# CSA Farmer's Guide to Accepting SNAP/EBT Payments

Bryan Allan, Zenger Farm

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http://www.extension.org/organic\_production









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Bryan Allan Questions: OregonSNAPCSA.com



# Download the national guide and follow along

• OregonSNAPCSA.com/info-for-farmers.html



# About Zenger Farm

Access to Good Food for All

- Direct Link
- Sustainable Farming
- Education

### SNAP CSA Pilot Project

- · What works, what doesn't?
- · 2011: 10 SNAP, 20 total
- 2012: 20 SNAP, 40 total



ZengerFarm.org

# Acknowledgments





Healthy Food Access Initiative

Specialty Crop **Block Grant** 

Trailblazing Oregon SNAP CSA Farms:

- Circle H Organic Farm
- Siskiyou Sustainable Coop
  - · Winter Green Farm

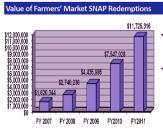
# By the end of this webinar, you will...

- · Want to accept SNAP payments!
- · Know the essential SNAP rules
- · Have a plan to integrate SNAP payments
- Have tools to find and retain SNAP members
- Be able to make a hassle-free application

# What is SNAP, EBT, and FNS? Supplemental Nutrition Assistance Program Within Reach

## **Financial Benefits**

• Farmers markets are doing it, why aren't we?



 Over the past five fiscal years, farmers' market redemptions have increased 624%.

 In fiscal year 2011, program recipients made 675,577 purchases at farmers' markets and direct marketing farmers nationwide. The average purchase amount was \$17.50.

# **Financial Benefits**

- · One-in-Seven Americans participate in SNAP
- The average monthly household benefit is \$275
- That's \$75 billion annually nationwide!!!



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- · Increased access to healthy food
- Not just any food, some of the best available!
- Your CSA members develop lifelong skills
- No money out of your pocket! (scholarships, sliding scale, etc).

### The Basics

- · All CSA farms can participate!
  - Selling fresh/processed food that you grow
- · Process:
  - Charge your member's EBT card
  - Direct deposit in 2 business days

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# **SNAP Eligible Foods**

- Food grown for human consumption
- Plants and seeds that grow\_that food



### No

- · Hot foods
- · Food prepared to eat immediately
- · Inedible flowers
- · Decorative gourds
- Alcohol & tobacco
- Medicine and vitamins
- · Live animals

# Allowable Charges

### Yes

- · SNAP eligible foods, plants and seeds
- Bottle deposits



- · Membership Fee
- · Administrative Fee
- Delivery Fee
- Deposit
- Taxes
- Anything else

Under the rules, you may only accept SNAP payment at pick-up

- Not before and not after
- · No upfront SNAP payment
- · No payment at the beginning of each month for pick-up later on or multiple pick-
- Exception if you partner with a 501(c)(3)

# State-by-State Differences

- · Nationwide federal rules
  - Variations for Alaska, Native American tribes and reservations and Puerto Rico
- · Applications are evaluated at the national office
- Waivers
- · Interpretations and Implementations
- · New York:
  - Just Food's CSA in NYC program since 1990s
  - Different application process
  - justfood.org/tipsheet/csa-nyc-toolkit/food-stamps-andcsa/becoming-certified-accept-food-stamps



EBT-only Wi	red Terminal Model
Situation     Face-to-Face     AC Outlet     Landline Telephone Outlet	Costs • Free
	<del>U</del>

# Farmers Market Model Situation • Face-to-Face • Pick-up at market that accepts SNAP LENTS FARMERS MARKET FARMERS

# Situation Face-to-Face Costs Selfont terminal, \$45+ monthly, \$.15+ transaction fee Mobile Market + from Worldpay \$332 attachment, \$100 annually, \$.15 transaction fee

### Vouchers

- · Carbon copy receipts
- · Authorize payment without a terminal
- Get them free from your vendor

# **Two-Step Process**

- Approve the voucher
  - Puts a hold on customer's funds
- · Clear the voucher
  - Transfers the funds to you

Approving a	Vouch	ier
SAMPLE OFFLINE FOOD VOUCHER		#XXXXX
Merchant: If voice authorization is denied, USDA-FNS regulations prohibit you from representing this voucher for payment.	APPROVAL NUMBER 123456 Amount \$ 12.34	TRANSACTION DATE/TIM 1/1/2013 12:00 PM Store FNS Authorization Number 123456
Card Number (Print all digits of card number) 1234 5678 9012 3456	X Purchase Print Store Name M	□ Refund / CSA
Print Cardholders Name  X. John Hancock Date 1/1/2013	Store Address	423-1212 Main St.
Catholder Signature  by signing this voucher, I believe food funds are available for the full amount of this transaction. If funds are NOT available, the State may direct that future month's benefits be deducted under specific circumstances.	Store City/State/Zip cod Portland Store Surjervisor/Clerk	, OR 97201
In the event of a dispute, if any information in shaded areas has been altered, charge back may occur FIS 2nt 5/10 White Store Copy Yellow Customer Copy	Vouchers must be clear days.	ed on POS device within 15

# Clearing a Voucher: Two ways

- Terminal
  - Re-enter Information



- Online
  - ebtEDGE.com in Oregon (depends on vendor)
  - Faster
  - Poor recordkeeping
- Timeline
  - Must clear within 15 days
  - Direct deposit happens
  - 2 business days later

# Point-of-Sale Voucher Model Situation • Face-to-Face • Cellphone • Cell reception Costs • Free (other than cell phone)

# Prepared Voucher Model Situation • Face-to-Face • No cell phone/reception Later at Pick-up Costs • Free Later at Pick-up Committee of the committee of the

Designated Situation No Face-to-Face	l "Cashier" Model Costs	Voucher
Late	r at Pick-up	"Cashier"

# Isn't there an easier way?

- No
- Zenger Farm Policy Recommendations
  - Allow upfront and monthly payments
  - Application specific to farm direct sales
  - Clarify how certain rules apply
  - Get involved at OregonSNAPCSA.com

Т	he	N	uts	and	l Bo	lts

- · Working with SNAP members
- · Becoming authorized to accept SNAP
- Getting set up with a terminal and a vendor

# SNAP Member General Considerations

15% of Americans: People from all walks of life

- 1. Many SNAP members are first-timers
- 2. SNAP members must pay at every pick-up
- 3. SNAP members may not have a financial safety net

# Working with SNAP Members

- Outreach
- · Managing expectations
- · Retaining your member to the end

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# Outreach

- Word of Mouth
- Update Materials
- Community Based Organizations
- Publicity



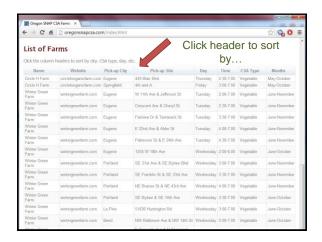












# **Managing Expectations**

- Member Agreement
- · Upfront Conversation



### General Model Member Agreements



Illinois Direct Farm Business (webinar)
 http://www.directfarmbusiness.org



- Farm Commons
  - http://farmcommons.org

# Special SNAP Considerations in Member Agreements

- Payment
- Deposits
- Missed Pick-Ups
- · Late Pick-Ups
- Share Contents and Size



 Sample Language in SNAP CSA Guide

# **Payment**

- · Insufficient funds
  - Running out of SNAP funds at end of month
- · Unmanned Drop Site
  - Insufficient Funds
  - Get debit/credit on file
  - "Cashier" collect cash



 We also accept cas check or debit



# **Deposits**

- · Incentive to members
- Small safety net for farmer
- Cannot accept SNAP as deposit
- The "right" amount



\$50, or 2 weeks, or 8%

Refunding Deposits



Check mailed 1 week after CSA ends

# Missed Pick-Ups

- · How strict?
- · Payment? No SNAP



- · Require notice?
- Can miss 2 of 23 pick-ups, not pay and get back
- How much? - Contact method?



• Remember: You can always be nicer than your member agreement! You can't be meaner.

## Late Pick-Ups

- Payment
  - Will staff be there to take payment?
  - Pay later? Not SNAP!
- Notice
  - Contact method
  - How much notice?
- · Farm pick-up
  - Talk to farmer on cell
  - Pay next week with cash, check or debit.
- · Farmers market pickup
  - No late option available

## Be very clear!

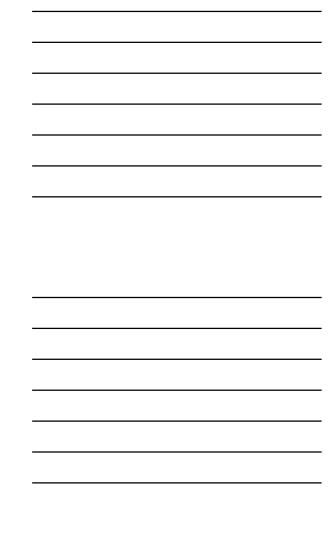
### Share Contents and Size

- · Expectations!

  - Will mix change?
  - Will size change?
  - Crop failures and bumper crops



- In general, how much? Family от тоиг, one to two bags
  - · Sample share for spring, summer and fall
  - Smaller in the beginning
  - Bumper crops and crop failures change ratio, not overall value



# Have an Upfront Conversation



- A huge effect on retention
- 2011, 60% → 2012, 86%
- On phone or in person
- · Will this be a good fit?
  - Have they been in a CSA?
  - What is their family size?
  - What are their eating habits like?
  - Transportation logistics?
- · Explain your CSA, highlight important points



# Retaining your Members

- · Help them enjoy their food
  - Newsletter with recipes
  - Sampling or cooking classes
- · Pay attention to perceived value
  - Trade basket
  - Include more common or popular products
- · Communicate value
  - Farm visits, work parties, harvest parties, newsletter notes, personal interaction, etc.

# Partnering with a Community Based Organization

### **Benefits**

- Outreach
- · Convenient pick-up site
- Cooking classes and recipes
- Accept payment 14 days in advance
- Time saved processing payments

### 14-day Requirements

- 501(c)(3)
- CBO becomes SNAP authorized, not the farmer

### **Example Groups**

 Churches, community development groups, neighborhood groups, food buying clubs, after school programs, food pantries, etc.

# **Becoming SNAP-Authorized**

- · Note about asking FNS employees questions
- · New York: Just Food Application Process
- · One month start to finish
  - 1 hour: SNAP application
  - 2 weeks: average approval time
  - 1 hour: vendor application (for terminal)
  - 2 weeks average until up and running

### Set Up Account

- ID, Password, etc.
- Wait 20 minutes to apply



fns.usda.gov/snap/retailers/application-process.htm

# Basic Information

- Location Address
  - Stick with farm address
  - CBO: pick-up location or headquarters
- Sign up as "Farm Stand/ Stall/U-Pick"

DSA - Basic Store Info	***************************************		
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# Ownership Information

- Most Farmers: Sole Proprietor
- CBO: "nonprofit cooperative"
- List all owners or officers



# Sales Information

- Wholesale?NO!
- This is an application for your CSA "store," not farm-wide.



# Inventory Information

No caveats



# Supplemental Information

- Only check months your CSA distributes shares
- "Store hours" are days/times of pick-ups

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# Review and Submit

 Download a copy of your application for your records.

· Submit!



# Documents to Mail

- Application not approved until documents received.
- Print cover sheet and signature page
- Typical requirements:
  - For all owners/officers!
  - Copy of photo ID, Social Security #, Business License.

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# Relax, you're almost done!

- · Wait for authorization
  - -2 weeks average, up to 45 days possible



# Vendors



- · State Vendor
  - Free wired EBT-only terminal
  - fns.usda.gov/snap/retailers/merchants.htm
- Third-Party Vendors
  - All other terminals: credit, debit and wireless
  - FIS
  - Merchant Source
  - TSYS Merchant Solutions
  - Mobile Market + with WorldPay (iPhone/iPad/iPod)

# Easy Last Steps







- In Oregon, FNS tells state vendor when approved
- State vendor mails an application packet
  - About 2 weeks to get a terminal
  - Vendor rep will call you
- Do you want wireless, debit, or credit?
  - You must contact the vendor of your choice

# See, it's a SNAP!



# Don't Forget to Download the Guide!

• OregonSNAPCSA.com/info-for-farmers.html



Find the slides and recording of this presentation at <a href="http://www.extension.org/pages/67390">http://www.extension.org/pages/67390</a>

Register for upcoming webinars and view recorded eOrganic webinars at

http://www.extension.org/pages/25242

Additional organic farming questions? Ask them at <a href="https://ask.extension.org/groups/1668">https://ask.extension.org/groups/1668</a>

We need your feedback! Please fill out our follow-up email survey!



