

## Q&As: SNAP \$4 million Farmers' Market Appropriation

### Funding

#### 1. Will States be allotted the same amount as this year for next year?

State allotments could change based on several factors considered in the allocation methodology, including the number of farmers' markets in the United States and farmers' markets participating in SNAP.

### Obligating Funds

#### 1. What is the period of performance for the 2012 funds?

The 2012 funds must be obligated no later than September 30, 2012.

#### 2. What does it mean to obligate the funds by September 30th?

An obligation is a binding promise to pay for goods and/or services, and is created by an event that will require payment in the same or a subsequent fiscal year. Examples of obligating events include the issuance of a purchase order or the award of a contract.

For a State agency to obligate FY 2012 funds, there must be a *bona fide* (i.e., actual or genuine) need for the goods and/or services in FY 2012. Moreover, in cases where the *bona fide* need came into existence in FY 2012, but the need carries into the next fiscal year, then delivery of the goods and/or services can occur after the end of the fiscal year (i.e., in FY 2013). In cases where the *bona fide* need extends into FY 2013, liquidation (i.e., actual payment of) obligations incurred in FY 2012 can also extend into fiscal year 2013. Here are some examples to illustrate:

Contracts: A State could use FY 2012 funds to enter into a contract to purchase a certain number of POS devices that will be provided to farmers' markets as they enter the Program, even if the markets enter the Program after September 30, 2012. However, the number of devices purchased must be based on a good-faith estimate of the number of devices that would be needed for new farmers' markets over a reasonable period, such as the next six months. Conversely, absent a good-faith estimate of future need, the State could not purchase devices and stockpile them for future needs in subsequent fiscal years.

Leasing/Renting and Wireless Service Contracts: A State could use FY 2012 funds to enter into an annual contract to lease equipment and/or pay for wireless access through FY 2013. In that case, because the *bona fide* need came into existence in FY 2012, and the State incurred the obligation in FY 2012, the State could use FY 2012 funds to liquidate that obligation, even though use of the goods or services extended into FY 2013. This is true even if the annual contract requires monthly payments throughout FY 2013. On the other hand, if the State enters into a month-to-month contract for goods or services, those contracts represent monthly obligating events rather than a single

obligating event. In that case, the State could *not* use FY 2012 funds to pay for month-to-month obligations incurred in FY 2013.

**3. Once the funds are obligated, how long does the State have to actually spend the funds?**

As a general rule, obligations must be liquidated (i.e., the funds drawn and paid to a vendor) within one year.

**4. If States have until September 30, 2012, to obligate the funds, how will States know if they will not be able to use the funds by July 15, 2012?**

We understand that, on July 15<sup>th</sup>, some States were not be certain whether they would be able to obligate their funds by September 30<sup>th</sup>. However, in order to try to maximize the amount of funds obligated by September 30<sup>th</sup>, we are asking States to make their best estimate, so that, if needed, we will have time to reallocate the funds to other States that can use them.

**5. If a State plans on using some of the money, what exactly do they need to tell FNS by July 15?**

States must tell us the amount they do not think they will be able to obligate by September 30, 2012 and that can, therefore, be redistributed to other States.

**6. If a State can't be in a position to use the funds this year, will it affect their share of funding for upcoming years?**

No. A State's ability (or inability) to use the funds this year will NOT have a bearing on their allocation in future years. However, please note that the allocation method, in general, could change in future years.

**If a State uses its allocated portion of the \$4 million in FY 2012 funds to bring a farmers' market into SNAP, can the State use its FY 2013 allocation to pay for that same farmers' market wireless fees in 2013?**

No. The purpose of these funds is to increase the availability of POS equipment in farmers' markets *not currently participating* in SNAP. Thus, FY 2013 provided for the same purpose could not be used to continue to fund markets that came into the Program in 2012.

However, a State could use its regular State Administrative Expense (SAE) 50% match funds to for that purpose; or another source of funding, such as revenue from a farmers' market's operations, could be use for that purpose.

**Working through Third Parties or within other Funding Streams**

**1. Can the funds be passed via memorandum of understanding (MOU) to another State Agency that works directly with farmers' markets, such as the State Department of Agriculture?**

Yes. States may work with or through a third party to use these funds as long as the funds will be used in accordance with all the requirements and limitations contained in the FNS memorandum and applicable SNAP regulations. However, please bear in mind that these funds may NOT be used to pay any administrative costs incurred by the SNAP State agencies or any other third parties. These funds must be used solely to acquire equipment and to pay SNAP wireless fees and must be tracked separately. The SNAP agency remains responsible for reporting and appropriate use of funds.

**Allowable uses of Funds**

**1. Can funds be used for administrative expenses, such as salaries of State personnel who administer the program, outreach, tokens, posters, brochures, travel costs to attend meetings where farmers' market issues are discussed, or other expenditures directly related to farmers' markets?**

No. These funds must be used solely to acquire equipment and pay SNAP wireless fees. However, a State could use its regular State Administrative Expense (SAE) 50 percent match funds to for that purpose; or another source of funding, such as revenue from a farmers' market's operations, could be use for that purpose.

**2. Can these funds be used to compensate third-parties for coding changes, programming, or other similar processes in those third-parties' systems needed to provide separate (i.e., trackable) invoices for equipment and services acquired with these funds?**

No. These funds must be used solely to acquire equipment and pay SNAP wireless fees.

**3. Can FNS issue waivers to allow these funds for purposes other than the acquisition of equipment and to pay SNAP wireless fees? For example, could a waiver be issued to allow these funds to be used to purchase tokens and pay for other transaction fees?**

No. These funds must be used solely to acquire equipment and pay SNAP wireless fees.

**4. Can the money be used for installation/set up charges of POS equipment?**

Yes. The funds may be used to pay the full cost of acquiring and setting up equipment.

**5. Is allowable equipment limited to just the POS device itself?**

Not necessarily. Items such as dust covers, printers, and carrying cases can be allowable if necessary due to the conditions at the market.

**6. If the State purchases the devices, are there restrictions on how we dispense them?**

States must distribute the equipment only to farmers' markets that are SNAP authorized and that were not already participating in SNAP as of November 18, 2011. Within those parameters and the others set forth in the FNS memorandum, States may choose how best to distribute the equipment and to whom.

**7. Can States use the funds to purchase wireless devices in order to have a supply on hand, in anticipation of increased farmers' market participation?**

Yes. However, the number of devices purchased must be based on an estimate of the number of terminals that would be needed for new farmers' markets over a reasonable period, such as the next 6 or 8 months; the State could not purchase terminals and stockpile them for future needs in subsequent fiscal years.

Generally it is up to each State as to how it wishes to spend the funds within the Federal parameters, as provided by FNS in the memorandum at:  
[http://www.fns.usda.gov/snap/rules/Memo/2012/FM\\_051112.pdf](http://www.fns.usda.gov/snap/rules/Memo/2012/FM_051112.pdf).

**8. Are retailers authorized prior to November 18, 2011, eligible for the free equipment if they do not currently have equipment?**

No. Only markets authorized after the date the appropriation was enacted are eligible for the free equipment.

**9. Can farmers' markets that were approved after November 18, 2011, be reimbursed for POS machines that they already purchased with these funds and, if so, what is the process for reimbursement?**

Yes. Such reimbursement would be allowable. The State has the discretion to develop its own reimbursement process.

**Recordkeeping and Reporting**

**1. How are the States going to report these expenditures?**

In general, States need to keep track of how the funds were spent and the number of markets that benefited. The exact reporting mechanism and requirements are still being developed, and we anticipate that the first reporting deadline will be December 31, 2012 (the end of the first quarter of fiscal year 2013). In the interim, we continue to encourage SNAP State agencies to maintain thorough and accurate records of their use of these funds. Those records should be such that the SNAP State agency feels confident that it could accurately and comprehensively answer questions posed during an audit. We will keep you apprised of significant developments on this matter as they occur.

- 2. Some States already provide wireless equipment via their EBT contract with the costs included in the CPCM, not separately identifiable. How will these States identify the wireless funds for 100 percent federal reimbursement?**

In order to be able to use the 100 percent Federal funding for farmers' market wireless equipment already provided by their EBT contractor, those States will need to amend their contracts to break out the cost of that equipment from the total CPCM so that those expenditures can be identified and reported separately.

- 3. Do we have to identify each wireless device to a specific farmers market once purchased?**

No. However, in general, States are required to keep records of how the funds were used and the number of markets that benefited from these specific funds.

- 4. How is FNS dealing with the threat of fraud at farmers' markets?**

The Department of Agriculture has a zero tolerance policy for fraud. Regardless of the type of food retailer, whether a corner grocery store or a farmers' market, we aggressively pursue those trying to take advantage of this vital program for those in need. Over the past 15 years, trafficking of SNAP benefits has been reduced sharply – from 4 percent to 1 percent.

All SNAP retailers, including farmer's markets, are reviewed to determine whether fraud might be occurring. Farmers' market vendors know that it is in their own best interest to ensure that everyone is playing by the rules. Even if only one vendor violates the SNAP rules, the SNAP eligibility of the entire farmers' market and, therefore, the ability for all vendors at the market to sell their produce to SNAP customers, is jeopardized.

- 5. Is it true that Farmers' Markets are not required to issue paper receipts to SNAP EBT recipients?**

No. At this time paper receipts continue to be required for all SNAP EBT transactions, including at farmers' markets.

## **Equipment**

- 1. We know that the device and the access charges are covered for this year, but we had intended to NOT maintain the devices after the market year. Is the State expected to retrieve the devices at the end of the market year?**

There is no expectation that the State retrieve the equipment at the end of the farmers' market season. Within the parameters established in the FNS memorandum and applicable SNAP regulations/policies, the States have discretion to administer this program as they best see fit. This may include letting the farmers' markets keep the equipment, retrieving the equipment or shutting it off during the off-season, or other models the States develop.

## **FNS Authorization**

- 1. Do farmers' markets have to get funds from the State before getting authorized or must they be authorized first?**

Farmers' markets can seek FNS authorization and simultaneously contact the State regarding equipment and funding. Every State will have a different process and it will be good for the market to know as soon as possible what that process is. However, farmers' markets must first be authorized before they can actually obtain the equipment or receive reimbursement.

- 2. The States would like more clarification on when a market already approved for SNAP can re-apply and be considered a new market.**

Individual markets currently operating under a pre-existing SNAP authorization, prior to November 18, 2011, are not eligible to receive equipment acquired with these funds. However, in cases where multiple markets are operating under a pre-existing SNAP "umbrella" authorization, all but one of those markets (the one whose address appears on the authorization) may apply for their own authorization. Once authorized, those markets would be eligible to benefit from these funds.

## **Allocation Methodology**

- 1. The allocation memorandum included a chart that identifies the number of farmers' markets in each State, according to the Agricultural Marketing Service (AMS). How can AMS be contacted to find out how they identified the farmers' markets?**

The AMS farmers' market figures can be found at: <http://search.ams.usda.gov/farmersmarkets/>.

Market information included in the National Farmers Market Directory is voluntary and self-reported to AMS by market managers, representatives from State farmers' market agencies and associations, and other key market personnel. Listings in the Directory are updated on an ongoing basis throughout the year, and each spring.

- 2. Where can one obtain the names of all farmers markets' and contacts for those not participating in SNAP?**

The names of the farmers' markets can be found at the Agricultural Marketing Service (AMS) website at: <http://search.ams.usda.gov/farmersmarkets/>.

To obtain contact information for farmers' markets not participating in SNAP, do a separate search (on that same site) for those markets that accept SNAP to weed those out. The remaining farmers' markets would be those that do not participate in SNAP.