

Increasing Access

THE CLARK PARK FARMERS' MARKET SNAP/FOOD STAMP PILOT PROGRAM

Farmers' Market SNAP/Food Stamps Resource Guide

Should I accept SNAP/food stamps at the farmers' market I manage?

Yes. Although there are challenges to accepting SNAP/food stamps at farmers' markets, the benefits are many, including improving access to healthy foods among lower-income customers and increasing available revenue sources for farmers.

How do I begin accepting SNAP/food stamps?

SNAP/food stamps are issued through the USDA Food and Nutrition Service and its nationwide network of FNS field offices. These local FNS offices are the first stop for accepting Electronic Benefit Transfer (EBT) at your market.

You'll need to fill out an application, which is available online through the FNS website, www.fns.usda.gov/snap. Once you're approved, you are eligible to accept SNAP/food stamp swipe cards at your market and you will receive an FNS number. You will need that number to begin an account with a wireless machine vendor.

The FNS website also has many pages of useful information, including eligibility requirements, locations of FNS field offices, point-of-sale (POS) machine vendors and a list of the EBT program models found at farmers' markets across the country.

Which wireless point-of-sale machine vendor should I use?

Farmers' markets are accepting the EBT card in different ways across the country but most of them involve a POS wireless machine. You will need to find a wireless services vendor, a company that can provide wireless machines plus the technology to process your sales transactions and deposit the EBT money into your bank account.

These wireless services vendors concentrate on credit and debit card transactions but most companies now have programs for accepting EBT cards and a few of them have services designed specifically for farmers' markets.

Two commonly used service providers are Total Merchant Services (www.totalmerchantservices.com) and eFunds (www.fidelityinfoservices.com); both companies have worked with farmers' markets before and have service packages well-suited for starting an EBT program at an outdoor market.

We found the best way to find a wireless machine vendor is to shop around with specific questions for each company, questions that will make sure their services fit into your program.

Some questions to consider:

How many steps does it take to complete a sale?

With training, we found farmers and market managers can complete a sale within a minute. Bad signal strength or a worn-out card will affect that time. Few farmers had prior experience using a wireless POS machine yet 85 percent of our farmers said the machines were moderate to very easy to use.

Can you deactivate the machines during the off-season? And how much will it cost to re-activate them in the spring?

This can lower your yearly costs, but be aware of the deactivation and reactivation fees

Can you borrow a machine to test its signal strength at the market?

Is the machine light and easy-to-store?

Is there a 24-hour help hotline, in case you have technical difficulties at market?

How long does it take for the sales money to appear in your bank account?

Typically, this takes two to three days.

Will you receive a clear, easy-to-read statement?

How many machines do I need per market?

Most of our markets have only one machine located at a central spot among the vendors. Signs are posted at the market manager's table and along the market to point the customers toward the machine.

Most of our markets have two to five vendors and the machine is never too far away to make for a fast and convenient EBT transaction.

For one pilot project, we supplied each of the vendors at a particular market with their own machine. This market had an average of 13 vendors. Customers could shop the market using their cards at each stand. With so many machines at the market, using an EBT card or credit or debit card became a quick and convenient process, and the results showed a tremendous increase in sales. Overall, EBT sales increased by over 100 percent and some individual farmers saw their annual SNAP/food stamp sales double.

We found that medium to large markets benefit substantially from having more than one machine.

What are some models for markets that have one point-of-sale machine?

Every market and every state seems to have its own EBT system specifically designed for its organization, customers, vendors and space.

You can find a comprehensive list of EBT programs at the USDA Food and Nutrition Service website, www.fns.usda.gov/snap/ebt/ebt_farmers_markstatus.htm.

Most states use the wooden token system: customers first stop at the market manager's table and use the POS machine to take out a supply of wooden tokens. The customers then shop using their tokens to buy their groceries. At the end of the market, the manager collects the tokens from the farmers and both farmer and manager keep track of the sales.

For our markets, we use a scrip system. EBT customers shop at the market and the farmers fill out a receipt that is relayed to the market manager. The manager processes the sale and signs the scrip and the customers receive their groceries.

Should I accept credit and debit cards at my market?

Accepting credit and debit cards at the market adds an unpredictable, fluctuating curve to the monthly expenses because of transaction (credit: 1.78 percent; debit: \$0.35) and processing (averaging 4.1 percent) fees. These extra costs are usually paid by the farmers' market organization or the vendors themselves.

At one of our larger markets, every vendor accepted credit and debit cards through their own rented POS machines and it increased their overall sales by an average of 5 to 10 percent; The Food Trust paid the associated fees. Most farmers were happy to accept credit and debit cards. Our surveys showed that customers spent more at the market when using their credit and debit cards.

There are many factors that can help you decide whether or not to accept credit and debit cards. The locations of nearby ATM machines will be a good indicator; if the nearest ATM machine is inconvenient or if it charges a transaction fee, then customers may find it more convenient and less expensive to use their card at the market.

Farmers who run a CSA and farmers who accept pre-orders are more inclined to be in favor of accepting credit and debit cards. If you decide to accept other forms of electronic payment besides SNAP/food stamps, debit is a more cost-effective option than credit.

What costs should I expect?

Every wireless provider has its own costs and fees. Some of the providers lump the different fees into one monthly charge; other companies will break down the costs into different categories.

The monthly charges can be broken down into the following categories:

Equipment fees: Rental charges for the machines. The Food Trust paid \$30 per machine per month; purchasing a machine is about \$900.

Wireless rates: A monthly cost for the wireless technology programmed into the machine. The Food Trust paid about \$65 per month.

Transaction fees: Most companies apply a transaction fee, a cost every time a card is swiped through the machine, for EBT cards (\$0.10 per transaction), credit cards (about 1.78 percent of purchase) and debit cards (\$0.35 per transaction).

Processing fees: These fees only apply to credit and debit card transactions. There is no processing fee for EBT sales. This was the most unpredictable portion of our monthly statements because each credit and debit card applies a different rate; the average was 4.1 percent of the purchase.

How do I track sales and farmers' reimbursements?

The market manager should be responsible for tracking the sales through the POS machine. Farmers and customers should receive their own copies of the receipts to help double-check the accuracy of the market manager's reports.

Every vendor has a number that they enter into the machine during the sales transaction. This number helps keep track of each farmer's sales.

For our system, the sales money is deposited into our bank account. The market manager and the accounting department track the money coming into the account and reimburse the farmers on a monthly basis.

How can I advertise that the farmers' market accepts SNAP/food stamps?

Signage at the market is crucial to the success of an EBT program. Customers should know that the market accepts EBT. Signs can be placed at the market manager's tables and at every farm stand along the market. Including EBT information on your flyers and website will increase use at the market.

You can also work together with the local FNS office, welfare agencies and anti-hunger organizations. These partners can help spread the word about farmers' markets and encourage buying nutritious food.