



Food and
Nutrition
Service

SFP 23 2014

Park Office
Center

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SUBJECT: Supplemental Nutrition Assistance Program – Retailer, Issuance and Electronic Benefits Transfer Provisions of the Agricultural Act of 2014 – Questions and Answers

TO: All Regional Directors
Supplemental Nutrition Assistance Program

The attached questions and answers is the fourth in a series intended to address inquiries received concerning certain retailer provisions of the Agricultural Act of 2014, P.L.113-79.

These questions and answers serve as formal guidance for use by FNS Regional Offices, State agencies, and affected stakeholders as they implement the retailer provisions of the Agricultural Act of 2014.

If further questions arise related to the implementation of these provisions, please contact Vicky Robinson at vicky.robinson@fns.usda.gov.

Thank you for your patience.

A handwritten signature in blue ink, appearing to read "Andrea Gold".

Andrea Gold
Director
Retailer Policy and Management Division

Attachment

Agricultural Act of 2014
Retailer, Issuance and Electronic Benefits Transfer
Q & As Ver4

E. Section 4002 – Retailers - Manual Vouchers

E5: Who will determine if the situation warrants voucher authorization during a disaster? Will further information be released regarding the use of vouchers in disaster situations? What is the timeframe for this process and how will it be communicated out to stakeholders? How will merchants know that they can use vouchers during a disaster?

Answer: The Agricultural Act of 2014 prohibits the issuance of manual vouchers by States and the acceptance of manual vouchers by retail food stores, “unless the Secretary determines that the manual vouchers are necessary, such as in the event of an electronic benefit transfer system failure or a disaster situation.”

Until regulations are final, there are no changes to the current process. Manual vouchers may be used to conduct SNAP business in any system down situation whether caused by a system outage or disaster.

E6: Who will determine if the situation warrants voucher authorization during an EBT system failure? How long does an EBT system outage need to be before retailers will be allowed to use manual vouchers?

Answer: As explained in the above response, until such time as final regulations are issued, there are no changes to the current process. Retailers are ultimately the best ones to determine whether or not the EBT system is available at their location. Currently, there is no specific outage duration requirement.

E7: Please clarify that EBT system failure for future voucher use is defined as is currently defined in the Quest rules.

Answer: The Quest Rules do not provide a definition of EBT system failure. They do indicate that vouchers are allowed when the retailer is unable to electronically communicate with the EBT processor because of a technical malfunction. This description is similar to existing FNS regulations. All retailers may use manual vouchers whenever the EBT system is unavailable.

E8: Our State currently limits manual “emergency” voucher transactions to \$40 when the contractor’s authorization engine is down. Will this floor limit option still be available? Will there be a transaction dollar limit on manual vouchers used when the EBT system is unavailable for electronic transactions?

Answer: There is no change from past practice in this area. There will be no change to the State and EBT processor’s ability to set a limit on the value of manual vouchers that will absolutely be covered when their own authorization system is down. This requirement and the value of the limit will continue to be determined by contract between the State agency and EBT processor. Any transaction value beyond this established limit is transacted at the retailer’s own risk. In partnership with States and the EBT processors, and separate from these changes made by the Agricultural Act of 2014, FNS is facilitating a streamlined and consistent process for manual voucher stand-in.

E9: What is the anticipated timeline for vouchers to be phased out completely, with exception of EBT system failure or disaster scenarios? When are regulations on manual vouchers expected to be released?

Answer: FNS expects to publish a proposed rule addressing the use of manual vouchers in the last half of calendar year 2015.

E10: What is meant by “suitable arrangements with contractors”? What changes will FNS hold States accountable for implementing within 60 days of the Implementing Memo? Does this translate to May 21, 2014? Is it FNS’ position that States begin making manual voucher changes within two months? Or must the changes be completed within two months? Does implementing mean the State has a plan and is working on completing that plan, or does it mean everything is complete?

Answer: Manual voucher forms should remain available to exempt retailers –at no cost regardless of the date authorized. However, States and EBT processors must stop providing manual voucher forms at no cost to non-exempt retailers as manual voucher forms fall into the category of “supplies”.

The above practices should have been in place by May 21, 2014; these were the only required changes as of that date.

FNS is not requiring any immediate changes to EBT systems, the voice authorization process for manual vouchers, retailer agreements, TPP agreements or manuals.

E11: What is the penalty for failure to implement by May 21, 2014?

Answer: Given the limited requirements, FNS expects that all States have met the deadline. FNS does not have a plan for penalties at this time.

E12: We have been processing SNAP EBT electronically through an integrated POS, sending the transactions to our acquirer who routes them to the State EBT Processor. When we are offline or not connected for electronic approval, we call for approval and get an authorization number, fill in the voucher form and have the SNAP customer sign it. When back on line, we enter this information into the system and send it electronically to the State for processing. We keep the paper voucher with the recorded information as backup. Are you aware of any changes to this process or any others that would require programming on our side?

Answer: The manual voucher process will operate exactly as it does now. There will be no need reprogram store POS systems to handle vouchers.

As to “other” changes that require reprogramming, we expect that system code changes will be required to implement the new bottle deposit requirements. See Q&As relative to Section 4001-Bottle Deposits.

E13: Alaska uses manual vouchers to operate our Long Distance Purchasing program for the communities that have NO grocery stores. Obviously the clients’ card cannot be present when the transaction occurs (when they call in their order to the retailer), which is an FNS requirement. Using manual vouchers allows our clients to purchase their food and have it shipped to them without the retailer actually having their Quest Card “in-hand” to swipe the card and enter a PIN.

Answer: Alaska processes and procedures for retailers offering long distance shipment of eligible foods to SNAP participants are already somewhat different from the manual voucher procedures used elsewhere. The retailers use these modified voucher procedures to conduct ongoing business and, therefore, in accordance with the Implementing Memo, may continue to do so until final regulations can be promulgated. Any newly authorized retailer who purchases one of these businesses may also continue to use the modified procedures. FNS will assess the unique situation in Alaska and address its special needs during the rulemaking process.

H. Section 4003-Enhancing Services to Elderly and Disabled SNAP Recipients

H1: The provision says specifically that it will apply to a government entity or non-profit food purchasing and delivery service that purchases food for, and delivers the food to, individuals who are unable to shop for food and not less than 60 years of age, or physically or mentally handicapped or otherwise disabled. Can such a grocery delivery service deliver to households where there are others in the household, such as spouses or kids, who are able to shop for food?

Answer: A grocery delivery service which meets this particular definition of “retail food store”, as amended by Section 4003 of the Agricultural Act of 2014, as well as other criteria to be established by FNS, may purchase and deliver food to a household in which an individual is unable to shop for food if the person (i) is 60 years of age or older or (ii) physically or mentally handicapped or otherwise disabled. The Agricultural Act of 2014 permits FNS to approve up to 20 of these services prior to issuing regulations for the

provision. FNS is currently developing criteria for the eligibility of food purchasing and delivery services as “retail food stores”, including the constitution of the household that may be served in order to meet the definition, and will provide further guidance as the provision is implemented.

H2: When does USDA intend to begin the pilot program for SNAP purchases for elderly and disabled, or has it already begun? What can we do to ensure a retailer from our State is part of the pilot program?

Answer: Section 4003 of the Agricultural Act of 2014 allows certain government or non-profit food purchasing and delivery services which serve the elderly and disabled to qualify as “retail food stores” in SNAP. While Section 4003 does not require any pilot programs, it does permit FNS to approve up to 20 of these services prior to issuing regulations for the provision. FNS is developing a work plan and expects to start piloting with several entities by April 2015.

I. Section 4011 – Technology Modernization

I1: Will there be additional funding for any demonstration projects for testing the feasibility and implications of mobile technology and/or online transactions?

Answer: The Agricultural Act of 2014 does not authorize funding for the required demonstration projects. Interested retailers, third party processors and application developers that wish to participate in such pilots must pay their own related costs or seek alternative funding sources. State agencies that incur costs associated with the pilots would be eligible for regular 50 percent administrative cost reimbursement.

I2: When does USDA intend to begin the pilot program for online SNAP purchases?

Answer: Section 4011 of the Agricultural Act of 2014 mandates demonstration projects for online purchasing. These pilots involve acceptance of SNAP EBT cards as payment at the time the online purchase is made. FNS is developing a work plan and expects to start piloting with several retailers in different States by April 2015.