

FOR IMMEDIATE RELEASE:

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**WITH FARMERS MARKET SEASON IN FULL SWING, GILLIBRAND VISITS  
POUGHKEEPSIE, DEMANDS INVESTIGATION INTO USDA'S DECISION THAT  
WOULD END SNAP CARD PAYMENTS AT FARMERS MARKETS, HURTING LOW  
INCOME FAMILIES WHO RELY ON FARMERS MARKETS FOR HEALTHY AND  
NUTRITIOUS FOOD AND FARMERS WHO RELY ON MARKETS TO SELL THEIR  
PRODUCE**

*The USDA Contract with the Company that Processes SNAP Payments at Farmers  
Markets Ended with No Plan in Place to Continue this Service*

*New York State Recently Struck a Deal to Address this Issue in the Short-Term, But  
Without a New Plan from USDA, Low-Income Families Who Rely on SNAP Could Have  
a Harder Time Purchasing Fresh and Healthy Food at Their Local Farmers Markets in  
Coming Seasons and Years*

Poughkeepsie, NY – U.S. Senator Kirsten Gillibrand today visited the Mid-Hudson Children's Museum Farmers Market in Poughkeepsie and stood with community leaders and advocates to demand an investigation into the U.S. Department of Agriculture's (USDA) decision that ended SNAP card payments at farmers markets, which would prevent 25 percent of all farmers markets from accepting SNAP payments. Many low-income New Yorkers, who often have limited sources of fresh food, and local farmers, who rely on the millions of dollars generated from SNAP payments at farmers markets, will be hurt unless USDA comes up with a long-term solution to the problem it created when its contract with the company that processes SNAP payments ended with no plan in place. Gillibrand called on the Inspector General of the U.S. Department of Agriculture to investigate the USDA's contract-awarding process that caused this lapse of service and create a plan to ensure that families will be able to use SNAP at farmers markets.

*"Farmers markets all over New York State are in their peak season, but due to the Trump Administration's incompetence, the families who rely on SNAP for their fresh fruits and vegetables are in jeopardy of not being able to use their benefits at markets across the state. We need to find out exactly what went wrong with the USDA's process to get the new SNAP payment system in place at farmers markets," said **Senator Gillibrand, a member of the Senate Agriculture Committee.** "We never should have gotten to this point in the first place, and now low-income families and farmers are both left wondering what's going to happen to them. New Yorkers deserve answers from the USDA, and I'm going to do everything in my power to make sure we get them."*

*"As a new farmers market operating in a high-poverty, urban area, our ability to participate in SNAP is essential," stated **Lara Litchfield-Kimber, Executive Director of the Mid-Hudson***

**Children’s Museum.** *“SNAP will ensure that the Poughkeepsie Waterfront Market is able to connect inner-city families and residents with affordable, healthy food, while simultaneously supporting local farmers by ensuring they have consistent access to consumers of their products.”*

The company that processes SNAP payments for about 1,700 farmers markets across the country will end operations soon, and the USDA has no plan in place to continue this service. New York State recently struck a deal to address this issue temporarily, but without a long-term plan from the USDA, families who rely on SNAP cards to purchase fresh, healthy food at farmers markets could no longer be able to do so. Any lapse in service could hurt the farmers who rely on farmers markets to sell their products.

**A copy of Senator Gillibrand’s letter to the Inspector General is available [here](#) and below:**

July 30, 2018

The Honorable Phyllis K. Fong  
Office of Inspector General  
Department of Agriculture  
1400 Independence Avenue SW  
Washington, DC 20250

Dear Inspector General Fong,

I write to request your office conduct a review of the process and timeline of actions undertaken by the US Department of Agriculture Food and Nutrition Service as it sought a new vendor to provide electronic-payment software to support the use of Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transaction (EBT) at Farmers’ Markets (FM) and by Direct Marketing Farmers (DMF). According to official records, the contract, managed for two years by the nonprofit Farmers Market Coalition (FMC), was awarded to Financial Transaction Management (FTM) in November 2017. There are several troubling elements about this contracting process including whether all qualified groups were invited to bid, what criteria were employed to select the new vendor, what plans FNS had in place to ensure a seamless transition between providers, and whether FNS considered how the timing of this contract award could contribute to service disruption for existing FM and DMF clients and their customers.

Any potential lapse in ability to use SNAP EBT at farmers markets will harm both the low-income families shopping for fresh, wholesome produce in their own community and the farmers who are proud to serve them. Many SNAP participants who live in areas where access to healthy fruits and vegetables is limited rely on their farmers markets. For many farmers, their direct sales at markets, particularly in the late Summer and early Fall, are important sources of income and support the sustainability of their farming operations.

According to reports, the Novo Dia Group, which processes about 40 percent of SNAP transactions at farmers markets across the nation, will end its service by July 31. This will deprive nearly 1,700 of the more than 7,000 FM and DMF that offer SNAP EBT transactions

of their ability to serve low-income customers. In addition to affecting SNAP participants, non-profit companion programs and USDA's own Food Insecurity Nutrition Incentive (FINI) that further increase low-income shoppers' access to healthy food by supplementing SNAP benefits may be compromised.

Due to the credit card-like nature of EBT cards and conditions in which most farmers markets operate (i.e., parking lots/fields without landlines), farmers markets must be able to offer mobile transactions. The USDA established the Free SNAP Wireless Equipment Program in 2012 to provide mobile point of sale devices to farmers markets. While USDA provided the hardware, Novo Dia provided the software. With the assistance of this program SNAP benefits redeemed at farmers markets increased by 35 percent between 2012 (\$16.5 million) and 2017 (\$22.4 million). Using this same equipment, FINI programs generated and additional \$8 million sales of fruits and vegetables at farmers markets in the first year alone, providing SNAP households with more than 16 million additional servings of fresh produce.

However, without support of the legacy Novo Dia software, many FM and DMF will no longer be able to redeem SNAP benefits. Markets cannot simply choose a new app, because Novo Dia's Mobile Market Plus software is the only current package that works on Apple products and that can process SNAP incentives. Markets that do not use Mobile Market Plus must use two separate software systems. The newly contracted electronic-payment company, FTM, has had difficulty in getting their processing equipment to markets, which has resulted in a six-month delay with a waitlist with more than 360 markets. Many markets operators on the waitlist cannot afford to cover the cost of their own equipment and have decided they can no longer accept SNAP, significantly reducing some low-income shoppers' access to fresh fruits and vegetables.

FTM, a newly formed company with only one employee, was awarded the USDA contract two months ago and could not accept applications for new equipment until July 14, 2018. Given that it will take several weeks for FTM to process applications and distribute equipment, many markets will not be capable of accepting SNAP EBT payments by August 1, 2018, already more than halfway through the market season in most areas of the country. USDA's response when questioned about the impact of this delay was to say that they are "analyzing the impact this decision will have on our program participants as well as farmers and producers." Likewise, the FAQ document released by FNS during a SNAP at Farmers Markets Workgroup call is vague and does not explain the measures USDA is taking to avoid lapse in service.

Additionally, the tender for the \$1.3 million contract (Solicitation#: P-18-011) is dated April 19, 2018 and the award of the purchase agreement (Award#: 12319818R0002) is dated April 24, 2018 – a six-day window, two of which were Saturday and Sunday. Only one bid was received. This raises questions about the "competitive" nature of the process, whether other bids were received, and if other entities had sufficient time to learn of and apply for the new contract.

I respectfully request that you conduct a review of USDA policies and this contract process so that concerned Senators can be certain that USDA is fulfilling its obligations as authorized

and adequately supporting SNAP participants and farmers at farmers markets across the country. I would hope that you would consider the following questions as you conduct this review:

- Was this procurement process and contract award conducted in accordance with the standards of federal contracting law as described in the Federal Acquisition Regulations?
- Did USDA have policies in place to ensure the seamless transition between software vendors and was this aspect given sufficient attention given the potential for market disruption?
- Has USDA developed plans to prevent loss of SNAP EBT service at farmers markets in the future given the obvious lack of resilience in this system?
- What was the USDA's response to initial news reports on the loss of SNAP EBT at farmers markets and what actions did it take to engage stakeholders and market operators and mitigate impact?

Sincerely,

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