

# Applying for and Starting your SNAP/EBT Program

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**THE BASICS FOR FARMERS MARKETS IN VIRGINIA**

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Accepting Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) benefits at farmers markets can be a win-win situation for markets and vendors alike, as well as SNAP clients. In 2014, Virginians in every county in the Commonwealth were collectively issued more than \$1 billion in SNAP benefits. Accepting SNAP allows SNAP clients to use their benefits to purchase nutritious local foods and support local farmers, helping local agriculture. Approved foods that can be purchased with SNAP include meat, dairy, fruits, vegetables, herbs, canned goods, baked goods, and food bearing plant starts or seeds. Hot foods, foods meant to be consumed at the market, and alcohol are not allowed.

All SNAP benefit purchases are now made with an Electronic Benefit Transfer (EBT) card, which is similar to a credit or debit card linked to the individual's SNAP benefits account. Many farmers markets purchase or apply for funding for a Point of Sale swipe machine. These machines can also be set up accept debit and credit cards, which increases sales opportunities for vendors.

To fully understand SNAP/EBT, it is helpful to understand the terms used. The following is a glossary provided courtesy of the Maine Farmers Market Federation, [www.maine farmers markets.org](http://www.maine farmers markets.org).

### **Glossary of Terms for SNAP/EBT:**

**EIN** – Employer's Identification Number, functions in many ways like a Social Security Number for a business or an organization. Farmer's markets run by nonprofit organizations and city or county governments may use an Employer's Identification Number instead of a Social Security Number on their application for approval by FNS to accept SNAP.

**FNS** – Food and Nutrition Services is the department in the USDA that administers SNAP and other food assistance benefits redeemed at farmers markets.

**SNAP** – Supplemental Nutrition Assistance Program, a federal benefit program run by the USDA that provides food assistance to eligible, low-income people. It is intended to supplement not provide all food/nutrition resources for those who qualify.

**EBT** – Electronic Benefit Transfer, the system that allows SNAP benefits to be redeemed via an electronic card similar to a debit card.

**Scrip** – The paper receipt, wooden or plastic token given to a SNAP customer after they swipe their EBT card; can be used like cash at the market in exchange for allowed food items. Scrip is required at markets as SNAP customers cannot exchange their benefits for cash. Using scrip allows them to receive tokens that represent cash in the market. Many markets also use scrip for credit/debit sales. Markets that use scrip for both EBT and credit/debit sales must use separate tokens for these 2 types of transactions. Most markets use \$1 tokens for EBT sales, and \$5 tokens in a different color for credit/debit transactions. This makes it easier for vendors to tell the two tokens apart, which they must be able to do as sales made with EBT tokens cannot be given change (as that is considered giving cash for SNAP benefits).

See below for a picture of an example of the two types of tokens:



\*Farmers market vendors can also apply to accept SNAP (and credit/debit) sales directly. When this occurs no scrip is needed as the customer pays the vendor directly with whichever card they are using. Farmers that sell SNAP approved foods at farmers markets that do not currently accept SNAP can apply to the Virginia Department of Social Services for a free EBT machine. See page 10 for more information.

**POS Terminal** – Point of Sale terminal that can accept EBT cards; some POS terminals can also be contracted to accept credit and/or debit cards.

**Manual EBT Voucher** – A carbon copy form signed by the EBT cardholder that allows market management to accept EBT benefits through telephone verification; used most often with markets that have a wired terminal but no immediate access to electricity/phone line or when wireless terminals are not operational.

**SNAP Incentive Program**- Many markets that accept SNAP also raise funds to match SNAP purchases, allowing SNAP shoppers to stretch their food budgets and making farmers market foods more affordable for them. See page 4 for more information.

## **Market Day Procedures:**

A centrally located, well signed kiosk should be set up to handle all SNAP and debit and credit transactions if the market is using a token/scrip system. In small markets or in markets with new EBT/credit/debit programs the market manager will probably have the time to handle operation of the machine and program accounting. In larger markets or markets with large sales volume a staff person or volunteers will need to be trained to advertise the program, operate the machine, and provide accounting assistance for the vendors at the beginning and end of each market day.

### **EBT, Debit, and Credit Transactions**

To conduct a transaction, the staff person manning the kiosk asks the customer how much they intend to spend. The staff person then swipes the customer's card through the machine and enters the amount of money the customer would like to withdraw from his or her account. A balance will indicate the amount available. After swiping the card, the customer will enter his or her personal identification number (PIN) on the machine pad (not needed for credit transactions). This amount will be transferred to the market's checking account within 48 hours. The staff member gives the customer the correct amount of tokens to spend at any of the participating vendors.

To encourage more families on SNAP to shop at farmers markets many markets are implementing SNAP incentive programs. These programs are run differently from market to market, but most markets use the program to double SNAP dollars up to a certain amount per market day. For example, in many markets if a SNAP customer requests \$10 of their SNAP benefits, the market will double this and give the customer a total of \$20 in tokens to spend in the market. The matching funds are often raised locally from health care organizations, churches, or local government. Having a SNAP matching program is a proven way to get more SNAP shoppers into your market, which in turn benefits your vendors.

Most markets structure their accounting so that tokens do not expire. For accounting reasons some markets do ask for all tokens to be spent by the close of the market season. Customers with unredeemed tokens can be reimbursed, but this requires crediting their SNAP account through the POS machine, and is a labor-intensive process. If a customer asks for reimbursement the Food and Nutrition Service **requires** that their request be fulfilled. If the market has any kind of a matching program, the reimbursement can get complicated. The market must meet the refund request, but with a matching program you need to decide how you will handle the accounting procedures.

### **Vendor redemption and payment**

At the market, customers will take their tokens to the vendor to purchase eligible items. Vendors must be trained on the token system at the start of the season, especially if your market is using more than one type of token (see Vendor Education below). When a customer pays for a purchase with an EBT token they cannot be given change. Many vendors will tell customers to take a bit more or less to make an even sale, or customers

can pay with a mix of coins and tokens. Customers paying with credit/debit tokens **can** be given change.

Many market managers give the vendors a designated envelope to collect the tokens for the day or week and include a form for recording transactions. (Samples of the forms are available on this website.) At the end of the market, each vendor brings their collected tokens to the POS kiosk, signs a vendor token redemption log, and receives a receipt for the number of tokens redeemed that week.

As manager you choose when to give your vendors their reimbursement; many markets give it to vendors at the next market. The check can be placed in the vendor's token envelope prior to the market.

Some markets are able to write a check the same day that the tokens are redeemed. This requires extra money in the market checking account to cover the cost until the reimbursement amount is transferred to the market account (usually 48 hours from the time of sale). It is generally a good idea to have a bit of extra money in the market checking account to cover time lags in token purchases and redemptions. No matter when you choose to give vendors their reimbursement checks the most important thing is to do it consistently in order to retain vendors in your token program.

Some vendors will choose to store their tokens until they have enough to warrant a check. Many markets also have a minimum token value requirement, such as \$10, to make it worth the manager's time to process the tokens and issue the checks. This reduces the number of tokens that can be used by customers each week (as does customers hanging on to tokens) so be sure to purchase a good store of tokens at the start of the season. To avoid losing tokens to vendors at the end of the season, tell the vendors that they will not be reimbursed for tokens redeemed after the last market day.

### **Accounting procedures**

To have reimbursements automatically transferred each participating market must have an active checking account. The SNAP reimbursements will be transferred in a lump sum or "batch" to the account, usually at the end of each weekend. Debit and credit transactions will be transferred according to the card company's schedule, typically within 48 hours. Checks to the vendors should be written out of this account and distributed according to each market's operating procedures. At the end of the market day, print out a batch receipt from your POS machine for the day's transactions. (See the machine's instruction manual for details).

There is little accounting that needs to be done, but it is important to keep accurate records. It is crucial that the individual vendors have a record of their sales and are reimbursed **on time** each week for the amount of the previous week's sale. There should be a space on your vendor token redemption log to show the date the check was issued and the check number. It is good practice to have the vendors initial the redemption log when they receive their check.

- **Vendor Redemption**

Each week the market manager (or other) should record the number of tokens distributed to customers, the number returned by the vendors, and the checks written to reimburse the vendors.

- **Monthly Accounting Statement**

Each month the market manager or market SNAP coordinator will receive a statement showing the EBT, debit, and credit card transactions from either the third-party POS provider or the state office (depending on which device is used). These should correspond to the batch receipts that the machine prints out at the end of the market day.

### **Vendor Education**

Once the system is in place, market vendors need to be trained on how the program works, and what they can and cannot sell to EBT customers. It is important that the vendors support the program; let vendors know the potential for extra customers and increased sales at their stand. Also stress that this a good service for the farmers market to provide for people with limited incomes.

Most market managers include information on EBT and credit/debit procedures in their vendor application packet and at a vendor meeting before the start of the market season. (Some markets have made their vendor training tools available for sharing on this website.)

You as market manager will have to decide if accepting EBT (and credit/debit) tokens will be mandatory for vendors selling approved foods. Knowing that all vendors accept EBT makes it easier for customers to shop with EBT, as many customers do not want to ask about EBT in front of other customers.

If you do not make accepting EBT mandatory for all applicable vendors you must make it clear to customers which vendors do accept EBT. You should also consider making signage to put on the tables/tents of the vendors that do accept EBT (EBT sign templates are available on this website). Many market managers have reported that the best way to convince the vendors who do not accept EBT to do so is to hand out the reimbursement checks to the vendors that do accept EBT in front of the vendors who do not. Once the “hold out” vendors see that the vendors who accept EBT are making a bit more money they tend to sign up.

### **Customer Education and Program Marketing**

The key to a successful EBT program at your market is getting the word out about it! In many communities the ability to use SNAP at the farmers market is a new idea, so you will have to educate customers.

- Make sure you have multiple signs and banners around your market stating which cards you accept. (Signs and banner templates are available on this website).

- Make sure your market kiosk is easy to find, highly visible and well signed.
- All vendors and market staff must understand the token system (and SNAP incentive program, if applicable) and be able to explain it to customers. This website has templates for post cards and brochures that explain how to use an EBT card/what tokens are.
- Work with your local Virginia Department of Social Services (VDSS) to see if you can place marketing materials with them about your EBT program. Some VDSS offices will allow you to come speak with their SNAP intake staff to train them on how to talk about your EBT program.
- Look for other community organizations that work with low income families that may be willing to help market your EBT program such as Community Action groups, local ministerial councils, local food pantries, public housing, WIC, free clinics, libraries, etc. Having a SNAP incentive program is a big draw for getting other organizations to partner with you as it means their clients will be able to stretch their SNAP dollars.
- Think about hosting market tours for groups from community organizations such as schools or public housing as many people have never shopped at a farmers market and do not know what to expect. Look here for tips on hosting market tours: <http://www.nyc.gov/html/doh/downloads/pdf/cdp/how-to-lead-a-walking-tour.pdf>

The Virginia Cooperative Extension's Family Nutrition Program has created an orientation lesson in Power Point explaining how and why to shop at a farmer's market aimed at SNAP consumers. Those slides are shared on this website and can be used in conjunction with market tours.

- Your local Cooperative Extension Agent can be a source for cooking demonstrations. Additionally, the Family Nutrition Program can train you or volunteers on how to do simple, healthy, family friendly cooking demonstrations at your market if you accept SNAP. The program offers you the use of a cooking kit and a set of tested recipes as well. Cooking demonstrations and sampling are an excellent way to sell more produce as many shoppers are unsure how to cook fruits and vegetables. Contact Meredith Ledlie Johnson at (540) 231-1704 or [meredil@vt.edu](mailto:meredil@vt.edu) for more information on the Family Nutrition Program.



## Steps for Getting Authorized and Getting your POS Machine

### 1. Determine if your market is eligible

- To be eligible, markets must sell food products including produce, dairy, meat, and baked goods. The FNS definition of a farmers market is: a multi-stall market at which farmer-producers sell agricultural products directly to the general public at a central or fixed location, particularly fresh fruit and vegetables (but also meat products, dairy products, and/or grains).
- To help you get an understanding of how many potential EBT customers your market has, the number of SNAP households in each city/county in Virginia is listed here: [http://www.dss.virginia.gov/geninfo/reports/financial\\_assistance/fs.cgi](http://www.dss.virginia.gov/geninfo/reports/financial_assistance/fs.cgi)
- For vendors to be reimbursed for EBT purchases, the market must have a checking account. If your market does not already have a checking account, set one up before proceeding. A separate checking account helps keep EBT transactions clearly defined and helps with accounting.
- If you do not have a formal organizational structure or 501c3 status, you must have another organization be a fiscal agent and be the responsible party to the Food and Nutrition Service, who authorizes SNAP retailers. One local example of this is The Williamsburg Farmers Market, which uses the city's finance office as a fiscal agent. There are many organizations that can act as a fiscal sponsor for your market including your local government, a local development corporation, or a local non-profit such as a food bank or Community Action organization.

For more on the basics on Fiscal Sponsorship look here:

[Grantmanship Center: What is fiscal sponsorship? How do I find a fiscal sponsor?](#)

[Grantmanship Center: Can I get funding for my non-profit while I am in the process of incorporating or applying for tax-exempt status?](#)

Harvard Law School Delta Project wrote a legal guide for Mississippi that covers 501c3 status and fiscal sponsorship for farmers markets here:

<http://www.chlpi.org/wp-content/uploads/2013/12/Legal-Manual-2011-Update-FORMATTED.pdf>

### 2. Become authorized by FNS to accept electronic nutrition benefits

- To apply for an FNS number go to: <http://www.fns.usda.gov/ebt/learn-about-snap-benefits-farmers-markets> You must first create an online account with a password. (The rules for creating a password are strict; it might take a few tries to create one that

is acceptable!)

Handy TIPS for help with the application process for [SNAP Authorization](#):

- Plan to spend at least an hour with the application process
- You will need to have an email account. (AOL email accounts have more difficulties when applying so try to have another email account)
- Password is complex and will need to include:
  - ✓ 12 – 24 characters
  - ✓ One number
  - ✓ One upper case letter
  - ✓ One lower case letter
  - ✓ One special character (# ! % +)
- You will be asked to create 4 security questions
- Don't click on nonfarm items that wouldn't be authorized anyway, this will just slow you down.
- Fill out the application online. You can start and stop the application process. You have up to 30 days to complete and submit the online application to FNS. It takes up to 45 days to process your application. Virginia State University's Small Farm Outreach Program can also assist with FNS applications; contact Susan Cheek for more information at (804) 720-5539.

\*\*mobile farmers markets must apply as a delivery route, not a farmers market.

\*\*\*markets with multiple locations should apply for a separate FNS number and machine for each site.

Documents needed:

Most farmers' markets will only need the following three documents to complete their application:

- *Photo identification*
- *Social Security card*

Photo ID and Social Security Cards are required for all owners, partners and corporate officers, unless the market is owned by a government agency or is a non-profit. (Virginia is not a community property state so spouses' information is not needed).

Markets owned by a government agency may use their EIN number instead of a Social Security Number on their application.

Non-profits have to send photo id for all owners, partners and corporate officers and a copy of the IRS Letter with the organization's EIN number. No Social Security card is required for Non-Profit Organizations sponsoring the market or the market itself if it has filed for non-profit status

- Any *business licenses* held by your farmers market under the current owner's name. However, if your market does not have any business licenses, FNS does not require you to obtain them.
- After you submit your application, you will see a page confirming that your application was submitted successfully **AND** describing additional documents you must mail to FNS to complete your application and indicating where such documents should be mailed. Those documents are as follows:
  1. **Document Cover Sheet [Required]:** The page generates two copies for the Document Cover Sheet, one to mail and one for your records. The Document Cover Sheet includes the market's name and address, and using it as the cover page for the package of documents you will mail to FNS will speed the process. FNS receives tens of thousands of applications yearly, so the Document Cover Sheet is helpful to match the documents you submit with your online application.
  2. **Certification and Signature Statement [Required]:** The page generates two copies of the Certification and Signature Statement, one to mail and one for your records. You must print, sign, and mail a copy of the Certification and Signature Statement. An original signature is not required and legible copies are acceptable. The Statement must be signed by an owner or corporate officer, as FNS does not accept signatures from manager, bookkeepers, and other individuals filling out an application on behalf of the owner(s). For nonprofit organizations: In the event the person signing the application is not the Executive Director for the organization, a letter must accompany the application explaining that the person signing the application has the authority to sign for the organization. That letter must be signed by the Executive Director or the Board of Directors.
  3. **Business License [Not Required]:** If your farmers' market has a business license that was issued to the current owner(s) **AND** for the market's current location, you may provide a copy. However, if your market does not have such a license, it is not necessary to obtain one.
  4. **Photo Identification (ID) [Required]:** Submit copy of *Photo ID* for all owners, partners, and corporate officers. **EXCEPTION:** A photo ID is not required if the market is owned by a government agency.
  5. **Social Security Card [Require]:** Submit a copy of the *Social Security Card* for all owners, partners, and corporate officers, and (in community property States) spouses of such individuals. **EXCEPTION:** A Social Security Card is not

required if the market is owned by a government agency or a non-profit organization.

**Note: FNS does NOT share this information with any other entity or government agency, unless required to do so in a course of a court case or investigation.**

### 3. Choose your free EBT machine provider

- You can purchase or rent an EBT machine, but there are two options for receiving a free EBT machine in Virginia: one option is to apply for an EBT machine via the Farmers Market Coalition's Free SNAP EBT Equipment Program and the second option is to apply for an EBT machine via the Virginia Department of Social Services. These two options (available to both farmers markets and farmers selling SNAP approved foods at markets that don't accept SNAP or at their own farm stands) have different terms, outlined below:

#### **EMC's Free SNAP EBT Equipment Program**

The USDA has partnered with the Farmers Market Coalition's (FMC) to provide eligible farmers markets and direct marketing farmers with free EBT equipment to process SNAP benefits. For the details of this program visit:

<https://farmersmarketcoalition.org/programs/freesnapebt/>

This program is open to:

SNAP-authorized farmers markets and direct marketing farmers (who sell at one or more farmers markets) are eligible for funding if:

- A. They do not currently possess functioning EBT equipment; **OR**
- B. They currently possess functioning EBT equipment, but received that equipment before May 2, 2012

These equipment funds may be used to cover:

- a. cost of purchasing or leasing EBT equipment, including EBT card readers and terminals, printers, smart phones or other wireless enabled devices necessary for SNAP processing; and
- b. service costs (contracts, account fees, set-up costs, monthly service fees), wireless plans, and licensing costs, for up to three years.

It is permissible to purchase or rent equipment that processes credit and debit transactions in addition to EBT transactions. Replacement equipment funds may NOT be used for:

- a. fees to terminate an existing contract
- b. transaction costs (for SNAP EBT, credit, and debit payments. Each time a card is swiped on the equipment there is a transaction fee. This fee is different for SNAP and credit/debit sales and is dependent on the contract you choose.)
- c. costs of scrip systems (tokens, etc.)

Once applicants have been approved to participate in this program, they must select their preferred service provider. Finding the right SNAP EBT equipment and service provider requires some research, like shopping for a cell phone there are multiple providers, equipment options, types of service and a range of fees to learn about before signing a contract. FMC has a guide that will assist you in making your choice.

**This is a first come, first served program open until the funding is finished.**

FMC has a 2 page summary of the program here: [https://farmersmarketcoalition.org/wp-content/uploads/2016/02/2016\\_FMCEquipmentProgramHandout.pdf](https://farmersmarketcoalition.org/wp-content/uploads/2016/02/2016_FMCEquipmentProgramHandout.pdf)

### **Virginia Department of Social Services Wireless Terminal Program**

The Virginia Department of Social Services Wireless Terminal Program provides wireless EBT machines to farmers markets in Virginia who do not currently accept SNAP, or direct marketing farmers who sell at at least one market that does not accept SNAP or have another vendor that accepts SNAP.

Funds for replacement machines are no longer available.

**This program ends September 30, 2016.** Funds for SNAP transaction fees and monthly wireless fees for markets that have machines through this program will continue after that date as long as funding allows.

**VDSS will pay the cost of the following:**

- One wireless point of sale device (Valued at over \$900)
  - 3 year warranty
- Payment of SNAP transaction fees. (Valued at \$.15 per swipe)
- Payment of monthly wireless fee

You have the option to use the device for debit and credit transactions as well. *VDSS will not pay fees associated with debit and credit transactions.* If you would like to accept debit and credit with this device, request a debit/credit application when you apply. The fees are a percentage of the credit/debit sale, ask for the percentage rate when you request the application. You will be billed directly for all debit/credit related fees. The application for the wireless terminal and fee schedule is available upon request.

All questions about this program, including asking for an application, should be directed to Claudia Jackson at [claudia.jackson@dss.virginia.gov](mailto:claudia.jackson@dss.virginia.gov)

## **Purchasing/Renting EBT SNAP Equipment**

It's possible to rent or buy your own EBT Equipment if you do not qualify for the two programs listed above. It is recommended that you research your choices carefully in regards to equipment, fees, contract periods and customer service. Listed below are some service providers, you will have to contact them to compare prices.

- Dharma Merchant Services  
[www.dharmamerchantservices.com](http://www.dharmamerchantservices.com)
- MarketLink  
[www.marketlink.org](http://www.marketlink.org)  
\*\*Please note that as of now card readers such as the Square are not compatible with accepting SNAP (but can be used for credit/debit). MarketLink does have a SNAP approved card reader that works with any Apple smart device iOS 8 or above and any Android phone or tablet for purchase and use with the Mobile Market+ app (MM+).
- MerchantSource  
[www.merchantsource.com](http://www.merchantsource.com)

## Purchasing Market Tokens

Tokens are easy to use and make shopping at the market fun. Since tokens are more difficult to duplicate than paper, they are more secure. Tokens may be purchased online from a number of vendors. The tokens should be printed specifically for each market. It is recommended that markets design one side of each token side with the market's name or logo on one side, and "No Cash Value", "No Change Given" and a value amount on the other side. Make sure to explain to customers that tokens may only be used at the market where they were purchased, and no change may be given for SNAP tokens.

Token denominations are often provided in amounts of \$1 and \$5. Some markets find it simpler to use \$1 tokens for SNAP and \$5 tokens for debit/credit. The SNAP tokens should be similar, but easily differentiated from the debit/credit tokens. Using different colors is one way to do this; for example red can indicate SNAP tokens and green debit/credit tokens.

One popular token source is [www.wooden-nickel.net](http://www.wooden-nickel.net), 800-750-9915. Many markets in the state have had their tokens paid for by grants from local Departments of Health, hospitals, or community organizations. You may want to explore this possibility in your community. Logos of funders can be put on tokens.

Tokens are a new idea to many customers and vendors. You must educate them to treat them as cash in the market and not as "monopoly money". You should expect some loss of tokens over the market season; you may have to buy new ones for the second year of your program.

## Resources

Throughout this process, be sure to take advantage of the many tools and resources available to you online.

Wholesome Wave is working to create a national Nutrition Incentive Network, where markets can learn from each other. (<http://wholesome.dcwdhost2.com/our-initiatives/nationalnutritionincentivenetwork/>)

The Farmers Market Coalition (FMC), a national farmers market resource and information hub ([www.farmersmarketcoalition.org](http://www.farmersmarketcoalition.org)), has a resource library with a whole section devoted to EBT, including sample flyers, tokens, guidebooks, and overviews of the regulations.

Another must-read is the USDA website, which has a list of grant resources for EBT-using farmers markets including a step-by-step EBT guide (<http://www.fns.usda.gov/ebt/learn-about-snap-benefits-farmers-markets>).

Project for Public Spaces and Wholesome Wave published a great guide, *SNAP/EBT at Your Farmers Market: Seven Steps to Success*

[http://www.pps.org/pdf/SNAP\\_EBT\\_Book.pdf](http://www.pps.org/pdf/SNAP_EBT_Book.pdf)

Market Umbrella has resources for tracking the impact of your market on your community: <http://www.marketumbrella.org/marketshare/>

The Farmers Market Federation of New York has resources for starting EBT programs here: <http://nyfarmersmarket.com/>



