



**TESTIMONY BEFORE THE COMMITTEE ON
AGRICULTURE, NUTRITION, AND
FORESTRY OF THE
UNITED STATES SENATE**

Field hearing: Growing Jobs and Economic Opportunity:

Perspectives on the 2018 Farm Bill from Michigan

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I. Introduction

Good morning Chairman Roberts and Ranking Member Stabenow. Welcome to Michigan, Senator Roberts.

My name is Oran Hesterman. I am the President and CEO of Fair Food Network, a national nonprofit headquartered in Michigan and founded on the belief that vibrant local food systems can create health and economic opportunity. I come to this work as farmer, small business owner, philanthropist, and agricultural scientist having spent more than 12 years doing research and teaching at Michigan State University.

I have been asked to provide an update on the progress of the Food Insecurity Nutrition Incentive grant program created by the last Farm Bill and better known as FINI. There are two main points I would like to leave you with today:

Produce incentives work. They are succeeding at improving the diets of SNAP participants and in the many projects where incentives are tied to regional production we are seeing significant boosts in demand and increased farm income.

FINI has been a success and warrants reauthorization in the next Farm Bill. We are ready to move beyond the preliminary phase of the nationwide program and build on the solid framework FINI has established across the country.

II. Fair Food Network & Double Up Food Bucks

Fair Food Network's experience with SNAP incentive programs goes back to 2009 when we piloted a Double Up Food Bucks program in five Detroit farmers markets. We were in the depth of the Great Recession and decided to test the simple idea that by doubling SNAP purchases of Michigan produce we could simultaneously reduce hunger, improve nutrition, and stimulate economic activity.

Senator Stabenow kept a close eye on the program as it expanded from Detroit to urban, suburban, and rural communities throughout the state. It also evolved from being offered only in farmers markets to diverse retail settings, including conventional grocery stores of all sizes.

By the time work began on the last Farm Bill there were enough programs like Double Up nationwide, and enough data indicating their positive impact, that Congress decided to invest \$100 million to test the concept more broadly.

III. Food Insecurity Nutrition Incentive Program Impact

Briefly, FINI is a competitive grants program managed by the National Institute for Food and Agriculture (NIFA) in coordination with the Food and Nutrition Service (FNS). USDA has done a

stellar job of implementing the program. NIFA has already rolled out two rounds of grants and we expect Secretary Perdue to announce the third round any day. There will be one final cycle and then the \$90 million allocated for grants will have been committed. The remaining \$10 million of FINI's \$100 million budget is being used for evaluation.

Fair Food Network received a \$5.1 million grant in 2015, which we matched with privately raised funds for a total of nearly \$10.4 million. This funding is allowing us to expand Double Up to approximately 70 grocery stores and 158 farm stands and community farmers markets in 58 counties throughout Michigan and Northwest Ohio this coming season. Today, 92 percent of Michiganders live in a county with the Double Up program.

Just as importantly, FINI has permitted us to evaluate, innovate, and adapt and improve the program to best serve SNAP recipients and the markets that serve them.

For example, Double Up incentives in grocery stores can operate as a coupon-based program, an automatic price discount, stored on the grocer's loyalty cards, or, in the newest innovation, live on a reloadable Double Up card that shoppers use alongside their EBT card. We piloted this approach last year in Flint in response to the acute health needs there. The card works in all participating sites in the community, allowing SNAP shoppers to earn and spend their Double Up bucks at the centrally located farmers market, two mobile markets, or any of the five participating grocery stores across the city.

In addition to our work in Michigan, Fair Food Network is now supporting local partners in bringing Double Up to their communities. This season, Double Up programs will be active in more than 20 states including Iowa, Nebraska, New Mexico, Arkansas, and Texas—which are not traditional specialty crop states, but are still successfully making the connection to regional production of fruits and vegetables.

For example, in 2015 we started working with Kansas City-based Ball's Food Stores who did a spectacular job launching Double Up in five Price Chopper stores that year. You may have met with Mike Beal, Ball's COO, when he testified about the program before the House Agriculture Committee last fall. USDA awarded the Mid-America Regional Council almost \$3 million in FINI funding last year to expand Double Up across Kansas and Missouri in one of the first multi-state programs. Local partners aim to have Double Up in 117 grocery stores and 68 farmers markets by 2019, reaching more than 316,000 SNAP recipients across the two states.

This year, public-private funding is enabling Double Up to expand to grocers in more rural communities such as Moon's Hometown Market in Humboldt and Ron's Supermarket in Pittsburg, Kansas. As word has spread, interest is also coming from grocers in Ulysses in Southeast Kansas. These are small towns where family-owned groceries are working hard to survive against the spread of big box and dollar stores. And in many cases, they may be one of the few convenient options for families to use their SNAP benefits to buy a full set of groceries, including produce.

IV. Lessons Learned from Double Up Experience

FINI funding has allowed us, and organizations like Fair Food Network across the country, to demonstrate that produce incentives work: Low income shoppers use the incentives and eat more produce, grocers sell more fruits and vegetables, farmers markets expand, and when linked to local production, area farmers make more money.

Families: For low-income families, produce incentives simultaneously alleviate hunger and improve diet. In thousands of surveys done by FINI grantees across the country, SNAP participants overwhelmingly report that they like incentives and that they are using the additional dollars to eat more nutritious fruits and vegetables.

Our experience bears this out: SNAP recipients shop more frequently and buy more produce when Double Up is in place, evidence that this program is changing shopping and purchasing patterns of low-income consumers.

We also know that Double Up is reaching those most in need with 63 percent of shoppers reporting low or very low food security. Further, redemption rates are high: 85 percent of Double Up dollars earned are redeemed for nutritious fruits and vegetables; this number rises to 92 percent at farmers markets.

What's more, shoppers consistently share an appreciation that their food dollars are supporting area growers and the local economy. As one shopper from Michigan said, "You mean I get that much food and the farmer gets all that money? I like this. It feels like we're helping each other."

Grocers: FINI and Double Up also have important corollary benefits. Many communities and small businesses are still struggling economically and we know that SNAP and incentive dollars are helping.

Grocery is a famously tough industry with profit margins of one percent or less. Grocers like Double Up and are willing to go the extra mile to make it work in their stores because they see its benefits for their customers and their bottom line.

In a grocery pilot in Fort Smith, Arkansas, produce sales doubled in the month that Double Up was initiated.

Grocers also appreciate the connection to regional agriculture. As Mike Beal of Ball's Foods noted, "There's a movement in the country for local foods. Produce that's grown in the area is fresher. Double Up is great from a business perspective. We increased our local produce sales in participating stores 12 to 15 percent in the first year."

Farmers Markets: Produce incentives also support farmers markets—anchors of healthy food access in many communities—and area farmers.

Farmers market managers report that having Double Up at their markets has had a positive impact on their market—increasing sales, bringing in more new and repeat customers, and strengthening their market and the overall community.

As Carol Moody, the Mt. Pleasant, Michigan farmers market manager shared, “We’re seeing a new influx of people coming to shop at the market because of Double Up.” And the benefits endure. “When people are no longer on Double Up,” Carol notes, “they still continue to shop at the farmers market.”

We have been working with economists from Michigan State University’s Center for Regional Food Systems to better understand the economic impact of incentives at Michigan farmers markets. As distinct from the well-documented multiplier effect of SNAP spending, early findings from this study show that every \$1 in Double Up spent in farmers markets generates an additional \$5.76 in subsequent spending at the market, in cash and other nutrition assistance programs.

Farmers: Farmers also appreciate Double Up, with SNAP shoppers representing a new customer sector that positively impacts their business. In Iowa last year, 74 percent of participating producers said they earned more money because of Double Up.

Our Michigan program benefits around 1,000 farmers annually. Each year, participating farmers report making more money and selling more produce. They also report other significant impacts including diversifying what they grow, purchasing new equipment, putting more land into production, and hiring more staff. The benefits are felt most deeply by beginning farmers for whom farmers markets provide an important gateway for sales.

Robert Bylstra, a farmer from West Michigan’s farm belt noted: “It’s a win-win situation because the customer is getting \$20 worth of free food...and we’re getting paid for our fruits and vegetables.... It’s one of the best programs I’ve ever seen.”

Partnerships: A final point on the Michigan Double Up experience, our success would not be possible without the tremendous support of our partners. SNAP plus SNAP Education plus Double Up’s incentive dollars provide a powerful combination that we see changing people’s knowledge, attitudes, and behavior. Double Up is genuinely a public–private effort—the State Departments of Health and Human Services and Agriculture and Rural Development alongside Michigan State University, the network of food banks, farm groups, our farmers market association, and AFPD, our grocery association, all play critical roles in making this program the statewide success story it is today.

V. Future Opportunities

As you consider policies for the next Farm Bill, I strongly encourage you to reauthorize the Food Insecurity Nutrition Incentive program. We know that it is doing what you hoped it would and

are ready to move beyond this preliminary phase, building on the solid framework FINI established around the country.

Overall FINI's structure is sound and I would suggest only the following minor adjustments, which represent feedback from our national Double Up network as well as from other FINI grantees (see FINI 2015 Program Results report in Appendix):

1) We now know what the best practices are for incentive programs and there is no reason for the same mistakes to be made over and over again. A Center of Excellence could provide training, technical assistance, and problem solving for projects around the country. This could include planning, capacity assessment, retail preparation, evaluation, templates for record keeping, and support for small retailers serving high need communities.

2) There is a need for better technology options for incentive programs, especially technology that works for the variety of primarily small retailers that serve high-need urban and rural communities. It would be most efficient and cost-effective if there were funds set aside for the development, testing, adapting, and sharing of appropriate, low-cost technologies for transactions and incentives.

3) Evaluation is important, but the current process is burdensome—especially for smaller recipients. We ask that other methods of evaluation be explored, including using existing NIFA evaluation models rather than an external evaluation firm.

4) Consider adding some flexibility to the match requirement.

5) Finally, maintain the FINI program's strong connection to regional production—it works and makes every federal dollar go farther and do more.

VI. Conclusion

I know that you often hear about what's not working, my message is the opposite.

Produce incentives work. Our experience with Double Up and that of our colleagues nationwide demonstrates the real and serious positive impacts incentives are having for low-income families, grocers, farmers markets and American farmers, and local communities nationwide.

FINI is making a difference and should be reauthorized. I appreciate your willingness to take a chance on the idea of incentives in the last Farm Bill and I am here to report that it is paying off and ready to be scaled.

Thank you for this opportunity. I would be glad to answer any questions.

Appendix

Voices of Double Up in America Stories

<https://fairfoodnetwork.org/from-the-field/voices-of-double-up-in-america/>

FINI Grant Program: 2015 Program Results

<https://fairfoodnetwork.org/resources/fini-grant-program-2015-program-results/>

Oran B. Hesterman, PhD Bio

<https://fairfoodnetwork.egnyte.com/dl/hkpvGwT8zz>