greatest advantages were to shopping at the Hilo Farmers' Market the most common responses were that "the prices are good, the produce and vegetables are fresh and natural, the variety is good, the cost is lower than other places, you don't have to stand in line, it supports local businesses and it is a pleasant experience".
- When asked about the disadvantages of shopping at the Hilo Farmers' Market, all but two respondents said there were no disadvantages while the two cited concerns over quality control assurance.
- When asked how much they spend on fresh produce per month at the Hilo market (Table 15), six recipients indicated that they spent \$5 or less; six indicated that they spent from \$20-30; seven said that they spent between \$31 and \$100; and one recipient said that he/she spent more than \$100 every month at the Hilo market. None of the recipients indicated that they purchased fresh produce at any other farmers' market. When asked if they purchased fresh produce at locations other than farmers' markets, eight indicated that they spent between \$1 and \$30 elsewhere.

- When asked what they would do if they could not purchase produce at the Hilo Farmers' Market with EBT we found the following (multiple responses were allowed):
 - a) *continue to use cash* -- 16 recipients;
 - b) *purchase less produce* -- 14 recipients;
 - c) *shop at the closest food stamp authorized store* -- 7 recipients; and
 - d) *shop at a more distant food stamp authorized store* -- 1 recipient.

TABLE 14:

**ARE THERE OTHER PLACES YOU CAN PURCHASE FRESH PRODUCE?
IF SO, HOW DOES IT COMPARE?
(Based on 20 Recipient Surveys)**

	Yes	No	Missing
Are there other places to purchase fresh produce?	18	0	2
	Better	About the Same	Not as Good
Is the selection better at the Hilo Market?	18	2	0
	Cheaper at Hilo Market	About the Same	More Expensive at Hilo Market
How do the costs compare to the Hilo Market?	16	4	0

TABLE 15:

**HOW MUCH PER MONTH DO YOU NORMALLY SPEND ON FRESH
PRODUCE AND WHERE?
(Based on 20 Recipient Surveys)**

	\$1-5	\$20-30	\$31-50	\$51-100	>\$100
How much do you spend per month on fresh produce at the Hilo Farmers' Market?	6	6	4	3	1
How much do you spend per month on fresh produce at other Farmers' Markets?	0	0	0	0	0
How much do you spend per month on fresh produce other than at Farmers' Markets?	4	4	0	0	0

Chapter 4

Success And Potential Appropriateness At Other Markets

The Hilo farmers' market demonstration has been successful in implementing and operationalizing an alternative system for food stamp benefit delivery using a single POS terminal and paper scrip.

A significant number of market vendors (68-78) redeemed food stamp benefits with scrip during the demonstration. Most sold fruits & vegetables while others sold fish, plants/herbs, bake foods, prepared food and coffee. Nine of thirteen vendors thought a scrip transaction took about the same amount of time or was quicker than a food stamp coupon transaction. A majority of the vendors said that they would accept only cash if their only option was to use a POS terminal or paper vouchers; five of thirteen did indicate that they would use a terminal.

Farmers' market advocates argue that EBT decreases food stamp redemptions. In the Hilo market we found that the average monthly amount of food stamp redemptions decreased 98% (from about \$13,000 to \$233) following EBT rollout.

Scrip redemptions during the demonstration have increased

substantially (to a monthly average of \$6,910), but are still less than half the levels of food stamp redemptions prior to EBT rollout.

We do not know how much of this difference represents a shift to cash payments by recipients during the transition.

Sixty-six percent of recipients who were interviewed indicated that they shopped at the Hilo market at least once or twice every week. Nearly half (48%) of the recipients said that they usually purchased \$10-\$20 of scrip at a time.

All of the recipients who responded indicated that scrip was easy to use, that they had no problems with its design and that it was always marked \$1.00 and only for purchases at the Hilo Farmers' Market. Almost as many recipients (48%) said that they purchased scrip for same day use as those who said they planned to use it over several days.

When asked what the greatest advantages were to shopping at the Hilo market, the most common responses were that “the prices are good, the produce and vegetables are fresh and natural, the variety is good, the cost is lower than other places, you don’t have to stand in line, it supports local businesses and it is a pleasant experience”.

This demonstration proved that scrip does work in an EBT environment like the one found in Hilo Hawaii (market manager with phone line and willingness to manage scrip process, moderate volume and some technical assistance required).

It proved to be reasonably popular with the recipients, vendors and market manager under these circumstances. The scrip option has not been tested in situations with higher volume and much larger typical transaction amounts. But it does provide a viable option under the right circumstances where an active and involved market manager is prepared to assume a major role.