

Guidebook for VT Farmers to Accept SNAP Beyond Farmers Markets

October 2020

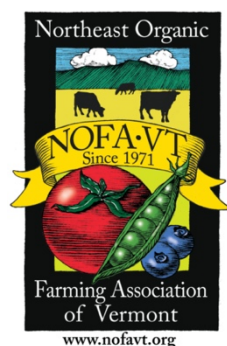


Table of Contents

Understanding SNAP.....	1
SNAP at Your Farm Business....	2
USDA FNS Authorization.....	5
EBT Processing Equipment	11
Glossary of Terms.....	14

Introduction

This guide is intended to be used by direct marketing farmers who are looking to expand their offerings to SNAP customers. The following pages will give step-by-step instructions for farms to accept SNAP on their farm, at farmers markets, and through CSAs or delivery.

By becoming authorized to accept SNAP at your farm businesses, you are expanding the reach of locally produced food to more customers throughout the state. You are also supporting the greater food system, contributing to the local economy, and helping to build a community more resilient to disruption and change.

SNAP, or the Supplemental Nutrition Assistance Program, formally known as “food stamps”, is administered through the USDA Food and Nutrition Services (FNS) and distributed to Vermont clients through the Vermont Department of Children and Families (DCF). Here in Vermont, the SNAP program is known as 3SquaresVT. Once you are authorized to accept SNAP from FNS, you can take payments from any SNAP participant, regardless of what state their benefits are coming from.

The state of Vermont facilitates SNAP/3SquaresVT transactions via a debit card system known as Electronic Benefit Transfer (EBT). In Vermont, each EBT card says “Vermont EBT” on the front, as seen below. EBT cards are like debit cards that are loaded with SNAP benefits (and possibly other benefits) each month. In summary, SNAP/3SquaresVT is the name of the program, and EBT is how the money is processed. Oftentimes, you will hear the terms SNAP, EBT, 3SquaresVT, and food stamps used interchangeably.



You can learn more about the SNAP/3SquaresVT program in Vermont at:

<https://dcf.vermont.gov/benefits/3SquaresVT>

Eligibility

Under federal law, direct marketing farmers are eligible to become SNAP-authorized retailers. The USDA defines direct marketing farmers as “farmer-producers that sell their own agricultural products directly to the general public.”

In order to become authorized to accept SNAP benefits, direct marketing farmers (and other retailers) must meet at least one of the two food stocking rules outlined below. Most direct marketing farmers will qualify under the 50% Rule.

Rule 1: 50% Rule	Rule 2: Staple Food Groups Rule
<p>More than 50% of the total dollar amount of your total gross retail sales (including food and non-food merchandise) must come from the sale of eligible staple foods (meat, poultry, fish, bread, cereal, vegetables, fruits, and dairy products).</p> <p>For direct marketing farmers, it’s 50% of the total dollar amount of your <i>own</i> total gross retail sales.</p>	<p>You must continually sell at least seven (7) varieties of foods within each of the four “staple food groups” below, including perishable foods in at least three (3) of these categories:</p> <ol style="list-style-type: none"> 1. Meat, poultry, or fish 2. Bread or cereal 3. Vegetables or fruits 4. Dairy products
<p>Note: “Staple foods” are food items intended for home preparation and consumption -- not prepared foods. Likewise, “staple foods” does not include accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices.</p>	<p>Note: “Continually” means that, on any given day of operation, the food is offered for sale and normally on display in a public area. “Variety of foods” means different types of foods (for example, in the “vegetables or fruits” category: apples, cabbage, tomatoes, and squash). It does not refer to different brands or different packaging.</p>

The process for becoming authorized to accept SNAP benefits has two main steps:

1. USDA FNS Authorization

Apply to become a SNAP-approved vendor with a registered FNS number from USDA

2. Set-up EBT processing equipment

Acquire equipment and processing services to charge payments for SNAP customers

Processing Payments

As an authorized SNAP retailer, you must use federally approved EBT processing equipment to process these payments and an employee must be present to process SNAP transactions (i.e. customers may not use a “self-serve” system for SNAP payments).

SNAP payments cannot be processed online or over the phone (though USDA now allows some large retailers to accept SNAP payments online, this option is not yet available to direct marketing farmers or farmers markets). However, you may accept online or phone orders and then process SNAP transactions in the following three ways:

1. When SNAP clients pick-up pre-orders, they can pay for their order at the pick-up site.
2. When SNAP clients have orders delivered to their home address, they can pay for their order upon delivery.
3. SNAP clients can designate a person to pick up their order, and payment can be completed with the SNAP client’s EBT card without them physically present.

Retailers cannot accept payment by obtaining a client’s EBT card number and PIN over the phone. This is non-compliant and can result in fines for the farm business.

It is illegal to treat SNAP customers differently than other customers. If you offer SNAP as a payment option, which must be made in person, you must offer all other payment types you typically accept in person as well. Additionally, you cannot offer something (like a CSA share) to only customers who are not paying with SNAP. Lastly, you must make SNAP payments available to customers at all times that other forms of payment are accepted (i.e. you cannot allow for self-service cash payments while the farm stand is unstaffed if SNAP payments are also not possible at that time).

Food Eligibility

You may accept SNAP payment for any food that you grow intended for human consumption as well as plants and seeds that grow such food. Hot-prepared food (intended for immediate consumption), alcohol, inedible flowers, carving pumpkins, soap, candles, pet treats, medicine and vitamins, tobacco, and live animals are not eligible and may not be paid for with SNAP.

For more information about what is considered SNAP eligible as per the USDA, please visit: <https://fns-prod.azureedge.net/sites/default/files/media/file/Retailer-Training-Guide.pdf>

Allowable Charges

You can only accept SNAP payments for eligible foods and food products. You may not accept a SNAP payment for delivery fees, deposits, taxes, etc. SNAP payments cannot be charged to pre-purchase food more than 14 days in advance (i.e. you may not use SNAP to pay for an entire CSA share upfront). Consider payment-plans for CSA shares.

SNAP payments are direct-deposited into your bank account from the USDA. It takes about two business days for SNAP payments to post to your account. Financial institutions will not charge you fees for these deposits, but you will get charged transaction fees for payments just like normal credit card processing fees.

Deviation from these rules surrounding accepting SNAP payments may result in fines or permanent loss of an FNS number

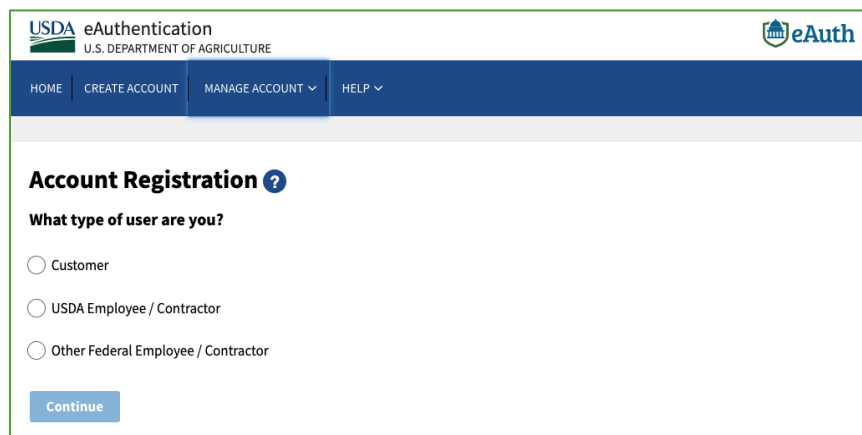
Applying to Become SNAP Authorized

The USDA FNS number application combines the needs of traditional retail stores, farmers, and farmers market managers. Since it accommodates all those audiences, the application process is complex. The USDA is currently working to streamline the process for farm businesses. You can find an overview of the process here: <https://www.fns.usda.gov/snap/apply-to-accept>

The application will ask questions about your business and you will need to submit supporting documentation, such as copies of your government-issued identification and social security card. Normally, an FNS representative will need to visit your business, but this step is being postponed until after authorization in light of COVID-19. There is no fee to apply for an FNS number and FNS officials are working to expedite this process as much as possible. If you have questions throughout the process, you can call the FNS office to speak to a representative.

Step 1: Make a USDA Account Online

The first step in becoming SNAP authorized is creating an account with the USDA's portal. Visit <https://www.eauth.usda.gov/home> and click "CREATE ACCOUNT" to begin. Follow the steps to create your account with a User ID and password. In order to create an account, you will need to make a username and password, as well as create a few security questions. It'll take about 20 minutes before your account is active and you can move onto Step 2.



The screenshot shows the USDA eAuthentication portal. At the top, there is a navigation bar with the USDA logo, "eAuthentication U.S. DEPARTMENT OF AGRICULTURE", and the eAuth logo. Below the navigation bar, there are links for "HOME", "CREATE ACCOUNT", "MANAGE ACCOUNT", and "HELP". The main content area is titled "Account Registration" with a help icon. Below the title, there is a question "What type of user are you?" followed by three radio button options: "Customer", "USDA Employee / Contractor", and "Other Federal Employee / Contractor". A "Continue" button is located at the bottom of the form.

Step 2: Apply Online

There are two main steps to becoming SNAP authorized. First, you must answer questions about your business in the application portal. This can be done by mail (which is a slower process) or online. Secondly, you must supply various documents to FNS. Again, these documents can be scanned and submitted online or mailed to the FNS office. Once your account is active and live, to log-in, visit:

<https://www.eauth.usda.gov/eauth/b/usda/login>

When signed in, choose the green “Start New Application” button to begin.

Online Store Application (OSA) for SNAP*

For new applications, select from the following options:

Start New Application →

Continue Saved Application →

For submitted applications, select from the following options:

Note: For these actions the system may take a few moments to load the page(s) you have selected if you have submitted a large number of applications.

Check Status of Previously Submitted Application ▶

Upload Documents or View/Print Cover Letter, Certification and Signature Statement and 252E Form ▶

* Supplemental Nutrition Assistance Program (SNAP)

This application and portal have been created with traditional retailers, not farmers, in mind, so some of the questions may not apply directly to you. Answer them as best you can.

As the owner of a farm business, you will select “store application” on the “Select Application Type” page. The application will ask for the following information:

- The opening date of the farm business
- The name and address of the business if you are a private or public corporation or nonprofit organization. Note- you cannot use a PO Box as your address.
- The name, home address, social security number, and date of birth for all owners, partners, and officers of your farm business.
- Sales data from your store’s most recent IRS business tax return, if it has been open under current ownership longer than one year. If not, an estimate of the store’s annual sales.
- Store hours of operation, if applicable.
- Copies of photo IDs and social security number verification.
- The business license held by the store.

Completing Basic Information:

“What is your store’s location address?”

Your SNAP authorization and FNS# are all tied to one location, such as your farm stand. However, for farm businesses with multiple pick-up sites like CSAs, FNS may suggest that each pick-up site requires separate SNAP authorization and FNS number. In our experience a farm business with multiple pick-up sites warrants only one FNS #.

“Is your business any one of the following: a delivery route; food buying cooperative; farmers’ market; farm stand/stall/u-pick; military commissary/exchange; or a specialty food store that primarily sells one food type such as meat/poultry, seafood, bread, or fruits/vegetables?”

Click “Yes” and choose the correct response. All farmers with farm stands, farm businesses and CSAs will select “Direct Marketing Farmer (Farm Stand/Stall/U-Pick).”

Completing Ownership Information:

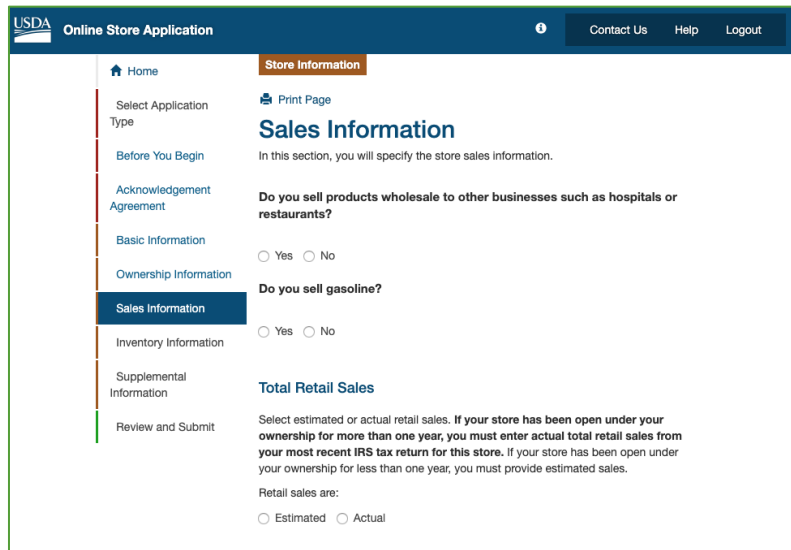
“What is the ownership type of this store?”

If you are a Community-Based Organization, you will select “Nonprofit Cooperative”. Most farmers will select “Sole Proprietorship”. Then, fill out the information below. Do not list spouses, partners, or family members unless they are co-owners of your farm business.

Completing Sales Information:

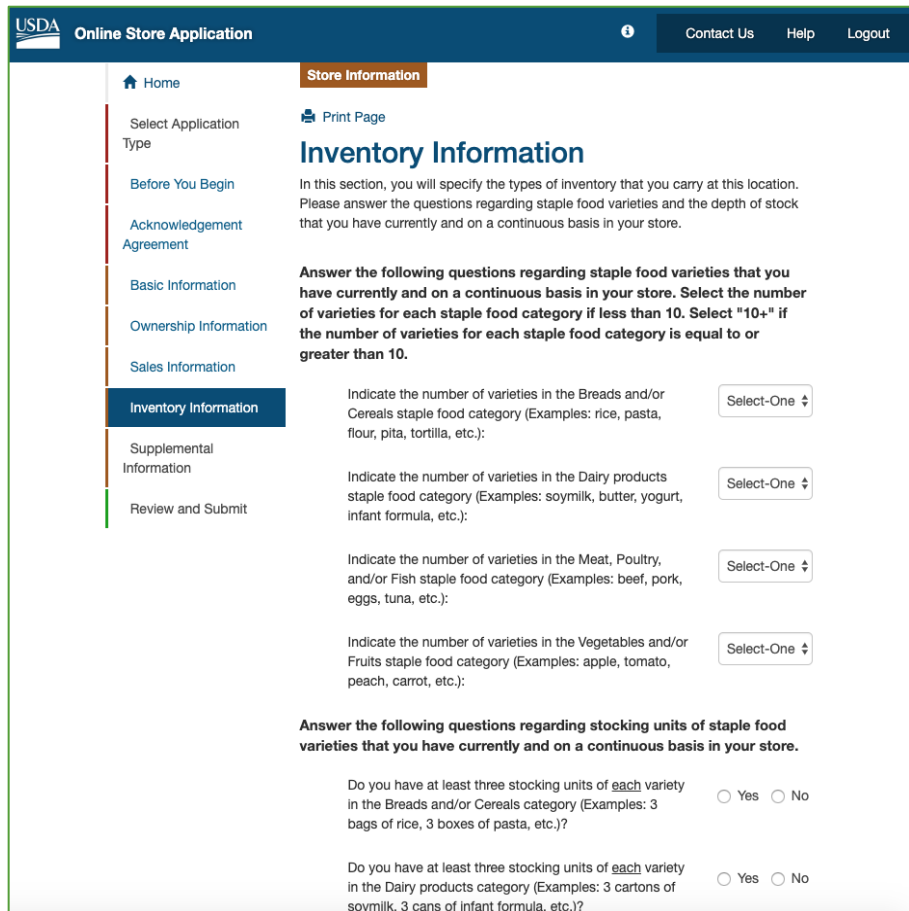
This page is self-explanatory. If your farm business does not sell products in a wholesale model, then the answer to the first question is “No”.

After filling in the number of your total retail sales, you will be prompted to fill out retail sales information for product categories.



Completing Inventory Information:

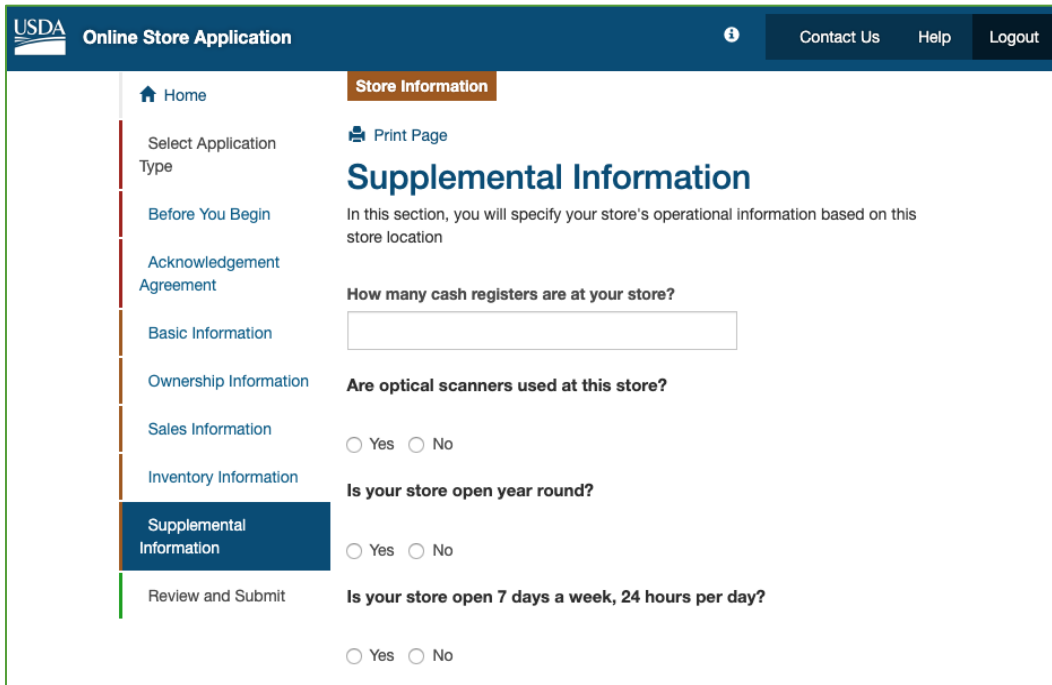
Again, this page should be fairly self-explanatory.



Completing Inventory Information:

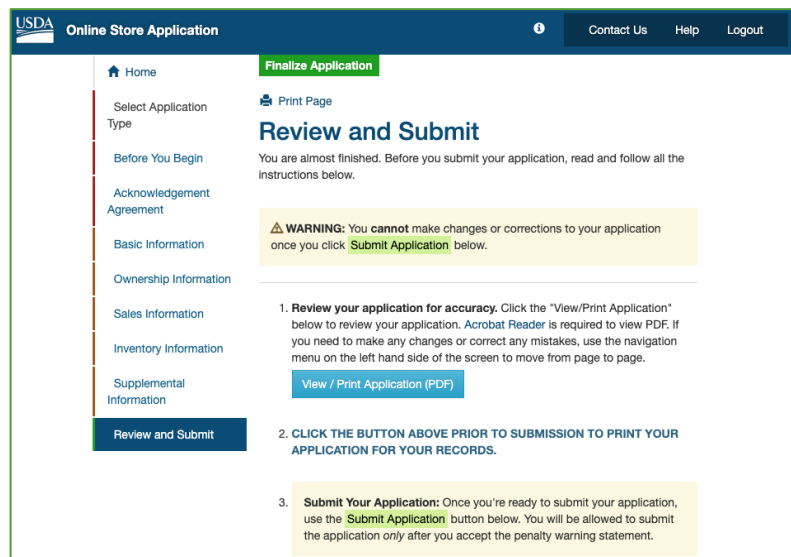
Is your business open year-round?

Only fill out these questions for the months that your farm business operates and provides food for customers.



Completing Review and Submit:

Don't forget that submitting the application is not the end of it! Save a copy of the application and then press "Submit Application". Once you submit your application, you now need to compile and submit all of the necessary supporting documents outlined on the next page.



Step 3: Submit Supporting Documentation

After you submit your application, the next step will be to submit supporting documentation. Your application will not be approved until FNS receives these documents. They can be scanned and submitted online through the application portal. Documents can also be mailed, but it is not recommended since it will slow the process significantly.

The following is a list of the documentation that's typically asked for. However, FNS may request different information based on your application.

1. **Document Cover Sheet:** This is required only if you choose to mail in your documents. This should include basic information about your application and includes a summary of all supporting documentation required. A document cover sheet ensures that FNS is able to match your documents to your submitted application. This can be downloaded from the portal for you to fill out.
2. **Certification and Signature Statement:** This should be downloaded, printed, and signed.
3. **252E Form:** This is a form that lists all of your answers from the application. You will need to download, print, and sign this form as well.
4. **Current business license:** (e.g., health permit or food inspection permit, sales tax permit, seller's permit, business license, etc.)
 - a. While farmers don't often need a business license, the goal of this is to verify that your business exists. Farmers have had success using their business registration with the state. You can also call the FNS number listed on this page if you need help finding alternative documentation for your business. Our New England regional representative is Debbie Crosby. She can be contacted at debbie.crosby@fns.usda.gov or at (207) 232-3544.
 - b. If you are a community-based organization, your 501(c)3 certification will suffice and you do not need to provide a business license.
5. **Color copy of Photo Identification:** (e.g., driver's license, state-issued photo ID, passport or military ID), for all owners or officers included in the application
6. **Color copy of Social Security Number:** or another acceptable verification of a Social Security Number (e.g., tax forms) for all owners or officers included in the application

Step 4: Wait for Your Authorization

If you delay in submitting your documentation, your authorization will be delayed. When you are authorized, FNS will send you a confirmation letter and assign you a unique FNS number.

Processing SNAP Payments

Once you get your FNS authorization notification from USDA, you are ready to move to the next step and get equipment to process SNAP transactions. The equipment that you use for EBT payment processing needs to be compliant with certain federal requirements, so you may need to purchase a new processing device and add a payment processing service.

SNAP benefit payments to vendors are processed via Electronic Benefits Transfer (EBT) cards. In order to fight benefits fraud, EBT processing technology requires extra security measures. Not all traditional credit card readers are compliant to accept EBT cards.

Many EBT processing devices can also process credit/debit payments. Some farm businesses make the change to processing all transactions on their new EBT equipment, since you typically need to pay fees for the terminal. It's up to the farmer to choose whether they prefer to keep credit/debit transactions on one device and only use EBT on the other, there are no regulations preventing you from doing so.

In order to not confuse the EBT processing provider with the approved vendor, the USDA calls the EBT processing company the Third Party Processor (TPP). Most Vermont farmers markets and farmers use MerchantSource or WorldPay as their Third Party Processor. Farmers may want to shop around for options for their TPP services. You may be asked to pay for set up fees, service fees, wireless fees, transaction fees, equipment costs, and PCI compliance fees.

If you are interested in offering curbside pickup, off-farm CSA pickup, or doing home delivery, it is important that you ask your TPP for wireless processing options. TPP companies work most frequently with brick and mortar retailers. Many services want to sign your company up, and may neglect to tell you that they do not support wireless processing terminals since it is a rare request.

In order to support farmers and farmers markets in accepting SNAP, there are a few options through USDA and the state of Vermont that provide free or subsidized EBT equipment. The next section will discuss these options.

Equipment Options for Vermont Farmers

This is a list of EBT equipment options for direct marketing farmers in Vermont.

1. Wireless EBT equipment through MarketLink

USDA offers an annual grant program called MarketLink which provides free equipment and one year of free processing fees to new direct marketing farmers or farmers markets who have never signed up to accept SNAP before. This program provides one year of funding for an app-based system that can process both EBT and credit/debit cards (this is very similar to Square). An accompanying card reader will be provided. Farms must have an existing smart phone and data plan. These funds are limited and will be disbursed on a first come, first served basis.

We recommend this option for farms that prefer to have a single electronic payment system, have an existing smartphone and data plan, and are able to pay the monthly fees after the first year (around \$30/month).

There are two parts to this application. First, you must apply to receive authorization from MarketLink confirming that you are eligible for the program. Next, you will use your unique FNS# and MarketLink approval # to finally apply for the terminal program. Learn more and apply at: <https://marketlink.org/apply>

2. Free wired EBT-only equipment

The State of Vermont is required to provide wired EBT-only equipment to direct marketing farmers and farmers markets at no cost. This option can only process EBT cards. These machines are provided by FIS and they must be plugged into an electrical outlet and a landline phone connection that has active service to function. You can, however, still take advantage of this completely free option if you don't have a landline phone and/or if you don't have an electrical outlet or phone hookup near your register/point of sale. To do so you fill out a manual voucher with the customer's information, call a hotline to place a hold on the customer's EBT account, and then clear the voucher on the EBT machine (that is plugged into an outlet and a phone line) OR online within 15 days of the transaction. Detailed instructions for processing manual vouchers can be found at:

https://nofavt.org/sites/default/files/uploads/processing_ebt_manual_vouchers.pdf

This option is completely free to farms - there are never any equipment costs, monthly fees, or transaction fees. We recommend this option for farms that do a low volume or infrequent EBT transactions or are unable/unwilling to pay monthly/transaction fees.

To apply for a wired EBT-only machine:

1. Go to www.ebtEDGE.com and select the Merchant Login on the left side
2. Download the Exempt Merchant Agreement on the right side
3. Instructions for submitting the agreement to FIS are on the bottom of the first page of the merchant agreement.
4. If you have any questions or need help along the way please contact Vermont's EBT Director, Jennifer Touchette, at Jennifer.Touchette@vermont.gov

3. Reimbursable wireless EBT-only equipment

For a limited time only, the State of Vermont has access to federal funds to provide wireless EBT-only equipment and service to direct marketing farmers and farmers markets on a reimbursement basis. The farm is responsible for purchasing pre-approved equipment and paying any necessary monthly/transaction fees, and the State of Vermont will reimburse them for allowable costs. These options can only process EBT cards. The State of Vermont has approved three wireless EBT-only equipment options from three different companies:

1. Novo Dia Group - this is an app-based system that requires farms to have a compatible mobile device and data plan. An accompanying wireless receipt printer and card reader must be obtained (this is a reimbursable expense)
2. FIS - this is a stand-alone wireless terminal/printer
3. Conduent - this is a stand-alone wireless terminal/printer

All costs associated with these three options are reimbursable through July 2021. After that, the farm will be responsible for any transaction and/or monthly fees (note: farms are able to pre-purchase an additional year of service prior to July 2021 with the Novo Dia Group option). There are limited funds for these options and they will be disbursed on a first come, first served basis until July 2021.

We recommend this option for farms that do a higher volume of EBT transactions and/or are able to cover the monthly/transaction fees after July 2021.

Learn more about these options and how to apply at:

<https://dcf.vermont.gov/benefits/EBT/wireless>

Glossary of Terms

EBT: Electronic Benefit Transfer. EBT refers to the debit card system that contains SNAP funds for each customer. While SNAP is the name of the program, EBT is how the money is processed.

FNS: the federal Food and Nutrition Service of the USDA. FNS is the office in the USDA that's responsible for many nutrition, distribution, and child nutrition programs, as well as nutrition policy and promotion projects and research. Most of these programs are funded by the USDA through FNS but are administered at the state and local levels.

FNS Number (#): The first step in becoming authorized to accept SNAP payments is to apply for an FNS# through the FNS. This unique # is tied to the location of your food business as the authorized site to accept SNAP payments.

MarketLink: An annual grant program which provides free SNAP processing equipment plus one year of free fees for outlets new to SNAP processing.

POS: Point of Sale. According to FNS regulations, SNAP customers must receive food at the point of sale. Retailers cannot accept payment by obtaining a client's EBT card number and PIN over the phone or online. At this time, the transaction must be completed when the food is delivered or received.

VT DCF: Vermont Department of Children and Families. DCF is the state of Vermont's SNAP agency responsible for authorizing clients to the SNAP program. DCF is not responsible for authorizing retailers.

SNAP: the Supplemental Nutrition Assistance Program, formerly known as Food Stamps

TPP: Third Party Processor. USDA FNS calls the company contracted to process SNAP payments between shoppers and retailers the Third Party Processor, or merchant service provider.

USDA: the United States Department of Agriculture
