



May 2, 2012

**United States  
Department of  
Agriculture**

**Food and  
Nutrition  
Service**

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Alexandria, VA  
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**SUBJECT:** Fiscal Year (FY) 2012 Funding To Increase Farmers' Market Participation in the Supplemental Nutrition Assistance Program (SNAP)

**TO:** Regional SNAP and Field Operations Directors

## **Introduction**

The Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55) provides \$4,000,000 to increase the number of farmers' markets participating in SNAP.<sup>1</sup> Specifically, the funds are intended to expand the availability of wireless point-of-sale (POS) equipment in farmers' markets *not* currently participating in SNAP. For purposes of these funds, we define "farmers' markets not currently participating in SNAP" as farmers' markets that did not have SNAP authorization on or before November 18, 2011, the date P.L. 112-55 was enacted.

## **Allocation Methodology**

Each State's share of the \$4,000,000 will be proportional to the percentage of the Nation's farmers' markets *not* currently authorized to participate in SNAP within that State. For example, if 1.5 percent of the farmers' markets not currently authorized to participate in SNAP are in State X, then State X will receive 1.5 percent of the \$4,000,000 (i.e., \$60,000). Because these funds are 100 percent money, no matching State funds are required. Allocations not accepted by a given State will be reallocated to other States, using the same methodology. To see each State's allocation, please see the attached worksheet (Attachment #1). For a more detailed description of how we calculated each State's allocation, please see the attached explanation (Attachment #2).

## **Distribution Method**

These funds must be obligated on or before September 30, 2012. In addition, States will be required to provide reports on their use of these funds; so they must maintain accurate records of their expenditures. In order to facilitate record-keeping, and to issue these funds in the most effective and expeditious manner possible, we will issue

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<sup>1</sup> The President's proposed budget for the Food and Nutrition Service (FNS) for FY12 included a request for "...\$4,054,000 to expand the availability of point of sale terminals in farmers' markets that are not currently participating in SNAP to assist in the redemption of SNAP benefits..." [See page 30-48 of *Food and Nutrition Service: 2012 Explanatory Notes*, available at <http://www.obpa.usda.gov/30fns2012notes.pdf>]. Because Congress did not explicitly modify that language in subsequent committee or conference reports, or in P.L. 112-55 itself, it is deemed to be a part of FNS' FY12 budget.

the funds via newly created letters-of-credit for each State. We will inform States when these letters-of-credit are created, which should be within a week of this memorandum's publication. We understand that States that choose to expend these funds through their existing Electronic Benefits Transfer (EBT) contracts will need to work with their EBT vendors to amend those contracts; while this represents a significant undertaking, we are convinced that this is likely the most expeditious means of contracting for wireless equipment and services for markets. We expect States to maximize the value of these funds, by seeking competitive prices for equipment and services, making prudent financial decisions on whether to purchase or lease equipment, and otherwise ensuring that these funds are put to the best possible use.

### **Allowable and Unallowable Costs**

For FY12, these funds *may* be used to:

- (A) Purchase or lease POS equipment for farmers' markets *not* currently participating in SNAP. This equipment must be used to issue scrip or implement an alternative model approved by FNS. Each farmers' market location may receive only one piece of equipment; and
- (B) Pay for SNAP wireless access for that equipment.

States may choose to provide wireless POS equipment that also accepts commercial credit and debit cards, without being required to cost-allocate the cost of the equipment or its flat monthly service fees. In other words, these funds *may* be used to pay the *full* cost of acquiring such equipment and the *full* cost of its flat monthly wireless service fees, regardless of whether the equipment is used for non-SNAP transactions. However, these funds *may not* be used to pay for any fees unrelated to SNAP wireless access.

For FY12, individual farmers, direct marketing farmers, individual farm stands, and other individual vendors are *not* eligible to receive POS equipment acquired with these funds; however, State agencies continue to have the option of having their contracted EBT vendor or another contracted vendor provide equipment and to have allowable administrative expenses reimbursed by FNS at the 50 percent rate.

Further, each farmers' market location that is covered by this allocation must obtain its own SNAP authorization; we will no longer permit a parent organization to use a single SNAP authorization for multiple farmers' market locations (i.e., umbrella authorizations). Farmers' markets that have operated under an umbrella authorization, but now apply to obtain their own individual SNAP authorizations will be considered new farmers' markets, and therefore will be eligible to receive POS equipment acquired with these funds.

We continue to expect our State partners to place a strong emphasis on maintaining program integrity. By ensuring that these funds are used for their intended purposes,

we will further several worthy goals: increasing the variety of healthy and nutritious foods available to SNAP participants, supporting the American farmer, and injecting vigor into local economies.

### **Expeditious Use of Funds**

Due to the time constraints associated with the use of these funds, we recommend that State agencies receiving these funds obtain cooperation of their States' Departments of Agriculture that have existing relationships with farmers' markets. Farmers' markets currently participating in the Women's, Infants and Children (WIC) Farmers' Market Nutrition Program (FMNP) and/or Senior Farmers' Market Nutrition Program (SFMNP), but not currently participating in SNAP may be good candidates for SNAP participation. States should also consider working with farmers' market advocacy groups to recruit markets to participate in SNAP.

### **Planning For the Future**

Lastly, in accordance with the expectation that funds will be available to expand and maintain farmers' market participation in SNAP in future years, we are in the process of formulating the best method to distribute such funds over the long-term. To that end, we are drafting a Federal Register Notice to solicit public input on the matter. Our intent is to have the Notice published shortly. We will publicize the Federal Register Notice to all stakeholders, including farmers' market associations, upon its publication.

We look forward to working with all of you as we help to make farmers' markets more accessible to SNAP clients.



Andrea Gold  
Director  
Benefit Redemption Division

Cc: Jessica Shahin, Associate Administrator, SNAP  
Yvette Jackson, Associate Administrator, Regional Operations and Support

Attachment #1

Four Possible Methods To Allocate FY12 Funds Intended To Increase SNAP Participation of Farmers' Markets

State	Number of Farmers' Markets (FM) [Per AMS]	Number of Farmers' Market Nutrition Program (FMNP) FMs [Per WIC]	Number of Seniors/Farmers' Market Nutrition Program (SFMNP) FMs [Per WIC]	Maximum <i>Knownable</i> Number of FMs (Based On The Greater of the AMS, FMNP, and SFMNP Figures for Each State)	Number of FMs in SNAP [Per BRD]	Maximum <i>Knownable</i> Number of FMs <i>NOT</i> In SNAP	Maximum <i>Knownable</i> Percentage of FMs <i>NOT</i> In SNAP In Each State	Allocation Per State [Proportional to Maximum <i>Knownable</i> Percentage of FMs <i>NOT</i> In SNAP in Each State]
	A	B	C	D	E	F	H	I
AL	106	7	129	129	10	119	2.30%	\$91,874
AK	13	13	13	13	3	10	0.19%	\$7,721
AZ	46	46	46	46	11	35	0.68%	\$27,022
AR	70	36	16	16	14	56	1.08%	\$43,235
CA	687	435	435	687	134	553	10.67%	\$426,945
CO	108	0	0	108	29	79	1.52%	\$60,992
CT	91	101	101	101	21	80	1.54%	\$61,764
DE	11	0	0	11	4	7	0.14%	\$5,404
DC	32	28	24	32	9	23	0.44%	\$17,757
FL	127	43	34	127	25	102	1.97%	\$78,749
GA	60	90	53	90	40	50	0.97%	\$38,603
GU	0	7	7	7	0	7	0.14%	\$5,404
HI	82	0	25	82	8	74	1.43%	\$57,132
ID	66	0	0	66	8	58	1.12%	\$44,779
IL	271	116	116	271	35	236	4.56%	\$182,204
IN	165	91	91	165	14	151	2.91%	\$116,580
IA	207	210	210	210	0	210	4.05%	\$162,131
KS	82	0	37	82	16	66	1.27%	\$50,955
KY	138	55	64	138	33	125	2.41%	\$96,506
LA	34	9	36	36	5	31	0.60%	\$23,934
ME	75	87	0	87	20	67	1.29%	\$51,727
MD	115	95	95	115	27	88	1.70%	\$67,941
MA	227	209	209	227	71	156	3.01%	\$120,440
MI	304	126	103	304	87	217	4.19%	\$167,535
MN	142	60	62	142	31	111	2.14%	\$85,698
MS	44	10	19	44	28	16	0.31%	\$12,353
MO	128	0	0	128	28	100	1.93%	\$77,205
MT	52	0	9	52	13	39	0.75%	\$30,110
NE	62	0	74	74	5	69	1.33%	\$53,272
NV	36	0	26	36	0	36	0.69%	\$27,794
NH	66	78	78	78	8	70	1.35%	\$54,044
NJ	123	132	132	132	13	119	2.30%	\$91,874
NM	74	57	38	74	29	45	0.87%	\$34,742
NY	318	479	479	479	130	349	6.74%	\$269,446
NC	188	47	38	188	46	142	2.74%	\$109,631
ND	38	0	4	38	1	37	0.71%	\$28,566
OH	265	1	120	265	56	209	4.03%	\$161,359
OK	60	24	27	60	19	41	0.79%	\$31,654
OR	138	90	90	138	69	69	1.33%	\$53,272
PA	228	198	259	259	27	232	4.48%	\$179,116
RI	50	31	38	50	13	37	0.71%	\$28,566
SC	90	50	43	90	39	51	0.98%	\$39,375
SD	26	0	0	26	5	21	0.41%	\$16,213
TN	81	21	21	81	20	61	1.18%	\$47,095
TX	160	43	6	160	34	126	2.43%	\$97,279
UT	34	0	0	34	11	23	0.44%	\$17,757
VT	79	59	59	79	37	42	0.81%	\$32,426
VI	0	0	0	0	0	0	0.00%	\$0
VA	136	0	34	136	37	119	2.30%	\$91,874
WA	164	125	125	164	55	109	2.10%	\$84,154
WV	58	14	76	76	17	59	1.14%	\$45,551
WI	204	252	252	252	30	222	4.28%	\$171,395
WY	29	0	27	29	2	27	0.52%	\$20,845
TOTAL	6230	3575	3966	6608	1427	5181	G = 5181	\$4,000,000

**Attachment #2**  
**Explanation of Methodology Used To Allocate FY12 Funds**  
**Intended To Increase Participation of Farmers' Markets in SNAP**

1. **A**: Represents the *Number of Farmers' Markets in the U.S.*, which is based on State-level data provided to the Agricultural Marketing Service (AMS) by the Farmers' Market Community, and available at <http://search.ams.usda.gov/farmersmarkets/>.
2. **B**: Represents the *Number of WIC Farmers' Market Nutrition Program (FMNP) in the U.S.*, which is based on State-level data provided to FNS by the WIC and Farmers' Market communities.
3. **C**: Represents the *Number of WIC Seniors' Farmers' Market Nutrition Program (SFNMP) in the U.S.*, which is based on State-level data provided to FNS by the WIC and Farmers' Market communities.
4. We then compared **A**, **B**, and **C** for each State, and accepted the validity of whichever was larger. Thus, if **A** was larger than **B** and **C** for a given State, we accepted the validity of **A** for that State. Conversely, if **B** was larger than **A** and **C**, we accepted **B**. This ensured that each State would receive the best (i.e., largest) possible result from the calculation of the allocation formula. The results of this comparison for each State is **D**.
5. **D**: Represents the *Maximum Knowable Number of Farmers' Markets In Each State*.
6. **E**: Represents the *Number of Farmers' Markets Currently Authorized to Participate in SNAP within Each State*, which is based on State-level data maintained by FNS' Benefits Redemption Division (BRD).
7. We then subtracted each State's **E** from its **D**, which is **F** [ $\mathbf{D} - \mathbf{E} = \mathbf{F}$ ].
8. **F**: Represents the *Maximum Knowable Number of Farmers' Markets Not Participating in SNAP within Each State*.
9. We then summed the **F**s, arriving at a total of 5,181, which is **G**.
10. **G**: Represents the *Maximum Knowable Number of Farmers' Markets in the U.S.*
11. We then divided each States' **F** by **G**, which yielded **H**.
12. **H**: Represents the *Maximum Knowable Percentage of Farmers' Markets Not Authorized to Participate in SNAP Within Each State*.
13. We then multiplied each State's **H** by \$4,000,000 (i.e., the total funds available), which yielded each State's allocation, **I**.
14. **I**: Represents *Each State's Allocation*, which is a percentage of \$4,000,000 equal to **H**.

**Q's &A's - FY12 Funding to Increase Farmers' Market Participation in SNAP**

**Q:** How will the funding provided in the *Consolidated and Further Continuing Appropriations Act, 2012*, help to increase the number of farmers' markets participating in the Supplemental Nutrition Assistance Program (SNAP)?

**A:** The *Consolidated and Further Continuing Appropriations Act, 2012*, provides \$4 million dollars in Fiscal Year (FY) 2012 funding to equip farmers' markets not currently participating in SNAP with wireless point-of-sale (POS) equipment. Providing this equipment to markets will help them to overcome some of the main obstacles they have faced in trying to conduct electronic transactions in a market environment, including the cost of equipment, itself, and lack of access to power and phone lines.

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**Q:** What are the main goals of the effort to increase farmers' market participation in SNAP?

**A:** Increasing farmers' market participation in SNAP furthers several worthy goals, including, increasing the variety of healthy and nutritious foods available to SNAP participants, aiding the American Farmer by expanding their customer base to include SNAP recipients, and supporting local economies.

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**Q:** How is "farmers' markets not currently participating in SNAP" defined?

**A:** For purposes of these funds, "farmers' markets not currently participating in SNAP" are defined as farmers' markets that were not SNAP authorized on November 18, 2011, the date the *Appropriations Act* was enacted.

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**Q:** When will these funds be distributed for use by States and how long will States have to use them?

**A:** The funds will be distributed within the next week. These funds must be obligated by States on or before September 30, 2012 (the end of Fiscal Year 2012). States that are not able to use all of their allocated funds must return those funds no later than July 15, 2012, so they may be reallocated to other States.

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**Q:** How will these funds being distributed to States?

**A:** The Food and Nutrition Service (FNS) will distribute the funds via newly created letters-of-credit for each State.

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**Q:** When will these letters-of-credit be established?

**A:** These letters-of-credit will be created one or two days following the publication of the memorandum, *Fiscal Year (FY) 2012 Funding To Increase Farmers' Market Participation in the Supplemental Nutrition Assistance Program (SNAP)*. FNS will inform States when the Letters of Credit are created.

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**Q:** How can States use these funds to help equip farmers' markets that are not currently participating in SNAP?

**A:** States may expend these funds to purchase or lease wireless POS equipment for farmers' markets *not* currently participating in SNAP, and pay for SNAP wireless access for such equipment.

States may choose to acquire the equipment through their existing Electronic Benefits Transfer (EBT) contracts, through another EBT vendor, or a Third Party Processor (TPP). For some States, amending existing EBT vendor contracts may be the most expeditious way to contract for wireless equipment, services, and/or software.

FNS expects States to pursue competitive pricing for wireless equipment and services. Traditional wireless EBT equipment typically ranges in price from \$500 to \$1000, while monthly wireless services typically range in cost from \$35 to \$50 per month and \$0.15 to \$0.25 per transaction.

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**Q:** Will States be required to match the funds allocated to them to equip markets not already participating in SNAP?

**A:** No. The funds allocated through the appropriations are 100 percent Federal funds, and no State matching funds are required.

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**Q:** How was the \$4 million allocated amongst States?

**A:** States received a share of the \$4 million allocation that is proportional to the percentage of the Nation's farmers' markets *not* currently authorized to participate in SNAP within that State. For example, because 1.5248 percent of the farmer's markets in

the nation that are not currently participating in SNAP are located in Colorado, Colorado received 1.5248 percent of the \$4 million, or \$60,992.

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**Q:** What will happen to the funds if a State or States choose not to participate in the use of these funds?

**A:** If any State or States choose not to participate in the use of these funds, their apportionment(s) will be re-distributed, using the original distribution methodology, among the remaining participating States.

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**Q:** What costs are allowable for the use of these funds by States?

**A:** For FY12, these funds *may* be used to purchase or lease wireless POS equipment for farmers' markets *not* currently participating in SNAP, and pay for SNAP wireless access for such equipment.

The equipment must be used to issue scrip or implement an alternative model approved by FNS. Each farmers' market location may receive only *one* piece of equipment.

States may choose to provide wireless equipment that also accepts credit card, debit card, and cash account transactions, without being required to cost-allocate the cost of the equipment or any flat, monthly, wireless access fees. In other words, these funds *may* be used to pay the *full* cost of acquiring equipment and the *full* cost of flat, periodic, wireless access fees covering that equipment. However, these funds *may not* be used to pay for any fees specifically unrelated to SNAP wireless access.

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**Q:** Can these funds be used to pay for SNAP transaction fees or other fees associated with credit card, debit card, or cash account transactions?

**A:** No. These funds must not be used to pay for any transaction fees, regardless of whether they are fees associated with SNAP transactions, or transactions conducted with credit cards, debit cards, or cash accounts. Only fees specifically covering SNAP wireless access may be paid with these funds.

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**Q:** Why didn't USDA make a bulk purchase at the Federal level, to keep costs down?

**A:** FNS recognizes that this is not a "one size fits all" situation. Each State has developed its own method for working with farmers' markets and meeting their SNAP



EBT needs, and need discretion to develop those relationships further. These funds will help each State increase farmers' market participation in SNAP in the manner that best suits its particular circumstances.

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**Q:** Are individual farmers, direct marketing farmers, individual farm stands, and other individual vendors eligible to receive POS terminals acquired with these funds?

**A:** For FY12, individual farmers, direct marketing farmers, individual farm stands, and other individual vendors are *not* eligible to receive equipment acquired with these funds. However, as always, regular SNAP administrative funds are available to reimburse States that choose to provide such equipment at the 50 percent level for appropriate SNAP-related costs.

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**Q:** Can a parent organization use a single SNAP authorization for multiple farmers' market locations and receive funding for equipment?

**A:** No. In order to receive equipment acquired with these funds, each farmers' market **location** must obtain its own SNAP authorization, and that authorization can only be used at that market location.

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**Q:** Are farmers' market locations that are currently operating under an "umbrella" SNAP authorization required to apply for their own SNAP authorizations? Umbrella authorizations are situations where an entity holds a SNAP authorization which is used at various farmers' market locations.

**A:** Not at this time. Farmers' market locations operating under an "umbrella" authorization may continue to do so. However, if a market wants to receive equipment acquired with these funds, then it *will* have to apply for its own authorization. In addition, on a going forward basis, FNS will not authorize markets under an "umbrella," instead providing authorizations based on individual market locations. In the future, FNS may expand this requirement to have individual authorizations for all farmers' market locations, including those currently operating under an umbrella authorization.

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**Q:** What are the reporting and record-keeping requirements for the use of these funds?

**A:** States will be required to provide reports on their use of these funds and maintain accurate records of their expenditures.

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**Q:** What can I do as a State to make the most of these funds before September 30, 2012?

**A:** We recommend that States' Departments of Human Services, or Departments that administer SNAP, work closely with their State Department of Agriculture, or other State agencies that have existing ties with farmers' markets in their State. Farmers' markets currently participating in the Womens, Infants and Children (WIC) Farmers' Market Nutrition Program (FMNP) and/or Senior Farmers' Market Nutrition Program (SFMNP), but not currently in SNAP may be good candidates for SNAP participation. States should also consider working with farmers' market advocacy groups to recruit markets to participate in SNAP.

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**Q:** Will funds be available beyond September 30, 2012, to continue this effort to increase farmers' market participation in SNAP?

**A:** In accordance with the expectation that funds will be available in the future for this purpose, USDA/FNS is in the process of formulating the best method to distribute such funds over the long-term. It is our intent to publish a Federal Register notice very shortly that solicits public input.

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**Q:** How will I know when the Federal Public Register Notice is published?

**A:** We will publicize the Notice to all stakeholders, including farmers' market associations, upon its publication, and post it on our website.