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Supporting Farmers Markets in Accepting SNAP Benefits

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SUPPORTING FARMERS MARKETS IN ACCEPTING SNAP BENEFITS

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DEFINITIONS

Supplemental Nutrition Assistance Program (SNAP). This is the federal government’s largest food assistance program. Before 2008, SNAP was known as the Food Stamp Program.

Electronic Benefit Transfer (EBT). This is the debit card-like system by which SNAP recipients receive and use financial benefits. EBT cards have been issued in place of paper food stamps in all states since 2004. In addition to SNAP, EBT cards also access other benefits. In Minnesota, these benefits are collectively identified as “Cash” benefits and include the Minnesota Family Investment Program, Minnesota Supplemental Aid, Refugee Cash Assistance, and Diversionary Work Program benefits, among others.

Market vs. vendor-based approach. These are two approaches that farmers markets use to accept SNAP benefits. Under the “market-based” approach, a single entity manages SNAP acceptance on behalf of all market vendors. This approach is also called the “market-mediated” approach. Under the “vendor-based” approach, each vendor is individually authorized to accept SNAP benefits.

Merchant services provider (MSP). This is an umbrella term applied to an entity that provides businesses and individuals with the products and services necessary to accept credit cards, debit cards, and other forms of electronic payment, such as an EBT card. (MSPs are also called merchant account providers, credit card processors, or third-party processors, but this guide uses only merchant services provider.) Relative to farmers markets, an MSP facilitates the transfer of funds triggered by a SNAP recipient’s use of an EBT card into the bank account of the individual or organization authorized to accept SNAP benefits.

A FIRST GLANCE: SNAP ACCEPTANCE AT FARMERS MARKETS

When federal food assistance was issued in the form of paper food stamps, it was commonly and easily used at farmers markets to purchase the fresh, locally produced foods sold there. But by 2004, food assistance was no longer delivered in the form of food stamps. Instead, Electronic Benefit Transfer (EBT) became the standard nationwide for delivering the benefits of the Supplemental Nutrition Assistance Program (SNAP). While bringing improved efficiency to the food assistance program overall, for farmers markets, the new system put administrative, technological, and financial obstacles in the way of accepting SNAP benefits that have been difficult to overcome.

To put these challenges in context, it helps to know that SNAP and EBT were designed with retail stores in mind — stores for which the benefits and liabilities of ownership, decision-making, sales, and profits accrue to a single individual or entity. At the heart of the challenges that frustrate farmers markets’ efforts to implement and sustain SNAP benefits acceptance is the markets’ dissimilarity from traditional retail stores. Whether they are loosely tied together for convenience sake, or gathered under an organizing umbrella, numerous independent merchants make up a farmers market. Even the most organized, incorporated markets, or markets that are efforts of larger entities (e.g., a municipality), are still composed of a fluid mix of individual vendors and other supporting players. Given a form so fluid and decentralized, where sales and profits flow to the constituent parts rather than the organizational center, making a case for a common undertaking is hard. The difficulty of effectively marshaling the attention and energy of vendors and organizers, managing logistical details, and distributing work and rewards equitably can be daunting.

At first glance, it might not appear so important to restore the ability of farmers markets to accept SNAP benefits. However, consider what farmers markets can achieve. From a public health perspective, farmers

markets offer consumers an abundance of healthy food options with few of the unhealthy distractions found at traditional retailers. They are flexible enough to support food access goals in locations otherwise challenged to do so. Aside from serving the interests of public health, farmers markets provide valuable opportunities to enliven communities, catalyze new business development, and support diverse, small-scale agriculture. They offer one of the few and most visible connections between the people who produce our food and the people who consume it.

Accepting SNAP benefits at farmers markets is important because it allows all community members to take part in the farmers market experience. And despite the challenges, the good news is that many farmers markets across Minnesota, with federal, state, and local support, have managed to find a way to accept SNAP benefits. This guide is aimed at helping other markets and supporters still looking for a way to accept SNAP benefits successfully and sustainably.

While this guide advocates an approach in which supportive community partners take the lead in implementing a means to accept SNAP benefits, this is not the only approach. Every community that hosts a farmers market faces unique challenges and is endowed with unique opportunities. Whatever the approach, the centrality and importance to success of the involvement of market vendors and organizers shouldn't be overlooked or underestimated. After all, they have the largest stake in the success of the market. They also have the greatest need to be assured efforts to implement a means to accept SNAP benefits will be a win not only for the community, but for them as well.

With this in mind, start your effort by building authentic relationships with the market's vendors and organizers. Take the time to understand their interests, values, and goals. Communicate openly about what you hope to achieve through your efforts at the market and why. Present a tangible plan that includes what resources will be committed to the effort, what partners can be relied on, what roles will need to be filled, how any effort will be sustained, and a realistic take on the benefits vendors might experience. Make it clear that your plan is not the final solution, but intended to facilitate a discussion.

Once you have secured the support of vendors and organizers, you can turn to recruiting other community partners to enable acceptance of SNAP benefits at your farmers market. Putting the biggest responsibility for accepting SNAP benefits on supportive partners will ease the way forward. Even so, be prepared for your effort to take time — maybe more than a season or two.

The Basics: Setting Up SNAP Acceptance

The basic steps to enable accepting SNAP benefits at farmers markets are straightforward:

1. Apply for SNAP retailer authorization.
2. Choose a method for doing SNAP transactions.
3. Establish a system for facilitating customer purchases from individual vendors.

While the basic steps appear straightforward, taking them doesn't guarantee success. Effectively using SNAP benefits acceptance to meet food access goals requires more work. It involves recognizing and addressing other factors that influence use of the market by community members, including whether the market can sustain acceptance of SNAP benefits.

Because of this, before we cover the basic steps, it's important to take a look at the larger picture to better understand some of the factors that will influence success. We cover basic steps in detail elsewhere in this guide and through additional linked resources.

A link to the online portion of the SNAP retailer authorization application, along with general information about accepting SNAP benefits at farmers markets and application guidance, can be found on the Food and Nutrition Service (FNS) section of the USDA's website at <http://www.fns.usda.gov/ebt/snap-and-farmers-markets>.

Once the FNS receives a completed application and supporting documentation, approval should take no more than 45 days.

A WIDER LENS: IT'S NOT JUST SNAP ACCEPTANCE THAT MATTERS

While accepting SNAP payments is essential if a farmers market is going to attract and retain low-income shoppers (or any shoppers), it also needs to be a compelling place for them to shop. In addition, other barriers — those related to differences in mobility, culture, and cooking skills, for example — should be addressed to ensure the market is fully accessible and welcoming. Finally, it doesn't do much good to have a great, SNAP-ready market if nobody knows about it. Successful efforts require ongoing investments in promotion and outreach.

Accordingly, a better approach to accepting SNAP benefits at farmers markets, one that views successful acceptance through a wider lens, looks like this:

1. Create a compelling farmers market.
2. Identify and lower barriers for all consumers (including barriers to accepting SNAP benefits).
3. Use effective promotion, outreach, and advertising efforts to engage the community.

Taking these steps, however, requires resources, reach, and expertise that are often beyond what one individual, and maybe a whole market's worth of vendors and volunteers, can pull off and successfully sustain. Even if vendors and market organizers fully embrace the idea of accepting SNAP benefits, they may not be in the best position to lead or undertake the effort. For one thing, during the market season, vendors and market organizers are consumed with producing and selling their goods. In the off-season, vendors in particular may not be sufficiently connected to the host community to effectively leverage critical resources or raise awareness.

For these reasons, and especially for those markets that have struggled with, or resisted, initiating or sustaining SNAP benefits acceptance, it may be necessary to get someone from outside the market to set up and handle benefits acceptance. Shifting some or all of the burdens associated with accepting SNAP benefits to community partners, or "allies," as well as building capacity for SNAP acceptance outside the market environment, can lead to success. It is this important insight that informs the overall model this guide uses.

In addition to the skills, assets, and resources a market ally, or coalition of supporters can bring to the table, a good partnership can also provide a better option for holding and passing along the institutional knowledge and capital that provides the foundation for sustained SNAP benefits acceptance. That is, a strong partner can help protect your investments of time, energy, and money that will be required to start accepting SNAP and keep it going.

THE WHOLE PICTURE: A COMMUNITY ORIENTED APPROACH FOR ACCEPTING SNAP BENEFITS AT FARMERS MARKETS

With all this in mind, the best strategy for successfully initiating, and sustaining SNAP benefits acceptance includes at least some of the following ideas:

1. Build a coalition of market organizers and key community members who can contribute their assets — vision, skills, connections, resources, and durability — to create and support a successful market.
2. Use the coalition to identify and lower the barriers that will affect the attractiveness and usability of the market from the perspectives of people with diverse needs and expectations.
3. Ask the strongest willing coalition member to apply for SNAP authorization on behalf of the market. This puts the most able and motivated partner into the central role.

4. Promote the market first and foremost by using coalition members to raise awareness. Amplify the market's message through their respective communication channels and among their customary constituencies or clients. Invest in other promotion strategies, too.
5. Enlist coalition members' expertise and access to resources to support market features like food and nutrition education, sampling, activities for children, information sharing, and connections to community services so that the market remains a vital and engaging community asset.
6. Protect the coalition's vision and investments through successive generations of market supporters, organizers, and vendors by establishing and nurturing broad governance.

Based on the nature of the farmers market in your area and its host community, it may not be possible or desirable to fully realize all of the components of the strategy outlined above. But don't lose sight of the overall point: **A broad-based effort that considers both the market and community's needs as a whole, and in which the most able partners shoulder the greatest burdens, is the most likely to yield and sustain success.**

Market Allies: Some Likely Candidates

As noted, it's not smart to jump into accepting SNAP benefits without a plan. Instead, a better strategy for long-term success starts with identifying and recruiting key members of the community to your cause. Remember that you'll need one of those recruits to shoulder the primary responsibility for accepting SNAP benefits. As a bonus for your efforts, securing community support goes a long way toward building a stronger, more relevant farmers market.

Also as mentioned earlier, the first community members to approach are the market's own organizers and vendors. In fact, getting to know the people at the heart of the market, sharing your ideas with them, and accounting for their needs and concerns as you develop a plan, and ultimately proceeding in a collaborative spirit, is essential to success. Next, you should approach other community members — market allies — to be part of your coalition of supporters. Both "insiders" and "outsiders" are important contributors to your efforts to implement acceptance of SNAP benefits at your farmers market.

Members of a coalition to support SNAP benefits acceptance at a farmers market might include:

- Market vendors and organizers
- Local businesses, such as a community bank
- Organizations concerned with food, the environment, or agriculture
- Chambers of commerce, business associations, and economic development agencies
- The local WIC clinic and other direct-service providers
- Local hunger-free coalitions and food policy councils
- Local and state government, public health, Extension, and educational institutions
- Healthcare organizations, hospitals, and clinics
- Public health professionals
- Faith-based and service-based organizations
- Anti-poverty organizations and agencies

- YWCAs and YMCAs

A Note to Public Health Professionals

As a public health professional, you (or others with health or anti-poverty goals), have an especially important role to play in getting a farmers market to accept SNAP benefits. For one, getting the market to accept SNAP benefits may have been your idea in the first place. And that idea might not fully align with the core interests of farmers market organizers and vendors, who are probably more concerned about profitability than other goals. Unfortunately, the additional sales associated with accepting SNAP benefits are rarely sufficient to make a compelling case in favor of acceptance to the community.

It's the benefits besides profitability — the social, health, and community benefits — that are most meaningfully delivered by accepting SNAP benefits. Since these goals are likeliest to be up your alley, your motivation and focus will be needed to get the job done. One way or another, as you encourage a farmers market to expand the scope of its goals and activities, you and your colleagues should be prepared to support a fair share of the market's operations. Here are some roles public health professionals might play:

- Connector and convener
- Implementation coordinator
- Applicant for SNAP authorization and card services
- Recruiter and coordinator of volunteers, interns, and service learners
- Communications, outreach, and promotions coordinator
- Liaison to state and local policy makers
- Grant-writer and fund-raiser
- Steward of important knowledge and key relationships

Building a Strong Farmers Market

As stated earlier, to attract and retain customers, a farmers market must offer a compelling place to shop — a winning combination of price, quality, convenience, and other, less tangible attributes that make customers feel good about their visit. If *you* can't get excited about shopping at the market or find a good bit of what you want to eat there, it's unlikely the market will excite anyone else — especially people with more limited mobility, time, energy, cash, language proficiency, or ease with local cultural norms.

Of fundamental importance to creating a strong market are elements that *fulfill* the market's core purpose. These elements include:

- Consistently offering a variety of high-quality foods for sale.
- Presenting and selling foods in an enticing and convenient fashion.

No less important are elements that *support* the market's core purpose through such means as:

- Creating a space and opportunities conducive to positive social interactions.
- Offering entertainment features such as music, kids' activities, and cooking demonstrations.
- Providing a platform for sharing information and resources on topics such as gardening, health and wellness, as well as community issues and events.

- Helping customers make use of what the market offers by providing food and nutrition education, recipes, or food samples.

Ways to Minimize Barriers to Customers

Accepting SNAP benefits reduces a significant economic barrier to participating in the farmers market experience. But economic barriers often come in combination with others — barriers related to age, disability, or language and cultural differences, for example. For a farmers market to be fully welcoming and accessible, all barriers must be eliminated or at least minimized. Following are some key considerations for reducing barriers. Work with your coalition members, including farmers market organizers and vendors, to identify and address additional barriers specific to your community and market's circumstances. Here are some ways to minimize barriers to customers:

- **Choose a good location.** The definition of "good" varies in each community, depending on who you're trying to reach and what you're trying to achieve. The best place for a market might be in the center of a housing complex for people with limited mobility, along a well-traveled thoroughfare, in the parking lot of a busy shopping center or supermarket, or in a downtown shopping district. In general, choose a place where people are likely to gather or are already gathering for a number of reasons. And be ready to negotiate the tensions that arise when selecting a site for a new market or when relocating an existing one. Vendors, organizers, and community members are likely to have divergent but equally important needs and goals to consider when selecting a site.
- **Ensure accessibility.** This includes providing ample parking nearby; choosing a location that is reachable by multiple modes of transportation; and designing a market that is navigable by people using a wheelchair, walker, cane, or crutches, and by people with visual impairments.
- **Create an accommodating physical environment.** This includes providing accessible toilet facilities; benches and other seating; some shady resting areas; drinking water; and signs that will be understood by those with limited English skills or reading ability. Site amenities like these can make it or break it features for seniors, families with children, or individuals with disabilities.
- **Enlist a mix of vendors that reflects the tastes, priorities and financial means of the whole community.** A good mix includes vendors who collectively provide products at a variety of price points and whose products are of interest to the variety of cultural groups in your area. The mix might also include vendors whose products represent a variety of growing practices, or who are reselling produce that can't be grown locally but is of importance to the diets of select segments of the community.
- **Accept various forms of food assistance benefits,** including SNAP.
- **Create or take advantage of incentives like Market Bucks** and other strategies that reduce the cost of food for consumers but don't reduce income for vendors. Other strategies include Veggie Rx and Power of Produce (PoP) Clubs (see inset below).
- **Encourage vendors to cater to the needs of specific audiences.** Examples include providing senior portions or growing culturally specific foods.

COMPLEMENT SNAP BENEFITS WITH OTHER PROGRAMS

Acceptance of SNAP benefits is an important way to help low-income people access healthy foods at farmers markets. But there are other programs for helping low-income people get the most out of a farmers market. Check out these websites for more information on these programs:

- Market Bucks: <http://www.hungersolutions.org/programs/market-bucks-2/>
- WIC Farmers' Market Nutrition Program (FMNP): <https://www.benefits.gov/benefits/benefit-details/6030>
- Senior Farmers' Market Nutrition Program (SFMNP): <https://www.benefits.gov/benefits/benefit-details/5872>
- Veggie Rx: <http://www.wholesomewave.org/how-we-work/produce-prescriptions>
- Power of Produce: z.umn.edu/popclub
- Cooking Matters at the Farmers Market: <https://www.extension.umn.edu/family/health-and-nutrition/partner-with-us/snap-ed/educational-offerings/cooking-matters-at-the-farmers-market/>

Raise Awareness

Outreach is a key component of any successful SNAP benefits acceptance effort. If nobody knows about the market and its benefits, who will shop there? And if no one shops at the market, what will make your efforts worth it? To address these questions, think big and long-term.

Don't limit outreach only to people using SNAP benefits. There are actually four audiences you should try to reach to spark interest in the market, rally the whole community around your cause, and get the most out of accepting SNAP benefits: the general public, low-income community members, people who serve those low-income community members, and the community's key influencers.

Frame messages for the specific intended audience. While underlying themes may overlap, the way you frame specific messages and tactics should differ according to varying audiences. Your messages should also differ according to season and stage of your market's development. Remember that health messages are often less persuasive than messages emphasizing good feelings, good flavor, and good prices.

Don't settle for a one-time, inaugural promotional push. While one good message might create a spark, multiple good messages are required to light a fire. Moreover, the community members who are benefiting from SNAP, and those who are serving them, change continually. This means that outreach efforts must be ongoing to ensure that those most in the need to know hear the market's message.

Here are a few specific ideas for raising awareness of SNAP benefits acceptance:

- Use signs promoting SNAP inside the market and around the community. For the most impact, use clean, bold graphics. This will help people with limited English or reading skills, or those with visual impairments, see and understand your signs. Signs constitute an important way customers learn that the market accepts SNAP benefits.

- Distribute printed materials with the help of members of your market’s governing body and coalition, as well as volunteers, staff, and customers. Fliers, door hangers, brochures, posters, and refrigerator magnets are a few examples of materials you might consider distributing.
- Extend your reach through social media channels and exploit their capacity for featuring photos and images to enhance the impact of your messages.
- Personally introduce the market by inviting seniors, recent immigrants, young families, and community influencers, such as health care providers, social services providers, leaders in the faith community, and teachers, for a tour or to have coffee with you at the market.
- Talk to people using and working at area clinics, food shelves, housing facilities, and community events. Have your talking points ready and tailored to your audience beforehand.
- Invite local organizations and businesses to promote themselves at the market.
- Engage community leaders and influencers who can amplify your message.

SNAP ACCEPTANCE: THE BASICS ELABORATED

After you’ve begun to address the big picture issues that influence a market’s overall attractiveness, accessibility, and visibility, it’s time to focus on the details that make accepting SNAP benefits possible. Here’s a closer look at the basics.

Let’s put a name to the overall method outlined below. This guide addresses issues related to a “market-based,” or “intermediated” system, for accepting SNAP benefits payments. The market-based method relies on one party to facilitate card payments on behalf of all of the market’s vendors. While benefits are accessed in one place, customers shop for goods from vendors throughout the market. It’s the most prevalent method at farmers markets for making SNAP purchases possible.

Remember that in our model, the party best suited to assuming responsibility for SNAP benefits may not be the market organization or its vendors and organizers. An intermediated system fits our model because it allows outside supporters

A WORD ABOUT COST

With so many variables at play, it is difficult to give an exact idea of what it will cost to implement and sustain acceptance of SNAP benefits at a farmers market. For example, choice of merchant services provider, availability of grants, and access to in-kind support will all influence the final price tag. Nonetheless, here are some potential expenses to consider:

- A wireless card reader machine: \$800, on average.
- Recurring monthly service charges for using a card reader machine: \$50 a month on average, but with wide variability.
- Transaction charges: 10 to 35 cents per SNAP transaction depending on the provider. Transaction fees for credit and debit cards typically include a flat fee plus a percentage of the transaction amount. These vary widely from card type to card type. **Proceeds from transactions deposited into the SNAP-authorized party’s bank account are always net of transaction fees.**
- Tokens: \$150 to \$300 per set.
- Other equipment and supplies:
 - A durable, good-quality tent: \$400 to \$500
 - A folding 8 foot table: \$60
 - Folding chairs: \$50 each
 - A cash box: \$25
 - Weatherproof storage bins: \$10 to \$15 each
- Labor may be the market’s largest ongoing expense. Best practices would call for a paid position with responsibility for managing transactions and token collection at the market. The costs for such a position will vary depending upon the local labor market and hours of operation.
- The market will need signs clearly marking the location where SNAP transactions take place and to identify vendors participating in the market’s SNAP program. Cost is how much you want to spend.

(your community partners, your market allies) to easily share or assume responsibility for SNAP benefits acceptance at a market. In addition to describing the way to get authorized to accept SNAP benefits, the following steps offer some options for how to tie the SNAP benefits customers debit at that single designated place to the purchases they make from the market's many individual vendors.

1. Apply for SNAP retailer authorization.

The United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) oversees SNAP. No matter what shape your market's system ultimately takes, you need to begin the process of applying for permission to accept SNAP benefits by completing the FNS' SNAP retailer authorization application. The application should be completed by whomever is going to assume responsibility for the handling of SNAP in compliance with federal requirements. While the applicant assumes responsibility for the authorization, it is actually the market site that gets authorized. Even if several market sites are owned, operated, or sponsored by a single party, each market site must obtain its own authorization.

The greatest challenge related to completing the application is likely to involve choosing the applicant. This is because it's the applicant and the person designated as the "Responsible Official" on the application who assume responsibility for the authorization. (The applicant and the "Responsible Official" might be the same person in some cases.) By assuming responsibility, the applicant is charged with three key aspects of accepting SNAP benefits at the market:

- Ensuring the compliant handling of SNAP benefits at the market by everyone involved;
- Entering into an agreement with a merchant services provider (the business that provides the equipment and platform for performing card transactions); and
- Providing a bank account that will be used to receive and disburse funds related to card transactions.

Given these responsibilities, it's no surprise that finding the right or willing candidate can be hard. In addition, in most cases, the responsible official will need to submit a social security number and a photocopy of both a social security card and a driver's license to complete the application — a requirement many otherwise willing candidates do not want to meet. There are exceptions to this requirement, however, that include applicants of 501c3 non-profits or units of government, including state colleges and universities. Therefore, prospective applicants from entities eligible for the exception might provide an especially attractive choice to be the responsible official. Check the USDA's application guidance when the application is submitted for any updated or additional requirements.

The application is completed in three parts and can be started by visiting <https://www.fns.usda.gov/snap/retailer-apply>. Since the application was designed primarily with traditional retailers in mind, not all of the questions it contains seem readily applicable to a farmers market. The application guidance for farmers markets provided by the USDA offers some assistance with how questions should be answered for a farmers market. It can be found here: <https://fns-prod.azureedge.net/sites/default/files/snap/Farmers-Market-Application-Guidance.pdf>. In cases where you still aren't clear, you can call the FNS' non-traditional retailers hotline at (312) 353-6609 for answers, or simply try to fit or estimate your answers to the questions as accurately and relevantly as possible.

2. Choose a method for conducting SNAP transactions.

Getting SNAP authorization is the first step. Next comes figuring out the best method for giving your customers access to the funds stored on their EBT cards. There are two basic methods and the best choice depends on several factors, including the market's size, anticipated traffic, and available resources.

The **first method uses vouchers** and completes each transaction in three parts. First, a person designated to perform SNAP transactions at the market (let's call this person the "transaction coordinator") captures

customer and transaction information on an offline food voucher, a paper form available through the merchant services provider. Second, the transaction coordinator verifies the availability of funds by phone and places an authorization hold on the customer's benefit account for the debited amount. While the second step is sufficient for allowing the customer to use the funds to make purchases, there is still one more step required of the transaction coordinator to complete the transaction. Usually this third step is taken after the market closes, in a place where there is access to an electrical outlet and a traditional telephone jack and where a low- or no-cost hardwired card reader machine can be used to transmit the information contained on each voucher. Taking this final step completes, or clears, the transaction.

The **second method uses a card reader machine** and is the method most commonly employed at farmers markets. For anyone who has made a purchase using a payment card (a credit or debit card), this method should feel familiar. Using this method, the transaction coordinator swipes the customer's EBT card on a card reader machine. The swipe triggers a withdrawal from the customer's benefit account and a corresponding deposit into the bank account held by the SNAP-authorized party. The entire transaction takes place instantaneously at the market site. Most farmers markets use a wireless card reader machine for this purpose since only markets that can provide an electrical outlet and an old-fashioned telephone jack can accommodate a hard-wired machine. Wireless machines typically use a cellular connection. Some can also use Wi-Fi connections.

FINDING GRANTS

Below is a listing of grants and information resources that have helped farmers markets cover some of the expenses related to accepting SNAP benefits. While grants can be a good source of funds for start-up costs, outreach and promotion projects, and other specific expenses, they are not the only source and often can't help with ongoing operating expenses. Consider also how sponsorships, in-kind support, individual donations, fund-raising activities, and changes in the structure of vendor fees might complete your SNAP program's funding plan.

The Farmers Market Coalition (FMC), <https://farmersmarketcoalition.org/>, has up-to-date information about federal grants that support farmers markets, including SNAP benefits acceptance. FMC also managed a Free SNAP-EBT Equipment Program grant on behalf of the USDA for several seasons. This grant provided a free machine and up to three years' worth of funding to cover recurring service expenses with select providers. The grant may be renewed in future seasons.

USDA's Agricultural Marketing Service Farmers Market Promotion Program grant, www.ams.usda.gov/services/grants/fmpp, has been awarded to farmers markets and coalitions of farmers markets to support SNAP acceptance. The grant opens annually and awards multi-year funds.

In Minnesota, the Statewide Health Improvement Partnership (SHIP), <http://www.health.state.mn.us/divs/oshii/ship/index.html>, provides some funding to farmers markets to support SNAP benefits acceptance. You can find contact information for your local SHIP coordinator here: <http://www.health.state.mn.us/divs/oshii/ship/communities/>

The Minnesota Farmers Market Association (www.mfma.org) often has grant information available. In 2008 MFMA provided a number of markets with free equipment using funds from a USDA Specialty Crop Improvement Grant www.mda.state.mn.us/grants/grants/specialty.aspx.

Many of Minnesota's local foundations have supported SNAP benefits acceptance at farmers markets. These include:

- The Initiative Foundations
- United Way
- Local Catholic archdioceses

Both methods for conducting SNAP transactions have some advantages and drawbacks. Vouchers and associated equipment and services are free. They can be used in areas with poor connectivity, albeit with some heightened risk. On the other hand, transactions using vouchers take more time to complete both during and after market hours. Wireless card reader machines save time. However, wireless card reader machines are more expensive to set up and maintain. They require good cellular coverage at the market site. Otherwise decent cellular coverage can be adversely and unpredictably affected by weather and atmospheric conditions. Nevertheless, for markets where these drawbacks aren't at play, a wireless machine is fast and offers the flexibility to accept other benefits accessed with EBT cards. Their functionality can also be expanded to accept debit and credit cards.

Vouchers may be perfectly suitable for markets with low volumes of SNAP transactions. However, a wireless card reader machine will almost certainly be necessary to accommodate transactions in higher volume markets. A system with capacity to treat all market customers similarly, one that can be used for credit, debit, and EBT cards, will call less attention to customers using SNAP benefits. Therefore, because their use is limited to SNAP benefits, vouchers may be a less desirable option when minimizing stigma is a priority. And by the way, markets report increased SNAP transactions when credit and debit cards are accepted alongside EBT cards.

A side note on reducing stigma: The place where transactions take place may be as important for helping customers who are using SNAP benefits feel comfortable as the method. For example, it is best for SNAP transactions to take place in a neutral location, in a place other than a market vendor's tent. Customers interested in using SNAP benefits may feel awkward or pressured when debiting their account with a vendor from whom they do not intend to make a purchase. A neutral location for SNAP transactions also provides the opportunity to provide better customer service, share information and resources, or offer a little extra help to a new or less confident market shopper. On the flip side, since vendors are likely to feel pressed to maximize their own sales at the market, balancing those sales with the general needs of customers can be challenging and fraught with conflict. By managing SNAP transactions separately from sales, everyone benefits.

Whether the market decides to use a card reader machine at the market or vouchers, the SNAP-authorized party will need to contract with a merchant services provider to make accepting SNAP benefits possible. If the SNAP-authorized entity already uses a merchant services provider to facilitate card payments, e.g., for debit and credit card transactions, the provider's services can probably be extended to include EBT transactions as well.

See [Tips for Selecting a Merchant Services Provider \(p. 21\)](#) and [Provider Comparison Checklist \(p. 23\)](#).

3. Establish a system for facilitating customer purchases from individual vendors.

Now that the method for debiting a customer's benefit account has been determined, let's look at how to allow customers to make purchases from individual vendors. There are two approaches for doing this: using an alternative currency system and using a receipt system.

An **alternative currency system** substitutes tokens, coupons, or other alternative currency, for the value of benefits a customer debits from his or her account. Tokens provide an intuitive and simple method for customers and vendors to manage purchases and are the most common alternative currency used at farmers markets. They can be made of wood, plastic, or metal depending on how a market prioritizes cost, durability, and ease of counting.

Customers "purchase" tokens before they shop, then use tokens to buy things from vendors. Periodically, vendors turn in the tokens they have accepted as payment in exchange for reimbursement. Reimbursement is drawn, at least initially, from a bank account owned by the SNAP-authorized party and designated to receive transaction-related deposits from the market's merchant services provider.

Markets may also choose to issue tokens for credit and debit purchases, for incentive programs, frequent shopper programs, or for other reasons. When this is the case, those using SNAP benefits remain largely indistinguishable from other market customers — an advantage in minimizing the stigma often associated with using food assistance. However, SNAP tokens must be clearly distinguishable from any other tokens the market issues and accepts. This is a requirement that might increase program cost and the time needed for sorting and counting.

Tokens come with some disadvantages. They are commonly issued in single, fixed denominations. This prevents a customer from tendering the exact purchase price for selected items — a \$1 token can't buy something for 50 cents, for example, because SNAP regulations prevent giving change for any amount tendered that's above the purchase price. Therefore, other ways to compensate for any difference need to be negotiated *ad hoc*. These might include offering a larger or smaller portion of food or accepting payments using a combination of tokens and cash — fixes that rely on customer and vendor flexibility.

Purchasing a set of tokens adds to start-up costs, but some factors may not make the investment worthwhile. While quite durable, tokens get forgotten or lost, and sometimes break. They may not all get spent by customers or redeemed by vendors, causing occasional token shortages on market day and causing trouble for the market's bookkeeping. In markets with a high volume of token use, sorting and counting take time and are prone to error.

[See Considerations for Design and Use of Tokens \(p. 24\)](#)

A **receipt system** works in reverse of an alternative currency system. The customer shops first, and then pays. Each vendor sets aside the customer's selections and issues a receipt or ticket reflecting the cost of those selections. The customer takes the receipts to the transaction coordinator who uses them to calculate and debit the total from the customer's EBT card. Receipts are saved in order to track and provide reimbursements to vendors, while the customer is given a proof-of-purchase notice to go back to vendors to pick up his or her selections.

The receipt method avoids the cost of buying a set of tokens. Receipts also allow the cost of a customer's purchases to be exactly matched to the amount debited from his or her SNAP account. However, navigating a system using receipts can be an ordeal, especially for customers with limited mobility. A receipt system also requires more patience and time from vendors and market staff, especially in cases where a customer is having trouble understanding and managing the convoluted path this approach requires. Despite these drawbacks, an approach using receipts may still be a good, low-cost solution in a very small or low-traffic farmers market.

4. Set up a system for daily accounting.

Accurately managing transactions is important to customers, vendors, and the market as a whole. Even though no cash exchanges hands in SNAP transactions, items with monetary value are exchanged — including tokens, receipts, vouchers, coupons, or other incentives. Not unlike a traditional retailer, the market needs to establish a way to keep these items secure and to track their flow so that vendors can be reimbursed for their sales and so the market doesn't lose money. Ensuring compliance with USDA FNS requirements around SNAP adds one more reason why accurately tracking transactions, tokens, and the like is important. A daily accounting sheet is a good way to track the day's transactions. Keeping completed daily accounting sheets together in a notebook can help track discrepancies over time while providing a snapshot of the market's sales progress.

Since accuracy, traceability, and security are essential to a smooth running system, it's worth thinking about who and how many people will help manage transactions and daily accounting. In short, the fewer fingers in the till, the easier it will be to achieve 100 percent accuracy. Although markets have made a variety of arrangements work, including the use of community volunteers, vendors, and service organizations and

programs, over the years we've heard from many markets about the advantages of having a person in a paid position manage transactions. In addition to contributing to accuracy, a stable transaction coordinator can promote the market's success by building customer rapport, providing consistency, and putting an expert in a high-touch role. In the end, the transaction coordinator becomes the face of the market, the market's SNAP program, and even the SNAP program's supporters.

[See Daily Accounting Sheet template \(p. 26\)](#)

Key numbers for accurate tracking include the opening amounts of anything with monetary value, such as tokens and coupons, that will flow in and out during the market day. Equally important to track are those same amounts at the close of the market after a day's worth of transactions. The transaction coordinator should count opening and closing values by hand and record them on a daily accounting sheet. On the linked daily accounting sheet template, these values would be recorded on lines "c" (till opening amount) and "i" (today's actual ending counts), respectively.

The difference between the opening and closing amounts should be equal to the net value of the day's transactions. Another way of saying that is what is in the till at the beginning of the day should match what is in the till at the end of the day, plus or minus any redemptions, e.g., tokens turned in by vendors, and distributions, e.g., tokens given to customers. Information about the value of the day's transactions (redemptions, sales, and distributions) is collected from batch reports (from the card reader machine), receipts, logs, or vouchers. These values should also be recorded on the daily accounting worksheet on lines "d" and "e".

It is the comparison of what is *actually* in the till (the hand counts of tokens, coupons, and incentives) to what *should* be in the till (the net value of transactions calculated using batch reports, receipts, vouchers, notations and the like) that indicates whether inflow has matched outflow, or whether the day's transactions have been accurately managed. The sum figured on line "j" of the linked daily accounting sheet should be zero if the day's transactions have balanced out correctly. If not, some mistake has occurred during a transaction, when keeping track of relevant paperwork, or simply in doing math.

5. Track for vendor reimbursements.

Daily accounting is closely tied to managing reimbursements to vendors. The market must create a way to track receipts turned in by customers at markets using the receipt method, or tokens turned in by vendors at markets using a token system. Funds for reimbursement are drawn from transaction-related deposits made by the merchant services provider into the bank account designated for the purpose. Simple record-keeping forms, one version for the market and one version for each vendor, are included in this guide on pages 27 and 28. In addition to helping the market keep track of reimbursements, these forms also provide information needed for performing the daily accounting described in Step 4.

[See Vendor's Token Collection Log and Market's Token Collection Log \(p. 27 and p. 28\)](#)

BEST PRACTICES: TRACKING AND REIMBURSEMENT

- Reimburse vendors using checks or direct deposit to create a paper trail of your reimbursement activity and to avoid keeping cash at the market.
- Provide a way for the market and each vendor to maintain a reimbursement record.
- Post a reimbursement schedule that also indicates the time period each reimbursement will cover. This reimbursement schedule may be included in a vendor agreement form, discussed elsewhere in this guide.
- If the market is using tokens, double count those being turned in alongside vendors to help catch counting mistakes and avoid misunderstandings.

6. Provide compliance training and establish agreements.

Part of any successful effort to accept SNAP benefits includes ensuring and demonstrating that all parties act in compliance with SNAP rules and regulations. Since the applicant and the designated "Responsible Official" are ultimately responsible for compliance concerns that may arise, it behooves them to put in place effective measures to prevent problems.

The first and essential way to ensure compliance is to provide good training for vendors, volunteers, and anyone else involved with the effort to accept SNAP benefits at the market. Training should include discussions of how SNAP transactions will be conducted, how customers will make purchases, what sorts of products can and cannot be purchased using SNAP (see: <https://www.fns.usda.gov/snap/eligible-food-items>), and an overview of reimbursement and other market-specific procedures and rules. Training must also clearly communicate and emphasize that SNAP benefits can never be exchanged or traded for cash or cash equivalents. An effective training might also include segments to promote understanding of the importance of SNAP to both the market and the community.

To cap off the training, once a mutual understanding of the system and its rules and regulations are assured, the SNAP-authorized party should require vendors to sign agreements, or memoranda of understanding, covering participation in the system. The SNAP-authorized party, each participating vendor, and any other party directly involved in SNAP benefits acceptance at the market should be a party to the agreement. In a farmers market setting where all parties know each other well, use of agreements may seem excessive. However, agreements provide a mutually accessible reminder of expectations for participation in the market's SNAP benefits acceptance program and a safeguard against bad feelings that may arise from discrepancies or misunderstandings. Most important, agreements provide clear evidence that the SNAP-authorized party has made a good-faith effort to keep SNAP handling at the market compliant with federal requirements.

If the market intends to accept credit and debit cards, it should consider creating a separate agreement covering those payment types. The separate agreement can be used for vendors whose products only allow them to accept credit and debit tokens, or it can be used in combination with the SNAP agreement for vendors able to accept both credit and debit tokens.

See [Vendor Agreement \(p. 29\)](#)

7. Consider back-of-the-house accounting issues.

A SNAP-authorized party also needs to consider several additional accounting issues, often called "back-of-the-house" or "back office" issues, because they happen behind the scenes and do not involve customers. While this section is intended to highlight these issues, you should direct specific questions related to circumstances or concerns arising from accepting SNAP benefits at your farmers market to a qualified accountant.

No matter who ultimately pockets the proceeds from EBT card sales at the market (vendors, presumably), those proceeds will need to be accounted for in the SNAP-authorized entity's tax reporting. This is because the SNAP-authorized party ostensibly "owns" the card reader and the transactions that take place on it. But don't worry: For the purposes of figuring a SNAP-authorized party's taxes, deposits accruing from transactions at the market (income) should be offset by reimbursements made to vendors (expenses). This means the *net* income from SNAP transactions (and other card transactions) is roughly zero and will have little or no tax implications. However, depending on who or what is the SNAP-authorized party, different requirements for *reporting* income and expenses when preparing taxes will come into play. Check with an accountant or the IRS for how you should handle tax reporting of income related to facilitating SNAP benefits acceptance or credit and debit card payments at the market.

In addition, if the market is using an alternative currency like tokens, it is likely that some of the income accruing from card transactions will not be fully redeemed. This is because not all tokens that are purchased

by customers will get spent and not all tokens accepted by vendors will get turned back in. Loss, breakage, and forgetfulness are among the factors that prevent 100 percent redemption.

In a busy market, the unredeemed income may grow over the years to become a significant sum. While unredeemed income can be held indefinitely and recorded as a liability on the books, according to the FNS the SNAP-authorized entity is also at liberty to spend the accumulated funds as desired. Spending the unredeemed income, however, is likely to have an effect upon net income, as well as create a small potential for the SNAP-authorized party to come up short when making reimbursements.

Finally, the SNAP-authorized entity will receive an IRS Form 1099 from its merchant services provider indicating the total value of the market's card-based transactions for the tax year. This form should be kept for record keeping and used for tax preparation purposes. In a very large and very high volume market, entities acting as payment facilitators on behalf of farmers markets and farmers market vendors, i.e., a SNAP-authorized entity, may face the further requirement to supply the IRS and the market's vendors with 1099s in turn. For a thorough discussion of this topic and a link to the related IRS ruling, please see <https://farmersmarketcoalition.org/education/snap/accounting-taxes/>.

FINAL THOUGHTS: STEPPING IN FOR SNAP ACCEPTANCE

Experience over the years has revealed a few things. The first is that some farmers markets manage to accept SNAP benefits successfully on their own. These markets are often owned and operated by municipalities or by well-established organizations. In other words, these markets take on the task of accepting SNAP benefits with the benefit of existing organizational capacity, commitment, and other valuable assets. As you begin your journey, you might consider reaching out to some of these markets for guidance and moral support.

Other markets will succeed initially but will face fresh challenges and an uncertain future as champions move on, or enthusiasm dwindles, or outside financial support runs out. There are a few markets that may never be interested in managing SNAP benefits if the choice is left to them, or where the costs compared to the rewards are too high to be enticing. In either case, such markets do not come well equipped for SNAP benefits acceptance. They probably lack the capacity or motivation that you or your coalition can provide. Consider reaching out to these markets to help them sustain (or achieve) success. If you are reading this guide, you might be working with such a market already.

As we've said, farmers markets are valuable community assets, and they pay their biggest dividends when the greatest share of the community can participate in the market experience. Here's one benefit of accepting SNAP benefits that is often overlooked — one that provides mutual benefit to a farmers market and its host community: By accepting SNAP benefits in this most public of public squares, people who are otherwise unfamiliar learn what SNAP is, the important role the program serves, and the neighbors and other community members who are benefiting from it. Accepting SNAP benefits at a farmers market helps create a place for every community member at the community table.

You, the supporters of farmers markets, shouldn't allow the difficulties some markets face remain permanent barriers to SNAP benefits acceptance. This guide has elaborated a model in which friends of farmers markets and champions of good health, inclusiveness, and vibrant communities step in to shoulder the burden of accepting SNAP benefits. Those of us who contributed to this guide believe SNAP benefits should be accepted at every farmers market. While it might take the hands of many, we believe our model makes this possible.

FREQUENTLY ASKED QUESTIONS

- 1. Are there product stocking standards for farmers markets that accept SNAP benefits?**

Yes. Stocking standards are addressed under Criterion B of the standards, which says that at least 50 percent of SNAP sales must accrue from staple food products. These include foods like fresh fruits and vegetables and other unprocessed products of farm and field. For more information see: <https://www.fns.usda.gov/snap/my-store-eligible>.
- 2. How do I answer questions about what the market sells on the application?**

The USDA is aware that most farmers markets will not offer products in a number of product categories listed on the application. Moreover, they are aware that few farmers markets track vendor sales individually or in aggregate. Therefore, for those product categories that are represented at the market, an estimate of how each contributes to the overall product mix will suffice.
- 3. How do I answer questions on the application related to the market's gross sales?**

Since the USDA recognizes that farmers market organizers seldom know or keep track of individual vendor sales, you should answer these questions by making your best estimates. Imagine, for example, what one average vendor with SNAP-eligible products grosses on a single market day. Multiply your guess by the number of vendors with SNAP-eligible products and by the number times the market is open for the season. This method should help you reach a satisfactory estimate for the purposes of completing the application.
- 4. What sort of reporting is required to accept SNAP benefits?**

The USDA FNS does not require any reporting by SNAP-authorized retailers at this time.
- 5. Does it cost anything to accept SNAP benefits?**

While it does not cost anything to become a SNAP-authorized retailer, there will be both one-time and ongoing costs associated with managing SNAP payments at the market, including equipment purchases, merchant services or card services, market-day labor, labor associated with reimbursements to vendors and other accounting.
- 6. How does a wireless machine connect?**

Wireless card reader machines most often connect to payment processors through a cellular network. Some can also connect using Wi-Fi. Because cellular coverage at market sites can be spotty, look for a merchant services provider whose cellular network provides robust coverage at your market site. Hard-wired machines that connect using a traditional telephone line or Ethernet connection may provide good alternatives for some markets.
- 7. How often does my SNAP authorization need to be renewed?**

The USDA FNS says it reauthorizes farmers markets every five years starting from the date of original issuance. Be aware that the notification for reauthorization will be mailed to the person listed as the Responsible Official on the SNAP application. If this person changes roles, moves, or becomes otherwise unreachable, the reauthorization notice and deadline might get missed. Keep the market's contact information up to date with the USDA to avoid having its reauthorization automatically cancelled.
- 8. How does the market get paid for transactions performed at the market?**

Transactions performed on a machine or using vouchers will initiate an automatic funds transfer from the issuing bank (a private credit or debit card company or the U.S. Treasury for EBT cards) to the acquiring bank (the SNAP-authorized customer's bank account). This is an automatic process facilitated by the merchant services provider. Depending on a few variables, the transfer may happen instantaneously or it may take a few days. The schedule for reimbursing vendors should take into account the time it takes to

receive transaction-related deposits; otherwise, there is a risk that there won't be sufficient funds to make reimbursements.

9. Why don't deposits into a farmers market bank account fully cover the value of transactions?

The transaction-related deposits received from your merchant services provider are net of any transaction fees charged for the transaction. For example, if the original SNAP transaction amount is \$10, and the merchant services provider charges 15 cents per SNAP transaction, the amount deposited into the bank account being used for the SNAP program will be \$9.85. Note that there are no fees for using offline food vouchers. Any transactions performed using vouchers will be covered at full value.

10. How long does it take to get authorized to receive SNAP benefits?

Once the two-part online application is complete, and any supporting documentation has been submitted and received by the USDA, most applicants receive approval within two to three weeks. However, the USDA may take up to 45 days after it has received a completed application to give approval. Be proactive: Check email for confirmations, any need for follow-up or additional information, notice of application errors, and any other application-related communication from the USDA. Respond promptly. You can always check the status of the application using the USDA's online portal, found at the same web address used to start the application process.

11. Our organization operates or is interested in helping farmers markets at several locations. Does one SNAP authorization work for multiple sites?

No. While one organization can be *responsible* for several SNAP authorizations, *each* market site must have a unique SNAP authorization.

12. A former market vendor got our market signed up to receive SNAP benefits a few years ago. Can we still accept SNAP benefits even though that vendor no longer belongs to our market?

Yes and no. If the former vendor is explicitly willing to accept the risks and responsibilities for the market's SNAP authorization, and if the market is willing to accept the risks of having an individual not closely connected to the market manage its SNAP authorization, merchant services, and related bank account, then you can proceed. This is not a recommended arrangement, however. It's safer to reauthorize the market, start fresh with a merchant services contract, and connect the new authorization and service contract to a bank account with closer ties to the market.

13. Who makes the strongest candidate for serving as the applicant for SNAP authorization?

For each market there is likely to be a different answer to this question. However, our first choice would be either a 501c3 organization. This could be the market itself or a partnering organization), or a unit of government, such as a park and recreation department. There are several advantages of using one of these options. The first is that each is exempt from the requirement that an individual submit Social Security information to the FNS in order to complete the application. The second is the durability of the solution. While an individual who is responsible for an authorization might retire, step back, or move away, an institution is likely to survive several generations' worth of market supporters and organizers. A second good applicant candidate would be some other sort of well-established organization — a chamber of commerce, for example. While requirements to submit an individual's Social Security information still apply, such an organization will confer durability to the authorization. Compared to using an individual directly connected to the market, both of these choices hold the potential to engage and use partners that can help with other aspects of a successful SNAP benefits acceptance effort.

ADDITIONAL RESOURCES

- [SNAP and Farmers Markets https://www.fns.usda.gov/ebt/snap-and-farmers-markets](https://www.fns.usda.gov/ebt/snap-and-farmers-markets) — *U.S. Department of Agriculture* — This website provides a wide variety of information about SNAP at farmers markets, including use of EBT cards.
- [SNAP Guide for Farmers Markets https://farmersmarketcoalition.org/education/snap/](https://farmersmarketcoalition.org/education/snap/) — *Farmers Market Coalition*— This website provides a collection of guides, reports, case studies, and information on accepting SNAP benefits at farmers markets.
- [Market Bucks http://www.hungersolutions.org/programs/market-bucks/](http://www.hungersolutions.org/programs/market-bucks/) — *Hunger Solutions Minnesota* — This website provides information on its Market Bucks incentive program for EBT users shopping at farmers markets.



TIPS FOR SELECTING A MERCHANT SERVICES PROVIDER

Choosing a company to provide merchant services can be one of the most vexing steps in accepting SNAP benefits. Options abound, from the local bank to multinational corporations, and can be difficult to compare. Getting referrals and recommendations from other farmers markets, trusted businesses, and organizations like the Farmers Market Coalition (<https://farmersmarketcoalition.org/>) can help narrow the field of contenders and is a recommended starting place. There may also be grant programs available to help with the costs of purchasing and using a card reader machine. Explore available grant programs first as they may require you to choose from among pre-selected, preferred providers.

While research can be done in advance, you will need to obtain SNAP authorization before entering an agreement with a merchant services provider (MSP). The chosen provider can't set up service to accept SNAP until after the market (or sponsor) has received its SNAP authorization. Remember, it is the SNAP-authorized entity that will need to enter a service agreement with a merchant services provider.

It is also a good idea to decide what payment types will be accepted at the market before extensively researching MSPs. Will the market accept SNAP benefits via EBT card only, or a combination of EBT, debit, and credit cards? You'll also need to decide whether the market will use one machine and provider to cover all payment types, or mix and match methods and providers for a more tailored solution.

There is no reason to research MSPs if a market is planning to limit itself to facilitating purchases using SNAP and/or other EBT-based benefits only. (This would occur either through use of food vouchers off line or a hardwired, EBT-only card reader machine — one that connects through a traditional telephone jack.) In this case, the SNAP-authorized entity should contact the state's master contractor for EBT services, FIS Global in Minnesota's case, and it will provide merchant services and equipment to the market free of charge. However, if the market intends to use a wireless card reader, a smartphone-based card reader device, or to accept credit and debit payments in addition to EBT, you should conduct a thorough investigation of costs and other aspects of accepting card payments using various merchant services providers.

The following resources, although directed at more traditional retailers, contain information relevant to farmers markets as well, and provide good background for researching MSPs.

For general information on choosing a merchant services provider (also called a third party processor), see the USDA's *SNAP EBT Third Party Processor (TPP) List and Guidance to Retailers* fact sheet at <https://fns-prod.azureedge.net/sites/default/files/snap/SNAP-EBT-TPP-guidance.pdf>. Guidance on selecting a TPP starts on page 4.

For additional general information about accepting card payments, check out these websites:

- Nerdwallet provides a variety of information on handling card payments. Visit *Credit Card Companies: 5 Factors to Consider* at <https://www.nerdwallet.com/blog/small-business/credit-card-processing-company-choose/> for an introduction to the topic.
- Merchant Maverick at <https://www.merchantmaverick.com/> provides merchant account reviews, as well as an easy-to-read *Visual Guide to Credit Card Processing Fees and Rate* infographic available at <https://www.merchantmaverick.com/a-visual-guide-to-credit-card-processing-fees-and-rates-infographic/>.
- *CardFellow's Guide to Credit Card Processing* provides detailed information on accepting card payments, but be advised that it is also a merchant services referral service so some information may reflect its preferences. See the guide at <https://www.cardfellow.com/credit-card-processing-guide/>.

Consider Additional Factors

Here are a few considerations unique to farmers markets to keep in mind when searching for a merchant services provider:

- Find a provider that serves other farmers markets. Providers that aren't familiar with farmers markets can have a hard time understanding and accommodating markets' unique organizational structure and needs.
- Farmers markets routinely experience problems with wireless card reader machines, which can cause a significant loss of sales and frustrate efforts to attract and retain low-income customers. Make sure your MSP will respond quickly to equipment failures with a replacement or loaner.
- Make sure the provider is thoroughly familiar with processing EBT benefits (not all are). In particular, make sure the provider is aware that if a market will only be accepting EBT cards, there is no reason to purchase a so-called EMV-capable machine that can accept all types of payment cards or to pay payment card industry (PCI) compliance fees for any machine. EMV and PCI compliance apply only to credit and debit cards.
- Markets that intend to use a wireless card reader machine will need to make sure that the provider's cellular network offers robust coverage at the market site.
- Choose a provider that doesn't charge a minimum monthly charge for credit and debit card service, especially if the market will only be accepting EBT cards.
- Make sure the provider will only charge the market for the months that service is needed. Many providers will continue to charge monthly recurring charges (and any monthly minimums) unless a market suspends service. **Note**, however, that service providers often charge a fee for suspending and restoring service, so you should find one that doesn't.
- Look for a provider that offers short-term service agreements. While most MSPs offer three-year minimum contracts, some offer month-to-month arrangements and lengths in-between. Find one of those.

PROVIDER COMPARISON CHECKLIST

Checklist	Provider 1	Provider 2	Provider 3
Does the provider work with other farmers markets?			
What other farmers markets have had a good experience with this provider?			
Does the provider routinely process EBT benefits?			
Is there a charge for set up?			
Are there charges for suspending and/or reactivating service (to accommodate the off season, for example)?			
How much are monthly recurring service fees?			
What is the EBT transaction charge? (And what are transaction charges for debit and credit cards, if desired?)			
Is there a minimum monthly charge to process credit and debit transactions?			
Does the minimum apply even if the market doesn't plan to accept debit and credit cards?			
What other miscellaneous one-time or recurring charges can be expected?			
Does the provider use a cellular provider that has robust coverage at your market site?			
Can the provider offer rapid replacement or loaner equipment in case of equipment breakdown?			
Does the provider offer short-term service agreements, or only long-term ones?			
What does the provider have to say about PCI compliance (data protection practices) and any related costs or other responsibilities a merchant should expect for using the provider's services?			
(Other)			
(Other)			

CONSIDERATIONS FOR DESIGN AND USE OF TOKENS

In a market-mediated system for accepting SNAP benefits, there should be a way to tie funds debited at a single point-of-sale, e.g., at the market's card reader machine, to purchases made from multiple merchants, e.g., a market's many vendors. The most common way this is achieved is by exchanging the amount a customer debits for an alternative currency of equivalent value. Wooden tokens are the most common form of alternative currency used at markets, although some markets choose metal or plastic tokens instead. While more expensive, metal and plastic tokens are more durable and allow markets with high volumes of token use to take advantage of automated counting machines. The considerations below apply to tokens made of any material.

USDA Requirements

- A market must accept unspent SNAP tokens and apply credit to a customer's SNAP benefit account.
- SNAP tokens can't be set to expire.
- No fees of any sort can be charged to customers using SNAP tokens at a market.
- The set of tokens used to facilitate SNAP purchases must be unique and distinguishable from other sets of tokens used at the market.
- Markets cannot use its SNAP tokens to facilitate purchases using the other benefits that can sometimes be found on EBT cards, such as Temporary Assistance for Needy Families. These non-SNAP benefits are collectively referred to as "Cash" benefits.
- SNAP tokens can only be spent within the confines of the market where the SNAP funds are originally debited.
- SNAP tokens cannot be exchanged for cash or cash equivalents for any reason, including to provide change for customer purchases.

Design Considerations

- The tokens should include the market's name, its logo, or some other means to identify where they are issued so customers know where they can be spent and vendors know where they can be redeemed.
- Tokens made in \$1 denominations work well for SNAP since the low denomination increases the likelihood the purchase price can be closely matched by the value of tokens tendered. However, for tokens issued to facilitate purchases using debit and credit cards, a larger denomination is more convenient to count and carry. For debit and credit tokens, change can be made whenever necessary.
- The design for SNAP tokens should include some language to the effect of: "For SNAP-eligible items only" and "No change given."
- It's best for tokens serving different purposes to differ in both color scheme and other design details for ease of identification by customers, vendors, and staff.
- Inclusion of an intentional flaw in the design or serializing the tokens can help protect against counterfeiting.

Order Considerations

Markets should determine the number of tokens to order based on likely customer traffic. A market might use the following math as a starting point: (average anticipated value of SNAP transactions per market day/likely denomination) x (number of market days in a reimbursement cycle) = (minimum number of tokens to order). Remember that a market's tokens are in constant circulation. They are subject to wear, loss, and breakage. It is better to have more on hand than anticipated customer traffic alone might indicate. Most token-producing companies offer lower prices for large volume orders.

There are many companies that manufacture wooden tokens. You can probably find one that will help with design and is familiar with making tokens for farmers markets. In Minnesota, many markets have used the Old Time Wooden Nickel Company (<http://www.wooden-nickel.com>) with good results. Wait times for orders vary depending on current demand, but for planning purposes, expect to wait about a month.



DAILY ACCOUNTING SHEET

Person completing this sheet:

Date:

			\$1 SNAP Tokens	\$5 Credit Card Tokens	Incentive Coupons	Notes:
a	Till closing amount (from previous market's line j)					
b	Amount added or removed before today's market	+/-				
c	Till opening amount (amount that goes to the market)	=				
d	Amount collected from vendors (from collection logs)	+				
e	Sales reported (from batch report, log of incentives handed out, or vouchers)	-				
f	Adjust sales of merchandise by credit card*	+				
g	Adjust convenience fees (# of transactions x \$2)**	+				
h	Projected ending counts	=				
i	Today's actual ending counts					
j	Subtract line h from line i. This line should equal zero.					

***Merchandise Sales Detail**

Item	Quantity	Cost each (@ \$X each)	Total sales
Shirts			
Tote bags			

**Customers using SNAP cannot be charged convenience fees

Total to put in line f

VENDOR AGREEMENT FOR FARMERS MARKET SNAP TOKEN PROGRAM

Vendor name Vendor number

Name of the person/business to whom checks should be written

Mailing address line 1

Mailing address line 2

We appreciate your participation in our SNAP Token Program, and welcome your questions and concerns. Please contact *[farmers market manager]* at *[market email address]* or *[phone number]* for more information or if you do not understand any part of this agreement.

Only tokens bearing the *[farmers Market Name]* logo may be spent and redeemed at the following locations:

Market Name	Address

As a vendor at the market participating in the SNAP Token Program, I/we agree

- To accept the market's SNAP tokens only for SNAP-eligible food items (see box at right).
- To charge the same price for goods whether a customer tenders SNAP Tokens, cash, or check.
- That I/we will not give cash change in any amount for goods paid for with SNAP Tokens even if change would ordinarily be due.
- That I/we will not exchange SNAP Tokens for any reason or with any person for cash.
- To display the signs provided on our market stall to indicate that I/we accept SNAP Tokens.

In addition, we understand that:

- It is important for us to maintain and keep accurate records of the tokens we turn in to the market for reimbursement.
- The market will not accept damaged or broken tokens for reimbursement.
- The market will not reimburse us for tokens with cash on site, but will reimburse us by check according to the attached schedule.
- I/we should notify the market beforehand if I/we choose to end participation in the program.
- It is our responsibility to ensure that anyone who sells our products at the market understands and agrees to the terms of the SNAP Token Program.
- It is our responsibility to direct questions or concerns about the SNAP Token Program to the market manager should they arise.

SNAP-ELIGIBLE FOOD ITEMS INCLUDE:

Preserved and fresh fruits, vegetables, and herbs
Meat, dairy, and eggs
Baked and canned goods
Seeds and plants that bear fruits, vegetables, or herbs

ITEM THAT CANNOT BE PURCHASED USING SNAP INCLUDE:

Food items intended for immediate consumption at the market (like coffee or prepared hot foods)
Non-food items (like crafts, clothes, and flowers)
Produce that is intended for ornamental purposes only (like gourds and carving pumpkins)

Ask market management if you have additional questions about what items are eligible. More information may be found online at <https://www.fns.usda.gov/snap/eligible-food-items>.

AGREEMENT STATEMENT

I understand and agree to adhere to the SNAP Token Program's requirements as outlined above.

I understand that if market staff observes or receives evidence of my failure to abide by this agreement, I may not be eligible for full reimbursement, my ability to participate in the *[farmers market name]* may be suspended or revoked, and I may be reported to federal law enforcement officials.

Vendor signature

Date

I verify that I have spoken to the vendor named above about the SNAP token program, seeking translation if needed. I am confident that he/she understands all of the above rules and is willing and able to participate in the program and comply with program requirements.

Market Staff

Date

FARMERS MARKET TOKEN REIMBURSEMENT SCHEDULE FOR 2018

For tokens turned in to the market between:	Checks will be delivered to vendors at the market on:	Checks not picked up at the market will be mailed by:
May 1 and May 26	June 2	June 6
May 27 and June 23	June 30	July 5
June 24 and July 21	July 28	Aug 1
July 22 and Aug. 18	Sept. 1	Sept. 5
Aug. 19 and Sept. 15	Sept. 22	Sept. 26
Sept. 16 and Oct. 13	Oct. 20	Oct. 24
Oct. 14 and Nov. 10	Nov. 17	Nov. 20

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To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (AD-3027) found online at: http://www.ascr.usda.gov/complaint_filing_cust.html, and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call 1-866-632-9992.

Submit your completed form or letter to USDA by:

1. **Mail:**
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410
2. **Fax:** 202-690-7442
3. **Email:** program.intake@usda.gov

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For any other information dealing with Supplemental Nutrition Assistance Program (SNAP) issues, persons should either contact the USDA SNAP Hotline Number at 1-800-221-5689, which is also in Spanish or call the Minnesota Food HelpLine at 1-888-711-1151.

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